



45TH ANNUAL GENERAL MEETING

September 29, 2023

Chairman's Speech

Dear Shareholders,

Good afternoon and thank you for joining us this afternoon. On behalf of the Board of Directors, I welcome all of you to the 45th Annual General Meeting of Glenmark Pharmaceuticals Limited.

Our performance in FY 2023 makes me proud as we overcame various challenges stemming from macroeconomic headwinds in our operating environment and delivered despite the hurdles! It is through passion backed by perseverance that has enabled our teams to prevail and continue catering to diverse patient needs under demanding circumstances.

The impact of the pandemic and the global geopolitical scenario continued to exert pressure on economies and businesses worldwide. Escalating raw material prices and logistics costs further compounded the operational complexities faced by businesses. While there was a macroeconomic slowdown in Europe and the U.S. owing to the war, we emerged stronger in both these markets. Our India business recorded double-digit growth in secondary sales, while the Rest of the World markets performed phenomenally well.

Building on our rich legacy spanning four-and-a-half decades, we are now at an inflection point in our journey as a leading, integrated, research-based, global pharmaceutical company. Over the years, we have consistently engaged in groundbreaking research and developed specialty products that address unmet patient needs as we continue on our journey up the value chain.

OUR RESILIENT GROWTH TRAJECTORY

Glenmark's performance in the last fiscal year reflects a resilient growth trajectory. In FY 2023, our consolidated revenue from operations stood at Rs. 1,29,901 million; up from Rs. 1,23,049 million, recording an overall growth of 5.6% over the previous year. We reported EBITDA of Rs. 22,784 million during the fiscal year, with margins of 17.5%. Our performance, yet again, stood out as a resolute testament to our unwavering determination to not just deliver, but also flourish.

We continued to expand our branded formulations business, with it contributing 55% to our revenues in FY 2023. We expect our first global branded specialty product, **RYALTRIS[®]**, to soon enter the **USD 50 million club**.

OUR INDIA BUSINESS

During the reporting year, our India business continued to significantly outperform industry growth rates – **we were ranked 14th in India with a market share of 2.12%**.

Nine of Glenmark's products continued to feature among the **Top 300 Brands in the Indian Pharmaceutical Market** in FY 2023. Glenmark gained market share across segments with **35 launches in the last fiscal**; these also included **eight first-to-market launches**. Five of these launches were in Diabetes, and one each in the Dermatology, Respiratory and Oncology therapy areas.

Glenmark's **consumer care business experienced a year-on-year growth of 30%**, which can be attributed to the expansion of the product range across the three flagship brands – **Candid Powder[™]**, **La Shield[™]**, and **Scalpe+[™]**.

OUR GLOBAL OPERATIONS

It has been an excellent year for our global businesses with strong financial results; with **the international markets contributing to nearly 66% of our turnover**, and successful new launches across all our key markets.

- Our **European** business continued on its trailblazing path and surpassed its targets for the year. We entered the Italian market and are looking forward to expanding across the country in the upcoming quarters. Europe continues to be a major contributor to our overall growth story.
- We filed 8 ANDAs with the U.S. FDA, received 8 approvals, and had 8 product launches, comprising a mix of immediate-release oral solids and an injectable, in **North America** last year. During the year, we also reached a settlement agreement with Pfizer for Axitinib Tablets, 1mg and 5mg (generic version of Inlyta®).
- Our business in the **Rest of the World** recorded strong growth across all sub-regions, driven by key product launches in Respiratory and Dermatology.
 - In the **Russia-CIS** region, our expansion was driven by our flagship brands, including RYALTRIS®, Ascoril® and Montlezir™. In the Russian Expectorants market, we continued to maintain our 2nd ranking as revealed by IQVIA MAT March 2023.
 - In the **LatAm** region, we recorded the highest growth rate amongst the Top 20 companies in the covered market in Brazil.
 - Our **Middle East and Africa** region recorded a strong double-digit growth in secondary sales. While the Kenya market was hit by macroeconomic instability and currency devaluation in FY 2023, our business remained resilient and we ranked 3rd in the overall Kenya Pharmaceutical Market.
 - Moreover, we recorded double-digit growth in base business despite external challenges in key countries in the **Asia Pacific** region.

MOVING UP THE VALUE CHAIN

Glenmark's quest, to be among the few Indian pharmaceutical companies to develop an innovative drug for the world, has driven us to tread two parallel paths. One pursues the discovery of a novel chemical or biological entity. The second has led us to scale the value chain by creating specialty products, like RYALTRIS®, that address gaps in treatment.

Our first global brand of specialty medicine, RYALTRIS® was first launched in 2020. It is an intranasal spray with a unique fixed-dose-combination for the treatment of seasonal allergic rhinitis. During FY 2023, we continued to make headway in **launching RYALTRIS® across 12 markets** either independently or through a partner.

Following the approval by the U.S. FDA for the treatment of seasonal allergic rhinitis in **adults as well as children up to 12 years of age**, RYALTRIS® was launched in North America through commercial partnerships with Hikma Pharmaceuticals PLC. (for the U.S.) and Bausch Health, Canada (for Canada). This has been a major milestone for us, and demonstrates our focus on strengthening our leadership in the global respiratory segment.

RYALTRIS® has also been gaining ground in Australia and South Korea; ably driven by our partners, Seqirus Pty. Ltd. and Yuhan Corporation, respectively. **To date, RYALTRIS® has been successfully commercialized in 27 markets across the world.**

OUR INNOVATION PIPELINE

We are staunch believers that an innovative pipeline serves as a key lever to drive our progress up the value chain.

Ichnos Sciences Inc., Glenmark's wholly owned subsidiary based in the U.S., is an innovation biotech company that focuses on the development of novel biological molecules as potential treatment options for oncology.

Simultaneously, Glenmark is also working on specialty products that are in different stages of clinical development. We currently have a molecule each in the therapy areas of respiratory and oncology.

We initiated the Phase 1 studies for four of our clinical oncology assets (including those from Ichnos); inflection points (POC) for all four molecules are expected in FY 2024.

PUTTING OUR PEOPLE FIRST

Our people have been the driving force behind our remarkable performance. At Glenmark, we aim to create a value-driven, innovative and high-trust organization, while also identifying and developing high-potential talent. To this end, we foster a positive work environment for our talent pool and prioritize their well-being. I am happy to share that the Great Place to Work™ (GPTW) Institute certified us as a **Great Place to Work in India for FY 2024**. This is a testament to our values and the culture we have fostered over the years. We hope it inspires our employees to bring their best selves, feel empowered to contribute, and take immense pride in being a part of Glenmark.

BUILDING A RESPONSIBLE BUSINESS

Promoting sustainability in all that we do is an integral aspect of our operations. We have been diligently working through the year towards achieving **our goals of becoming water neutral by 2025, achieving 'zero waste to landfill' across all our plants by 2027, and turning carbon neutral by 2030**.

To achieve **water neutrality**, we initiated the '**Jal Kavach**' project that was implemented in 19 villages in Maharashtra. It is aligned with the UN Sustainable Development Goals.

As part of our efforts to become carbon neutral, we are striving to raise the proportion of renewable energy in our energy mix. **We are honored to be the second Indian pharmaceutical company to have our targets certified by the Science Based Targets initiative (SBTi)**. Our efforts over the last three years have resulted in the **reduction of carbon emission intensity in our operations by around 10%**.

Through the Glenmark Foundation, we have touched 2.9 million lives over the past decade. Our **'Impact@45' CSR employee volunteering global campaign**, launched on occasion of Glenmark's 45th anniversary, continued to gain worldwide participation, and is close to its target of garnering 45,000 volunteering hours in 450 days.

These are some of the noteworthy accolades for our efforts in CSR and sustainability:

- Glenmark Foundation was honored as the **'Foundation of the Year'** at the 7th Edition of the Corporate Social Responsibility Summit & Awards 2023 for our efforts on **improving mother and child health in tribal regions of Sikkim and Madhya Pradesh**.
- We were also recognized for our **all-round sustainability efforts** by **Businessworld (#3 in the pharmaceutical and healthcare sector)** and the **Economic Times**.

GLENMARK LIFE SCIENCES

In its second year of being successfully listed on the stock exchanges, Glenmark Life Sciences recorded a robust financial performance; recording a double-digit growth, which was driven by strong momentum in the Generic API business as well as a significant recovery in demand in the CDMO business.

Over the years, in line with our strategy, Glenmark has amplified its focus on increasing contribution from high-growth, branded markets globally and launching complex generic products. Our future pipeline is focused on our key therapy areas of Dermatology, Respiratory, and Oncology; and the contribution of API would be a less significant factor in these complex generic products as compared to traditional generics.

Simultaneously, both – Glenmark Pharma and Glenmark Life Sciences – have been pursuing diverging business models leading to decreasing synergies across the two organizations. The changing dynamics of the U.S. generics market and our decision to focus on complex generics will limit the need for backward integration.

Last week, Glenmark Pharma entered into a definitive agreement with Nirma Limited to divest 75% stake in its subsidiary Glenmark Life Sciences at a price of INR 615/- per share for an aggregate consideration of INR 56,515 mn, subject to closing adjustments. Glenmark Pharma will continue to own 7.84% stake in Glenmark Life Sciences after the divestment. The transaction is subject to customary conditions precedent, including the receipt of necessary regulatory and shareholder approvals. Pursuant to this, Nirma Limited will make a mandatory open offer to all public shareholders of Glenmark Life Sciences.

The agreement with Nirma Limited holds exciting possibilities for Glenmark Pharma as well as Glenmark Life Sciences as they independently chart their respective growth journeys. Moreover, this transaction also provides Glenmark Pharma with an opportunity to enhance shareholder value by deleveraging and improving its overall return profile.

STRATEGIC OBJECTIVES AND OUTLOOK

For the new financial year, we aim to have double-digit growth in our revenue and EBITDA margins as we continue to focus on enhancing free cash generation for further debt reduction. The sale of the majority stake in Glenmark Life Sciences was a step in that direction.

As we move up the value chain, we will identify other potential candidates for building global scale. Concurrently, we are working towards enhancing our Dermatology, Oncology, and Respiratory portfolios to establish a stronger presence in these core therapy areas through timely launches. Differentiated products will help us expand our presence in the branded/specialty/complex generics segments; while also giving us a competitive edge.

On the manufacturing front, Goa and Baddi in India, and Monroe in the U.S. will continue their remediation efforts at the same momentum, and be inspection-ready in FY 2024. Compliance and focus on quality will play a larger role as we scale up our operations. We persevere in our commitment to excellence and remain focused on delivering differentiated products and services, harnessing the best-in-class technologies and innovations.



As we forge ahead, we are cognizant that our journey is not solely fueled by our aspirations, but is anchored in an unwavering dedication to upholding our environmental, social and ethical responsibilities. We integrate these principles into every aspect of our business, creating a virtuous cycle that benefits not only our shareholders, but also society at large.

In conclusion, I extend my heartfelt gratitude to all our stakeholders – colleagues, team members, business partners, and healthcare professionals, to name a few. We are hopeful that we continue to receive your encouragement as we strive to enrich lives and make a difference in the lives of patients all across the world.

I also thank you – our shareholders – for your patience and guidance thus far, and look forward to your enduring support.

GLENN SALDANHA

Chairman & Managing Director
Glenmark Pharmaceuticals