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

Revenue Figures – Consolidated

(Rs. In Millions)

	Second Quarter ended September 30			Six Months ended September 30		
	FY 2015-16	**FY 2014-15**	**Growth**	**FY 2015-16**	**FY 2014-15**	**Growth**
India	6,085.42	4,781.50	27.27%	10,814.72	8,753.09	23.55%
US	5,984.27	5,075.51	17.90%	11,594.73	9,962.21	16.39%
Rest of the World (ROW)	2,108.73	1,740.30	21.17%	3,688.73	3,853.39	-4.27%
Europe	1,603.50	1305.53	22.82%	2,702.03	2282.79	18.37%
Latin America	1,656.71	2,308.80	-28.24%	3,841.47	3,485.25	10.22%
API	1,655.00	1,595.44	3.73%	3,004.43	3,040.70	-1.19%
Total	**19,093.63**	**16,807.08**	13.60%	**35,646.11**	**31,377.43**	13.60%
Out-Licensing Revenue					299.05	
Consolidated Revenue	**19,093.63**	**16,807.08**	13.60%	**35,646.11**	**31,676.48**	12.53%

Average conversion rate for 6M FY 2015-16 considered is Rs64.06 / USD 1.00

Average conversion rate for 6M FY 2014-15 considered is Rs60.21 / USD 1.00

USD figures are only indicative

Review of Operations for the quarter ended September 30, 2015

For the second quarter ended September 30, 2015, Glenmark's consolidated revenue was at Rs. 19,093.63 Mn (USD 294.89 Mn) as against Rs. 16,807.08 Mn (USD 277.53 Mn) recording an increase of 13.60%.

India

Sales for the formulation business in India for the second quarter ended September 30, 2015, was at Rs. 6,085.42 Mn (USD 94.09 Mn) as against Rs. 4,781.50 Mn (USD 78.98 Mn) in the previous corresponding quarter, recording growth of 27.27%.

As per IMS MAT September 2015, Glenmark Pharmaceuticals Ltd. maintained its rank at 17th rank compared to MAT September 2014 with increase in market share by 0.09%, exhibiting value growth of 19% vis-à-vis IPM growth of 14%. For the month September 2015, as per IMS, the business registered growth of 18% vis-a-vis market growth of 15%. Glenmark presently has 7 brands among the Top 300 Brands in the Indian Pharmaceutical Market.

The India business strengthened itself in the following therapeutic segments with significant growth in market share from IMS MAT September 2014 to MAT September 2015 respectively. The Cardiac segment market share increased from 3.75% to 3.77%; the Respiratory segment market share rose from 3.57% to 3.89%; Anti-infective segment market share rose from 1.77% to 1.80%; the Anti-diabetic segment market share rose from 1.84% to 2.24%; and the Derma segment market share rose from 8.01% to 8.26%.

On the Sitagliptin litigation, as per the Honourable Court's Order on October 07, 2015, Glenmark has been restrained by a decree of permanent injunction from making, using, selling, distributing, advertising, exporting, offering for sale or dealing in Sitagliptin Phosphate Monohydrate or any other salt of Sitagliptin in any form, alone or in combination with one or more other drugs. Glenmark accepts the Honourable High Court's decision. However the decision can be appealed and Glenmark is evaluating the possible legal options.

USA Formulations

Glenmark Pharmaceuticals Inc., U.S.A. registered revenue from the sale of finished dosage formulations was at Rs. 5,984.27 Mn (USD 92.34 Mn) for the quarter ended September 30, 2015 against revenue of Rs. 5,075.51 Mn (USD 83.76 Mn) for the previous corresponding quarter, recording an increase of 17.90%.

During the second quarter of fiscal year 2015, Glenmark was granted final approval for two products – Drospirenone and Ethinyl Estradiol Tablets USP, 3 mg/0.02 mg and Voriconazole Tablets, 50 mg and 200 mg. During the past six months, Glenmark filed one ANDA application with U.S. FDA and Glenmark intends to file seven applications with the U.S. FDA during the next quarter.

As of September 30, 2015 Glenmark's portfolio consists of 102 generic products authorized for distribution in the U.S. market. The Company currently has 64 applications pending in various stages of the approval process with the U.S. FDA, of which 27 are Paragraph IV applications.

Africa, Asia and CIS Region (ROW)

For the second quarter, revenue from Africa, Asia and CIS region was Rs. 2108.73 Mn (USD 32.92 Mn) as against Rs. 1,740.30 Mn (USD 28.67 Mn) for the previous corresponding quarter, recording an increase of 21.17%.

The overall business environment in Russia continues to remain challenging. The sales numbers for Russia were further impacted due to currency devaluation. The average rate for Ruble to USD was 63.02 during the Q2 FY 2016 compared to 36.25 during Q2 FY 2015. In local currency, Glenmark Russia grew by 5% for the quarter and 10% for the first six months. However, the Russian subsidiary recorded secondary sales growth of 9% during the quarter. Glenmark continues to hold its position among the Top 15 derma companies in the market. During the quarter, Glenmark Russia launched Salmecort MDI in the market.

The Asia business recorded secondary sales growth of 31% during the quarter. The regions of Malaysia, Myanmar, Sri Lanka, Philippines and Cambodia registered secondary sales growth of 55%, 12%, 32%, 33% and -8% respectively. Glenmark launched 7 new products in the region.

The Africa region recorded secondary sales growth of 8% however the primary sales growth for the second quarter was above 30%. The good growth for the quarter was led by the performance of South Africa, Nigeria and Kenya subsidiaries. During the quarter, Glenmark launched 3 new products in the region.

Europe Formulations

Glenmark Europe's operations revenue for the second quarter ended September 30, 2015 was at Rs. 1,603.50 Mn (USD 24.82 Mn) as against Rs. 1,305.53 Mn (USD 21.57 Mn) in the previous corresponding quarter recording growth of 22.82%.

The strong sales growth for the Europe region was driven primarily by the German subsidiary. During the quarter, Glenmark launched 5 new products in the European region driven mainly by the

in-licensed products. During the first six months of the financial year, Glenmark in-licensed 4 products for various markets. During the first quarter Glenmark launched 1 product in Germany, UK and Slovak respectively and 2 products in the Czech region.

Latin America

Glenmark's revenue from its Latin American and Caribbean operations was at Rs. 1,656.71 Mn (USD 25.44 Mn) for the second quarter ended September 30, 2015 as against Rs. 2,308.80 Mn (USD 38.21 Mn), recording an decrease of 28.24%.

In the local currency, the subsidiaries of Brazil and Mexico grew in excess of 20% and 40% respectively. However, the Brazil currency has depreciated significantly in Q2 FY 2016 as compared to Q2 FY 2015. The sale from the Venezuela subsidiary has been impacted significantly due to non-issuing of local import licenses. Glenmark launched Budesonide MDI 200 mcg and MISDAPRE RAC, combination of Levocetrizine and Montelukast, in the Mexico market. Glenmark also launched 1 new product in the Caribbean and Peru respectively and two new products in Ecuador.

Active Pharmaceutical Ingredients (API)

Revenue from sale of API to regulated and semi-regulated markets globally was Rs. 1655.00 Mn (USD 25.84 Mn), for the quarter ended September 30, 2015 as against Rs. 1,595.44 Mn (USD 26.34 Mn) for the previous corresponding quarter, recording an increase of 3.73%. Glenmark successfully completed inspection of the Ankleshwar facility by the Mexican Health agency (COFEPRIS). Glenmark continued to record good sales for Lercanidipine, Amiodarone and Olmesartan.

Research & Development

The company has a pipeline of 3 NCE and 4 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 been proven highly efficacious in treating inflammatory and neuropathic pain in animal models. During the Phase 1 studies it was well tolerated in healthy volunteers. 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 US

FDA along with regulatory submission in India. Regulatory submissions in EU for the Phase 2b study are underway.

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. Glenmark is planning a Pre-IND meeting with the U.S. FDA in Q4 FY 2015-16.

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's 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. Preparations for initiating Phase 2 studies in both atopic dermatitis and celiac disease in the US and Europe are well advanced and Glenmark expects to commence dosing in the next few months.

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 submitted an application to conduct Phase 1 clinical trials for GBR 1302 with the Paul Ehrlich Institute (PEI), Germany, and expects to initiate dosing in this financial year. 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.

Crofelemer

Glenmark is the sole supplier of Crofelemer API for Salix's Fulyzac brand in the US. In September 2015 Glenmark also executed a Manufacturing & Supply agreement with Jaguar Animal Health for supply of Crofelemer API. Glenmark continues to expand the filing of Crofelemer within the 140 Countries where it has exclusive marketing and distribution rights. Glenmark has successfully filed Crofelemer in 13 countries and has also received approval in 4 countries - Ecuador, Zimbabwe, Botswana and Brazil. We expect to receive additional approvals over the next quarters.

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