Glenmark LIFE SCIENCES

Partnership. Innovation. Passion.

January 23, 2024

To,
Dy. General Manager
Department of Corporate Services,
BSE Ltd.,
P. J. Towers, Dalal Street,
Fort, Mumbai – 400 001

Ref: Scrip Code: 543322

To,
The Manager – Listing,
National Stock Exchange of India Ltd.,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Ref: Scrip Name: GLS

Dear Sirs,

Sub: Press Release and Management Discussion & Analysis

Pursuant to regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), 2015, we are enclosing herewith the Press Release and Management Discussion & Analysis of the Company for the Third Quarter and Nine Months ended December 31, 2023.

You are requested to take the same on record.

Thanking You.

Yours faithfully,
For Glenmark Life Sciences Limited

RUDALF JOSEPH CORRIEA
Digitally signed by RUDALF JOSEPH CORRIEA
Date: 2024.01.23 17:28:35 +05'30'

Rudalf Corriea
Company Secretary & Compliance Officer
Encl: As above

PRESS RELEASE
For Immediate dissemination

Glenmark Life Sciences reports quality revenue growth of 5.9% YoY

Delivers robust EBITDA growth of 14.6% YoY; EBITDA margins at 30.4%

Mumbai, January 23, 2024: Glenmark Life Sciences Limited (GLS), a leading developer and manufacturer of select, high-value, non-commoditized, Active Pharmaceutical Ingredients (APIs) in chronic therapeutic areas, today announced its financial results for the quarter and nine months ended December 31, 2023.

For Q3FY24, GLS registered revenue from operations of Rs. 5,728 Mn, recording a growth of 5.9% YoY.

EBITDA at Rs. 1,742 Mn grew 14.6% YoY and EBITDA Margins for the quarter were at 30.4% up 230 bps YoY.

PAT for the quarter was at Rs. 1,188 Mn, registering a strong growth of 13.1% YoY.

Commenting on the company's performance Dr. Yasir Rawjee, MD & CEO, Glenmark Life Sciences Limited said, *"Our Q3 FY24 numbers reflect our commitment to quality growth, with revenue from operations rising by 5.9%. This was fuelled by the robust performance of the US, LATAM, RoW and India (ex-GPL) markets. Our external business continued its upward trajectory, balancing the subdued performance of the GPL business.*

I am happy to inform you that we signed a multi-year definitive agreement to supply APIs for an innovator's product, which is expected to commercialize in FY25.

Looking ahead, a strong orderbook for external business coupled with improved visibility of CDMO business gives me confidence of delivering steady growth in FY24 and in the coming years."

Tushar Mistry, CFO, Glenmark Life Sciences Limited said, *"Our strategic focus on quality growth has yielded substantial results with gross margins reaching 57.7%. This was catalysed by an improved product mix and lower input cost, contributing to 14.6% increase in EBITDA and 13.1% growth in PAT.*

Cash generation remained strong for 9MFY24, resulting in free cash flow of Rs. 2,214 Mn and Cash and Cash Equivalents of Rs. 2,359 Mn as of 31st December 2023."

Additional Highlights:

- External business grew by 9.8% YoY to Rs. 4,187 Mn whereas CDMO business witnessed strong recovery, growing 27% YoY to Rs. 355 Mn; GPL business was subdued during the quarter at Rs. 1,541 Mn
- DMF / CEPs filing continue across major markets in Q3FY24, taking the total cumulative filings to 502 as on Dec 31, 2023
- 4 new products added to the grid of which 1 is High potent API (HP API) / oncology molecule and 3 are synthetic small molecules. The HP API portfolio now extends to 13 products with an addressable market of $24bn (Source: IQVIA, MAT Sep 23); 3 products are validated, and 4 products are in advanced stages of development.
- 208KL of Intermediate block at the Ankleshwar site is under construction out of total manufacturing capacity of 400 KL and will be operational in Q4 FY24
- 50KL pharma capacity will be added in Dahej in Q4 FY24
- In Solapur, detailed engineering work has started for the construction of 200KL in phase 1, total capacity of ~500KL will be operational by FY26

About Glenmark Life Sciences Ltd (GLS)

Glenmark Life Sciences Limited (BSE: 543322, NSE: GLS), is a leading developer and manufacturer of select, high-value, non-commoditized, active pharmaceutical ingredients (APIs) in chronic therapeutic areas such as cardiovascular disease, central nervous system disease, pain management and diabetes. The company is increasingly providing CDMO services to a range of multinational and specialty pharmaceutical companies.

It has a diversified portfolio of 146 molecules & supplies its products to customers in India, Europe, North America, Latin America, Japan and the rest of the world (ROW). The company's 4 manufacturing facilities are located in Ankleshwar, Dahej, Mohol and Kurkumbh with a total installed capacity of 1198 KL, which are regularly inspected by global regulators such as USFDA, PMDA (Japan) and EDQM (Europe).

GLS is a subsidiary of Glenmark Pharmaceuticals Limited and is listed on BSE/NSE.

Learn more about Glenmark Life Sciences Limited on www. https://www.glenmarklifesciences.com/

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Management Discussion & Analysis for Q3 FY24 & 9M FY24

FINANCIAL PERFORMANCE

A. Profit and loss statement:

(₹ in Million)	Q3 FY24	Q2 FY24	Q3 FY23	QoQ %	YoY %	9M FY24	9M FY23	YoY%
Revenue from Operations	5,728	5,954	5,407	-3.8 %	5.9%	17,466	15,399	13.4%
EBITDA	1,742	1,725	1,521	1.0%	14.6%	5,417	4,620	17.3%
EBITDA Margins	30.4%	29.0%	28.1%			31.0%	30.0%	
PAT	1,188	1,187	1,050	0.0%	13.1%	3,730	3,206	16.3%

Highlights for Q3 FY24 and 9M FY24

- GLS registered a revenue from operations of ₹ 5,728 Mn for Q3FY24, recording a growth of 5.9% YoY and de-growth of 3.8% QoQ
- Gross Margins improved in Q3FY24 trending at 57.7%, up 670 bps YoY and up 360 bps QoQ, driven by better product mix and lower input cost
- EBITDA margins for the quarter were at 30.4% up 230 bps YoY and up 140 bps QoQ; driven by better gross margin
- Profit After Tax (PAT) for the quarter was at ₹ 1,188 Mn in Q3 FY24, registering a growth of 13.1% YoY. PAT Margin for the quarter was at 20.7%
- R&D expenditure for 9M FY24 was at ₹ 551 Mn, 3.2% of sales
- Capital expenditure for 9M FY24 was at ₹ 936 Mn
- ROICE (adjusted for Cash and CWIP) was 35.4% for 9M FY24 and the Fixed assets turnover ratio at 2.8x
- During 9MFY24, company generated strong free cash flow of ₹ 2,214 Mn leading to Cash and Cash Equivalents of ₹ 2,359 Mn as of 31st December 2023. (Post payment of Interim dividend of ₹ 2,757 Mn.)

BUSINESS PERFORMANCE & COMMENTARY

A. Segment Performance:

(₹ in Million)	Q3 FY24	Q2 FY24	Q3 FY23	QoQ %	YoY %	9M FY24	9M FY23	YoY%
Generic API	5,105	5,428	4,799	-5.9%	6.4%	15,575	13,780	13.0%
CDMO	355	253	279	40.4%	27.2%	1,072	831	28.9%
Other Operating Revenue	268	273	329	-1.9%	-18.7%	819	788	3.9%
Revenue from Operations	5,728	5,954	5,407	-3.8%	5.9%	17,466	15,399	13.4%

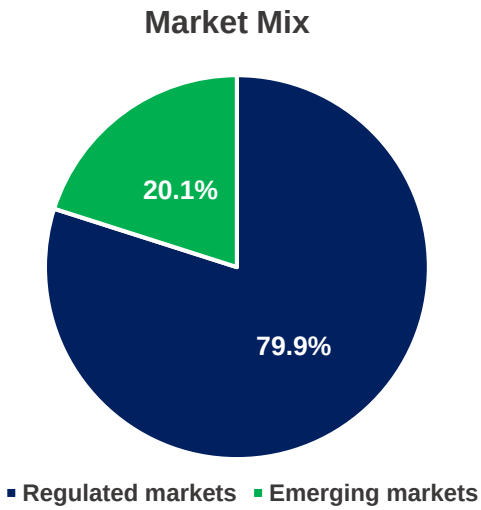
Generic API:

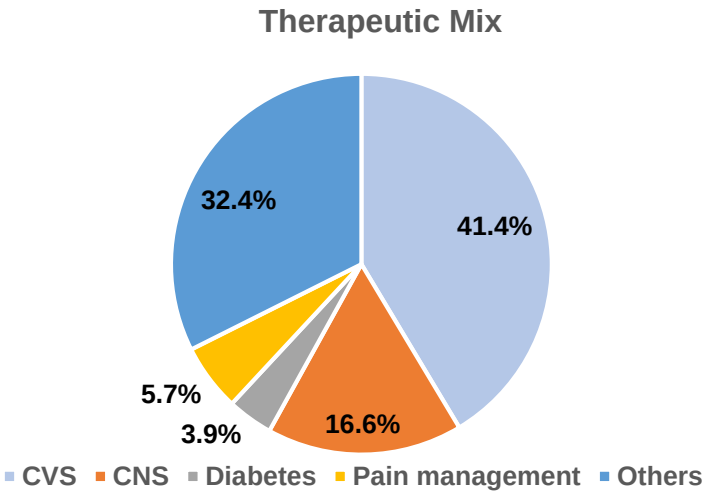
- Generic API revenues in Q3FY24 increased by 6.4% YoY and de-grew by 5.9% QoQ
- Generic API business was driven by steady growth in external business which was offset by de-growth in GPL business.
- Emerging markets lead the growth whereas regulated markets delivered stable growth

CDMO:

- CDMO business witnessed a strong growth of 40.4% on QoQ and 27.2% YoY basis driven by recovery in demand
- Signed multi-year definitive agreement with an innovator for supply of API. Expect the contract to commercialise in FY25.
- Multiple discussions ongoing with companies globally for additional business opportunities

B. Market and Therapeutic Area Mix 9M FY24





- Regulated markets contribution is at 81% in Q3 FY24
- Regulated market growth was driven by growth in external business along with growth in CDMO business
- CVS and CNS portfolio continue to lead the growth with Diabetes portfolio seeing good recovery
- Our key focused area of chronic therapies contributed 69% of the revenue in Q3 FY24

OTHER BUSINESS HIGHLIGHTS

A. Product Pipeline

- DMF/CEPs filing continues across major markets (i.e. United States, Europe, Japan, Russia, Brazil, South Korea, Taiwan, Canada, China and Australia) in Q3 FY24, taking the total cumulative filings to 502 as on Dec 31, 2023

- 4 new products added to the grid of which 1 is High potent API (HP API) / oncology molecule and 3 are synthetic small molecules.

- The HP API portfolio now extends to 13 products with an addressable market of $24bn (Source: IQVIA, MAT September 23). 3 products are validated and 4 products are in advanced stages of development.

- Development progressing for iron complexes in the grid, each backed by customer interest. Filing completed for 1 iron complex with 2 others in advanced stages of development. Total addressable market of $2.4bn (Source: IQVIA, MAT September 23).

B. Capex update

- Ankleshwar:
  - Remaining 208KL of Intermediate block at the Ankleshwar site is under construction out of total manufacturing capacity of 400 KL, which will be operational in Q4 FY24
  - Further, additional brownfield capacity expansion in the range of 280KL – 300KL is planned to be completed by FY25-FY26

- Dahej:
  - 50KL pharma capacity will be added in Dahej in Q4 FY24
  - Additional brownfield capacity expansion of 220KL – 240KL is planned to be completed by FY25-FY26

- Solapur:
  - The Company has received Environmental Clearance and CTE (Consent to Establish) for the installation of 1,000MT capacity for the planned greenfield site at Chincholi Industrial Area
  - Detailed engineering work has started for the construction of 200KL in phase 1, total capacity of ~500KL will be operational by FY26
  - Solapur's further capacity expansion will be calibrated as per the volume demand

Disclaimer

Some of the information in the document, especially information with respect to our plans and strategies, may contain certain forward-looking statements that involve risks and uncertainties. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements depending upon economic conditions, government policies and other incidental factors. Such statements should not be regarded by recipients as a substitute for the exercise of their own judgment. The company undertakes no obligation to update or revise any forward-looking statement whether as a result of new information, future events or otherwise. Our actual results may differ materially from those expressed in, or implied by, these forward-looking statements.

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