

Management Discussion and Analysis for the Fourth quarter of FY 2015 – 16

Revenue Figures – Consolidated

(Rs. in Millions)

	Fourth quarter ended March 31, 2016			Twelve months ended March 31, 2016		
	FY 2015 – 16	FY 2014 – 15	Growth	FY 2015 – 16	FY 2014 – 15	Growth
India	5397.72	4405.71	22.52%	21092.74	17489.53	20.60%
US	6519.78	5363.44	21.56%	24203.20	20397.66	18.66%
Rest of the World (ROW)	2980.42	2198.41	35.57%	9032.54	8123.29	11.19%
Europe	2705.10	2433.00	11.18%	7170.66	6445.33	11.25%
Latin America	2416.33	1810.35	33.47%	7495.06	7640.00	-1.90%
API	2228.66	1547.22	44.04%	6682.88	6052.82	10.41%
Total	22248.01	17758.13	25.28%	75677.07	66148.63	14.40%
Out-Licensing Revenue/other revenue	818.75			818.75	299.05	-
Consolidated Revenue	23066.76	17758.13	29.89%	76495.83	66447.68	15.12%

Average conversion rate in 12M FY 2015 – 16 considered is Rs. 65.32/ USD 1.00

Average conversion rate for 12M FY 2014 – 15 considered is Rs. 61.17/ USD 1.00

USD figures are only indicative

Review of Operations for the quarter ended March 31, 2016

For the fourth quarter ended March 31, 2016, Glenmark's consolidated revenue was at Rs. 23,066.76 Mn (USD 344.53 Mn) as against Rs. 17,758.13 Mn (USD 285.43 Mn) recording growth of 29.89%. For the year ended March 31, 2016, Glenmark's consolidated revenue was at Rs. 76,495.83 Mn (USD 1171.03 Mn) as against Rs. 66,447.68 Mn (USD 1,086.28 Mn) recording an increase of 15.12%.

India

Sales for the formulation business in India for the fourth quarter ended March 31, 2016, was at Rs. 5,397.72 Mn (USD 80.11 Mn) as against Rs. 4405.71 Mn (USD 70.71 Mn) in the previous corresponding quarter, recording a growth of 22.52%.

As per IMS MAT March 2016, Glenmark Pharmaceuticals Ltd. maintained its rank at 17 as compared to MAT March 2015 with increase in market share by 0.12%, exhibiting value growth of 20% vis-à-vis IPM growth of 14%. For the month March 2016, the business registered growth of 13% vis-a-vis market growth of 10%. Glenmark presently has 9 brands in the Top 300 Brands in the Indian Pharmaceutical Market. Glenmark is one of the fastest growing company in the Indian market.

The India business strengthened itself in the following therapeutic segments with significant growth in market share from IMS MAT March 2015 to MAT March 2016 respectively. The Cardiac segment market share increased from 3.72% to 3.97%; the Respiratory segment market share rose from 3.80% to 4.12%; the Anti-diabetic segment market share rose from 2.03% to 2.19%; and the Derma segment market share rose from 7.92% to 8.59%.

USA Formulations

Glenmark Pharmaceuticals Inc., U.S.A. registered revenue from the sale of finished dosage formulations was at Rs. 6519.78 Mn (USD 96.96 Mn) for the quarter ended March 31, 2016 against revenue of Rs. 5363.44 Mn (USD 86.16 Mn) for the previous corresponding quarter, recording an increase of 21.56%.

In the fourth quarter of fiscal year 2016, Glenmark was granted final approval for 8 products and tentative approvals for 2 products. Glenmark received final approval for Potassium Chloride Extended-Release Capsules USP, 10 mEq, Norethindrone Acetate and Ethinyl Estradiol Tablets USP, 1 mg/0.02 mg; Norgestimate and Ethinyl Estradiol Tablets USP, 0.18 mg/0.025 mg, 0.215 mg/0.025 mg and 0.25 mg/0.025 mg; Frovatriptan Succinate Tablets, 2.5 mg; Raloxifene Hydrochloride Tablets USP, 60 mg; Bendamustine Hydrochloride for Injection, 25 mg/vial and 100 mg/vial; Drospirenone and

Ethinyl Estradiol Tablets USP, 3 mg/0.03 mg; Levonorgestrel Tablet, 1.5 mg and tentative approval for Azelaic Acid Gel, 15%; Lacosamide Oral Solution, 10 mg/mL.

In the fourth quarter, Glenmark filed six ANDA's with the U.S. FDA and for the financial year the company filed 12 ANDAs. Glenmark plans to file seven additional applications in the first quarter of FY 17. In the fiscal year FY 2016, Glenmark was granted approval of 24 ANDAs, comprised of 19 final approvals and 5 tentative approvals.

Glenmark's marketing portfolio through March 31, 2016 consists of 112 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 U.S. FDA, of which 23 are Paragraph IV applications.

Africa, Asia and CIS Region (ROW)

For the fourth quarter, revenue from Africa, Asia and CIS region was Rs. 2980.42 Mn (USD 44.65 Mn) as against Rs. 2198.41 Mn (USD 35.34 Mn) for the previous corresponding quarter, recording an increase of 35.57%.

In the fourth quarter, the secondary sales for the Russian subsidiary showed 40% growth (vs same period last year), with YTD March'16 growth of 13% in constant currency. According to IMS Health MAT February'16 data, Glenmark Russia ranks 49th in the market. The Asia subsidiary recorded secondary sales growth of 29% for the fourth quarter. The region continues to do well. The company launched five products in the region; one in Sri Lanka, one in Philippines, one in Malaysia and two in Vietnam. The Africa subsidiary recorded secondary sales growth of 11%. The company launched five products in the region during the quarter.

Europe Formulations

Glenmark Europe's operations revenue for the fourth quarter ended March 31, 2016 was at Rs. 2,705.10 Mn (USD 40.69 Mn) as against Rs. 2433.00 Mn (USD 39.37 Mn) recording growth of 11.18%. The UK and the Germany business recorded good growth in the fourth quarter. The CEE region also witnessed double digit growth for the quarter

During the quarter, Glenmark launched 3 products in the European region driven mainly by in-licensed products. Glenmark launched 2 products in UK and one product in Germany. During the year Glenmark launched 24 products in the European region including 16 in-licensed products from several companies. During the fourth quarter, Glenmark also concluded the licensing deal with Celon for generic Seretide Accuhaler in Europe. Glenmark obtained Semi-exclusive marketing & distribution rights for the product across 15 European countries, including Great Britain and Germany upon commercialization.

During the last few months, Glenmark has filed the product in 7 European countries namely Nordic countries and Germany. Glenmark intends to complete the filing in the remaining countries during FY 2016 - 17.

Latin America

Glenmark's revenue from its Latin American and Caribbean operations was at Rs. 2416.33 Mn (USD 36.17 Mn) for the fourth quarter ended March 31, 2016 as against Rs. 1810.35 Mn (USD 29.00 Mn), recording an increase of 33.47%.

The Brazil business recorded 25% growth in constant currency during the quarter. The Mexico subsidiary grew by 60% in the fourth quarter. We continue to sell our existing inventory present in the Venezuela subsidiary in that market. Shipments to the Venezuela market from India have been stopped since November 2015.

During the quarter most currencies in the Latin American region bounced back which also enabled the region to record good growth. Glenmark launched 8 products in the region during the quarter.

Active Pharmaceutical Ingredients (API)

Revenue from sale of API to regulated and semi-regulated markets globally was Rs. 2228.66 Mn (USD 33.40 Mn), for the quarter ended March 31, 2016 against Rs. 1547.22 Mn (USD 24.84 Mn) for the previous corresponding quarter, recording an increase of 44.04%.

During the quarter Glenmark filed 4 U.S. DMF, 2 CEPs and 2 Canadian DMF. The launch quantities for Olmesartan for US market contributed to the overall growth of the business. Amiodarone, Lercanidipine, Adapalene continued to record good growth sales. Glenmark received successful accepted status of all API facilities.

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.

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, a HER2xCD3 bi-specific 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. Glenmark has an approval to conduct Phase 1 clinical trials for GBR 1302 from the Paul Ehrlich Institute (PEI), Germany, and expects to initiate dosing in Q1 FY17. 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.

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