Glenmark
LIFE SCIENCES

CHANGING DNA
SECURING GROWTH

Integrated Annual Report 2022-23

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ABOUT THE REPORT

We at Glenmark Life Sciences Ltd. ('GLS') are pleased to present our maiden Integrated Report for the Financial Year 2022-23 (FY23). This report is prepared in accordance with the International Integrated Reporting Council's (IIRC) - <IR> Framework.

Progressing from our Annual Report FY22, this Integrated Report provides a cohesive view of our performance and ability to create value consistently through the six capitals – Financial, Manufactured, Intellectual, Human, Social & Relationship and Natural.

Keeping long-term value creation for all stakeholders at the core, we intend to drive innovative capabilities that help us address key challenges across the value chain. The aspect of integrated thinking and its implementation at Glenmark Life Sciences has been further explored across the 6 capitals of value creation in our integrated report. Our report employs a value creation model to illustrate inputs, outputs, and outcomes related to different capitals, which are evaluated using KPIs. The structure of this report aligns with integrated reporting principles, aiming to present information in a clear and cohesive manner for a concise and coherent disclosure.

Scope and Boundary

The report covers Glenmark Life Sciences' financial and non-financial performance across its business activities from April 1, 2022, to March 31, 2023, following an annual reporting cycle. Details regarding our shareholding pattern have been provided in the Corporate Governance section. We have not made any material restatement of historical information across this Integrated Report.

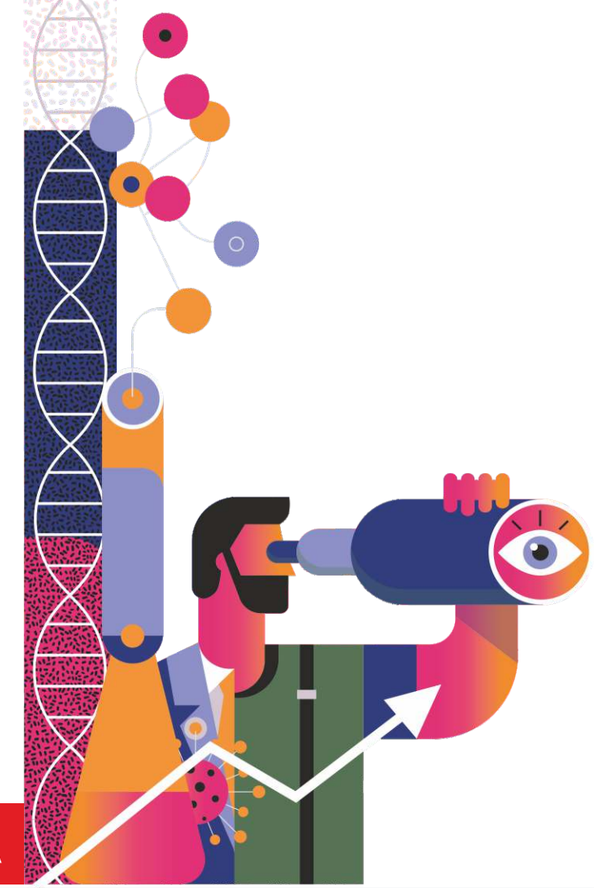
Reporting Standards and Frameworks

The content of our Integrated Report is in accordance with the <IR> framework and the Global Reporting Initiative (GRI) standards: Core option. We have also drawn reference to the United Nations Sustainable Development Goals (UN SDGs) and incorporated some of the requirements of National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business.

This report's financial and statutory information complies with the Companies Act, 2013, Indian Accounting Standards, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable regulations.

In the ever-evolving landscape of business, the road to sustained growth and success is paved with the art of reinvention. Transforming itself from time to time enables an organisation to embrace innovation, adapt to changing market demands and harness untapped opportunities. This process not only makes us more relevant to the customers but also fosters a culture of learning and agility, trains us to seize emerging trends in science and technology and secure sustainable growth in an ever-changing world.

We began our journey in 2019 as Glenmark Life Sciences, which was the API business unit of Glenmark Pharmaceuticals. In the last five years, we have strategically transitioned from an organisation with a captive-focused revenue model to a strong, independent global API supplier with a broad-based portfolio offering. This evolution of our core not only fortified relationships with existing customers but also helped us gain several new customers in diverse geographies and positioned the company as a trusted partner to both generic and innovator pharmaceutical companies across the world.



CHANGING DNA

SECURING GROWTH

By changing the DNA of our business, we have embarked on a growth trajectory that will create greater value for all our stakeholders and cement the foundation for a brighter and healthier future.

Today, we offer sustainable API solutions to pharma customers across global markets with four world-class facilities producing complex, higher-value API molecules with filings made with multiple regulators. As a result of our diverse portfolio and wide geographic footprint, today we are a more robust organisation, geared to deftly navigate cyclical downturns in our industry.

Long-term sustainability, financial prudence, strategic R&D investments, and operational excellence are at the crux of our growth strategy. By thoughtfully allocating capital, we are accelerating financial growth, customer and product diversification and capacity, and geographic expansion. To ensure holistic growth, we are embedding environmental, social, and governance (ESG) principles into the heart of our operations.

PERFORMANCE DASHBOARD

FINANCIAL

Our strong growth was accompanied by better margins driven by better product mix, PLI benefit and better operating leverage.

Tushar Mistry | CFO

Revenue from Operations
(in INR Mn)

21,612

up 1.8% ▲

Net Cash from Operations
(in INR Mn)

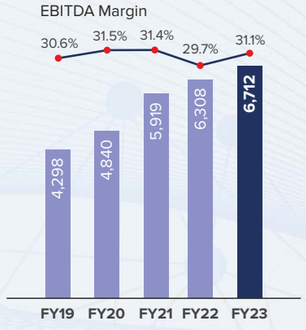
3,134

EBITDA
(in INR Mn)

6,712

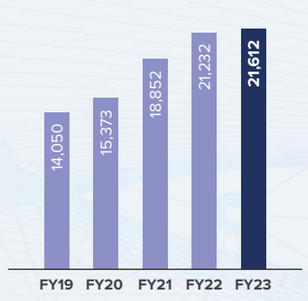
up 6.4% ▲

EBITDA Margin

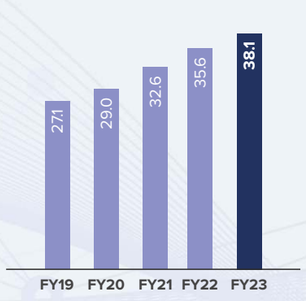


EPS
(in INR)

38.1



Revenue
(INR Mn)



EPS
(INR)

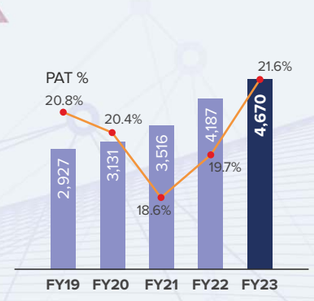
PAT
(in INR Mn)

4,670

up 11.5% ▲

PAT Margin %

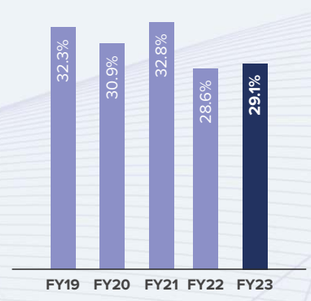
21.6%



PAT
(INR Mn)

ROCE

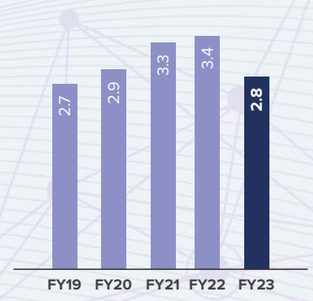
Tracking at
29.1%



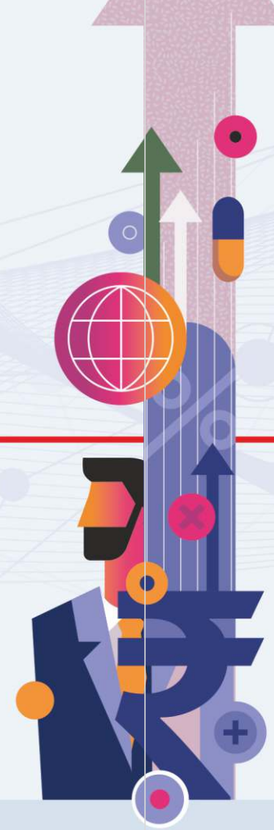
ROCE

FATR

~3 times
for FY23



FATR



Income Statement (In INR Mn)

	FY23	FY22	FY21	FY20	FY19
Revenue from Operations	**21,612**	21,232	18,852	15,373	14,050
EBITDA for the year	**6,712**	6,308	5,919	4,840	4,298
Profit for the year	**4,670**	4,187	3,516	3,131	2,927
Basic EPS	**38.1**	35.6	32.6	29.0	27.1

Balance Sheet (In INR Mn)

	FY23	FY22	FY21	FY20	FY19
Total Equity	**21,382**	20,543	7,527	4,017	881
Fixed Assets	**8,242**	6,763	5,790	5,498	5,303
Cash and cash equivalents	**2,838**	5,122	1,156	100	21
Total Debt	---	---	9,329	10,592	11,622

PERFORMANCE DASHBOARD

All these achievements have been possible given our sharpened execution focus, enhanced customer-centricity, commitment to society and sustainability targets and vision for a definitive business path ahead.

Dr. Yasir Rawjee | MD & CEO

NON- FINANCIAL

PRODUCTS

32 DMFs and CEPs

filed across major markets during FY23 taking the cumulative number to 468 till FY23. Markets include United States, Europe, Japan, Russia, Brazil, South Korea, Taiwan, Canada, China, Australia and India to facilitate our geographic expansion

139 Unique Molecules

which are in the non-commodity and chronic therapy areas, in the portfolio across the globe

32 New Products & 40 CIP Products

are in development pipeline including 9 oncology products

3 Iron Compounds

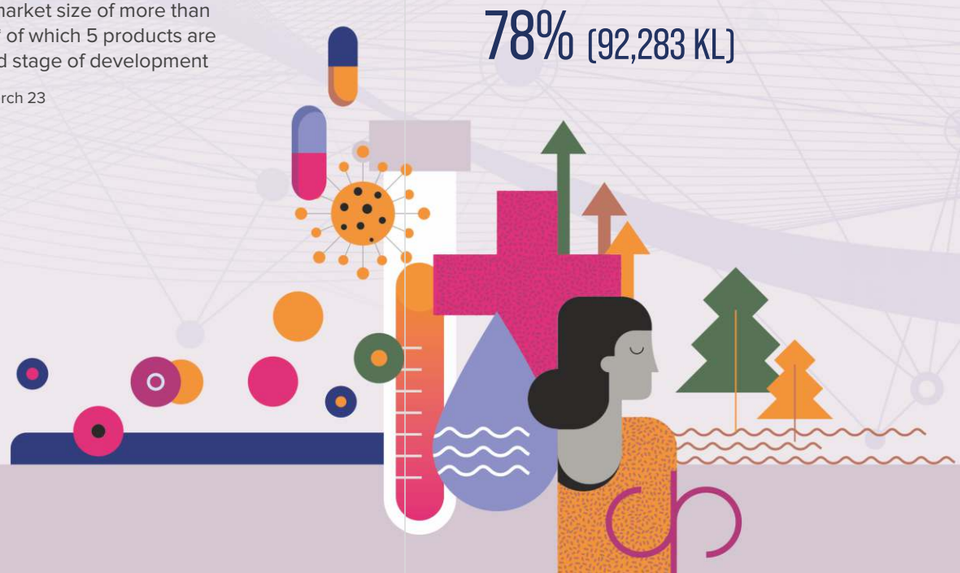
in portfolio of which - Regulatory filing completed for 1 iron compound, other iron compounds at advanced stage and initial stage of development with cumulative global market size of more than USD 1.8 billion*

*Source: IQVIA MAT March'23

1 New Addition

to the development grid has taken the total number of high potent API in the GLS portfolio to 9, with a global market size of more than USD 19 billion* of which 5 products are in an advanced stage of development

*Source: IQVIA March 23



ENVIRONMENT

6.32%

Energy Usage Contributed from Renewable Energy Sources

Water Consumption FY23

308,001 KL down 12.85% ▲

Specific Water Consumption (in KL/kg)

0.51 down 72.5% ▲ compared to FY21

Water Recycled & Reused (%) FY23

78% (92,283 KL)

SOCIAL

CSR Investment (in INR million)

97.43

Beneficiaries Impacted

309,249

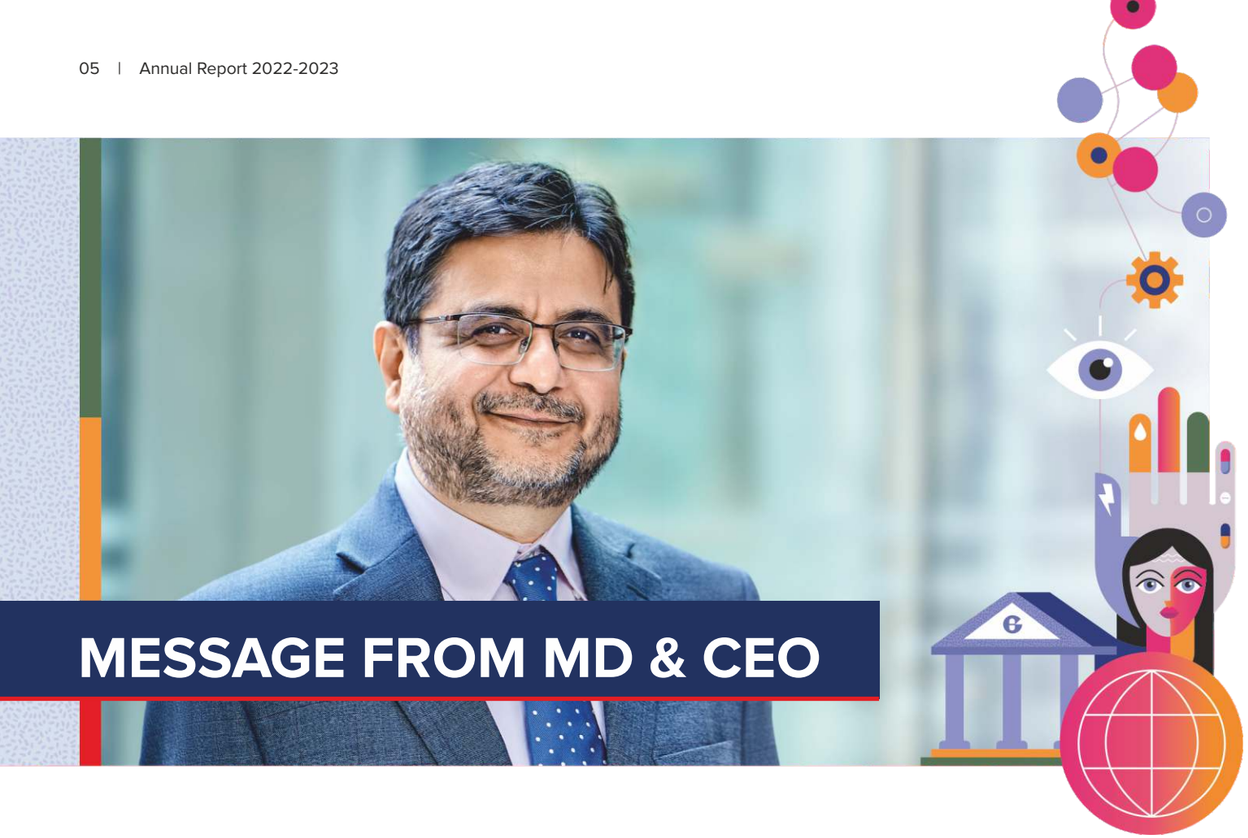
282,665

Women, adolescent girls and children benefitted through nutrition, hygiene and child immunisation initiatives

Water Harvesting (m^3)

784,870+

benefiting 2,500 community members



MESSAGE FROM MD & CEO

Dear Shareholders and Stakeholders,

As we reflect on the fiscal year 2023, which closed on a good note for Glenmark Life Sciences (GLS), we must not overlook the global headwinds that posed significant challenges for our industry in this last year. The conflict in Ukraine, supply chain disruptions, and energy price volatility set the stage for an uncertain first half. The surge in inflation added further complexity in our business environment while our customers in many markets had expectations of better API pricing.

Nonetheless, the business and operations at GLS remained focused on our deliverables, both short and long-term, and we were able to ride the challenges in a resolute way resulting in a commendable year-on-year growth of our external business with improved profitability, overall. This growth was underpinned by the robust contribution of our generic Active Pharmaceutical Ingredients (API) business across geographies. Notably, the final quarter also witnessed a favourable recovery in the Contract Development and Manufacturing (CDMO) business. Further, the addition of new capacities contributed to the overall growth and the launch of the oncology platform gave us one more lever of growth for the future.

Changing DNA, Securing Growth

The theme of our first integrated annual report 'Changing DNA, Securing Growth' draws from the strategic changes that we have implemented with an aim to make your Company more resilient to headwinds and thereby, set it on a path of sustainable growth. The goal is to create a business that can amplify highs of the industry cycle, while mitigating the lows.

Towards this objective of delivering more value, year on year, we have put in motion several key initiatives. These include:

More Products

We continue to expand our portfolio with molecules that will help us derive a commercial benefit in the next 3-7 years. We also ensure that these molecules have significant complexity to be classified as non-commoditised and in the chronic segment.

Furthermore, we continue to add complex molecules with higher barriers to entry by virtue of more complex characterisation. Our total portfolio count at the end of FY23, was 139 molecules.

More Platforms

Last year, we also introduced Oncology APIs as an additional platform to leverage this very strategy of creating more value with high-value low-volume APIs that are more difficult to make and characterise, and thereby pose a higher entry barrier for our competitors. We invested in a state-of-the-art lab and a full-fledged, standalone manufacturing block at our Dahej facility with 2 independent modules. Currently, we have 9 molecules in the pipeline and will add more oncology molecules going forward.

More Markets and More Customers

In a post-COVID scenario, local manufacturing of drugs has become a priority in many countries. These markets become ready customers for our APIs. We have made a bigger push into a number of countries in Southeast Asia, Eastern Europe, North & Southern Africa, South America and the CIS region, for expanding our Generic API footprint. Today our client portfolio stands at an impressive 700+ customers across diverse geographies.

More R&D

We have a robust R&D pipeline with a total of 32 molecules, some of these being complex and oncology molecules. As of FY22, we had 436 filings, whereas at the end of FY23, these have gone up to 468. Out of the 9 high potent API molecules, we have 5 which are in advanced stages. Overall, our complex R&D pipeline has continued to grow and has a front-end market opportunity of $20 billion. Apart from adding new APIs to our pipeline, our scientists are engaging in bringing newer technology platforms that help your Company to have safer, cost-effective and energy efficient processes for our molecules.

We have also embarked upon a backward integration program that addresses some key challenges both, in supply security and improved profitability for key drivers. Many of these actions are important to ensure business continuity for our global customers.

More Capacity Expansion and Investments

We continue to bolster our capacities in order to sustain our business growth. We accomplished a series of expansion projects with the addition of 240 KL at Dahej, responding to the surge in demand and reaping some dividends in Q4 itself. The Oncology plant's brownfield expansion at Dahej also concluded, with one of the two independent modules already 100% commissioned. Of the total planned capacity addition of 400 KL in the intermediate manufacturing block at Ankleshwar, 192 KL was commissioned this year.

The rest is slated for completion by the second half of FY24. Our 1,000 MT capacity greenfield expansion at Solapur received environmental clearance and will further augment our capacity in the near future. Our R&D, Capex and working capital spends have been prudently calibrated each year to optimise returns. During FY23, the total capital expenditure was INR 1,702 million while the R&D investment was INR 652 million which is ~3% of sales.

More Sustainable

Sharpening our focus on ESG practices, we are committed to be Water Neutral by 2027, Zero Waste to Landfill by 2027, and Carbon Neutral by 2030 and have made significant progress against these targets.

More Societal Impact

As a responsible company, we undertook several CSR initiatives under the aegis of healthcare, education, water stewardship and community development to address the pressing issues faced by our neighbouring communities. Our efforts impacted almost 310,000 beneficiaries which include children, adolescent girls, women, pregnant women, senior citizens, farmers and the community at-large. As our commitment to environment, we recharged almost 8 lakh KL water by creating large water structures and revamping existing water bodies and ensured 16,200 tonnes of carbon sequestration by planting almost 11,000 trees. These far-reaching endeavours epitomise our commitment to uplift communities and nurture a healthier future.

All these achievements have been possible thanks to the dedication and motivation of all my leaders and the exceptional teams that work with all of us. I extend my heartfelt appreciation to the GLS HR team for their commendable efforts, which were recognised with a gold award for “Employee Retention” and a Silver Award for “Business Continuity”, at the prestigious Economic Times Human Capital Awards in February, 2023.

In closing, I express my gratitude to our esteemed Board, my leadership team, our customers, our employees & their families, our suppliers and all stakeholders, for their unwavering support. Together, we have navigated challenges, sharpened our execution focus, enhanced our customer-centricity, committed to sustainability targets which include decarbonisation, circular economy, biodiversity preservation, and chalked out a definitive business path ahead.

This intrinsic transformation led by diversification efforts of products and markets, will go a long way in creating a robust platform that ensures healthy business growth with sustained profitability at Glenmark Life Sciences.

Dr. Yasir Rawjee
Managing Director and Chief Executive Officer

COMPANY OVERVIEW

Who We Are

Glenmark Life Sciences (GLS) is a leading developer and manufacturer of high-quality, affordable Active Pharmaceutical Ingredients (API) driven by an experienced management team. We emerged from Glenmark Pharmaceuticals in 2019 as an independent company to focus on developing the API business. Five years on, our API business is on a robust path, and we have evolved as a standalone entity paving the way for a unique growth trajectory.

OUR VISION

To be the most valued API player in the industry by delivering affordable, high-quality APIs through the application of science and engineering.

GLS has established strong relationships with leading global generic pharmaceutical companies that mainly operate in the US, Canada, Japan, Europe, Latin America and India, which are highly regulated markets. Our ability to service customers in a complex regulatory framework, positions GLS differently with customers, giving our business an added dimension of stability and longevity. From product selection and development to commercialisation, we judiciously blend science, technology and economics to stay ahead of the curve.

To accelerate and strengthen sustainable growth, we have rapidly evolved and changed our business DNA. We are doing this by widening our geographic presence for generic APIs, diversifying our customer base and increasing the CDMO footprint with innovator and specialty companies. We are also enhancing our portfolio depth by adding complex molecules with a higher entry barrier and creating new platforms such as Oncology.

We are in the business of making high-quality drugs by unlocking the possibilities of science.

OUR COMMITMENTS

- To be a trusted API partner to pharmaceutical customers worldwide through reliable supply and value creation
- To deliver sustainable long-term growth and create value for all our stakeholders
- To foster a culture that nurtures out-of-the-box thinking

OUR VALUES

- Accountable Governance
- Integrity
- Environmentally Conscious
- Fostering Innovation

What We Do

GLS has built a robust portfolio of 139 molecules serving chronic therapeutic segments like Cardiovascular (CVS) disease, Central Nervous System (CNS) disorders, pain management, and anti-diabetics. With an addressable front-end market size of approximately USD 180 billion, these molecules are filed in major markets to cater to our global pharmaceutical customers.

We commercialise these APIs to over 700 customers in 75+ countries. We offer these molecules to innovator players also as part of their lifecycle management strategy after the genericisation of their portfolio. This allows us to capitalise on our existing portfolio by providing an affordable API option to innovator players across multiple markets.

Our key therapy areas include:

- Cardiovascular (CVS) Disease
- Central Nervous System (CNS) Disorders
- Diabetes
- Oncology
- Pain Management (Anti-migraine, Analgesic)
- Anti-infectives (Antibiotic)

We also develop APIs in the therapeutic areas as listed:

Anti-fungal | Anti-histaminic | Anti-acne |

Anti-emetic | Immunomodulator | Anti-ulcerative |

Immunosuppressant | Respiratory agent |

Ophthalmologic agent | Urinary | Anti-spasmodic

How We Do It

We develop, manufacture and supply select high-value, non-commoditised APIs for our global customers who are pharmaceutical companies operating in their respective markets. Let's take a closer look at each of these areas:

DEVELOP

We strategically select non-commoditised APIs with high-end chemistry, creating a relatively high entry barrier. Recently, we added complex molecules with even higher barriers, both in chemistry and characterisation. Our molecules are developed for global markets, prioritising regulated markets for first wave launches, ensuring speed-to-market and early customer filing. Following patent expiries, we offer cost-optimised processes in markets with earlier expiries and then serve regulated markets for second wave launches. Additionally, we focus on Cost Improvement Projects (CIP) for mature APIs, to remain competitive and enable sustainable lifecycle management of our base business.

MANUFACTURE

Our manufacturing infrastructure that operates in compliance with global regulatory standards accommodates small-volume, high-value molecules and mid-volume, mid-value molecules, covering a wide range from kilograms to metric tonnes. Additionally, our multipurpose capacities across facilities enable us to manufacture diverse APIs in the same infrastructure, maximising asset utilisation.

SUPPLY

Our operations cover the complete value chain, encompassing research and development, technology transfer, an efficient raw material supply chain, scale-up manufacturing, and delivery. This comprehensive approach allows us to provide our customers with support across the development and commercialisation lifecycle from product identification, API development, validation, launch and lifecycle management.

GLS - STRENGTH IN NUMBERS

R&D Spend (INR Mn)
2019: 376
2023: 652

Annual Production Capacity (MT)
2019: 422
2023: 750+

R&D Personnel
2019: 236
2023: 312

New products under development pipeline
2019: 11
2023: 32

API Portfolio
2019: 113
2023: 139

Serves world's largest generics companies
2019: 16
2023: 20

Customers across 75+ countries
2019: 450+
2023: 700+

No. of Granted Patents (owned/ co-owned)
2019: 54
2023: 77

Employees (Nos)
2019: 1,470
2023: 1,824

DMFs and CEPs across major markets
2019: 351
2023: 468

Facilities with zero liquid discharge capabilities
2019: 0
2023: 4

OUR EVOLUTION

Our journey began more than 21 years ago with Glenmark Pharmaceuticals (GPL) establishing the API business and acquiring the Kurkumbh site. As R&D and Operations scaled up to meet GPL's needs, we also served external customers with APIs. In 2019, GLS took its first step as an independent company to reshape the API portfolio to become a trusted supplier to global pharma companies across all major geographies.

In July 2021, Glenmark Life Sciences made a successful debut in the public market attracting the highest number of retail applications in over a decade and setting a record for any pharmaceutical company to date. FY23 marks our maiden integrated report as per <IR> framework.

During the reporting period, we further diversified our customer base and global reach with our API and CDMO businesses. We have done this while maintaining a healthy CAGR of 11.4% in revenues and 12.4% in PAT for a period of 4 years. Today, we are a trusted partner of choice for pharmaceutical customers worldwide, serving patients in over 75 countries.

Trusted Partner

- **Average 69% repeat clients each year since FY19**
- **Relationship with 9 out of top 10 clients is older than 9 years**
- **Approx. 85% of revenue from customers with relationship >5 years**

AWARDS AND RECOGNITION

Our pursuit of manufacturing excellence and sustainability principles has been a legacy from our parent, Glenmark Pharmaceuticals, throughout the last two decades. Last year, we have applied even greater focus on sustainability to become a reliable partner, ensuring business continuity for our customers. This perseverance has resulted in a number of awards and recognition along the way.

The Economic Times Human Capital Awards, 2023

Gold for Excellence in Employee Retention Strategy for 'Mood O Meter'

Silver for Excellence in Business Continuity Planning and Management for 'Mission Zero'

Most Preferred Workplace in Health & Wellness, 2022-23

GLOBAL FOOTPRINT

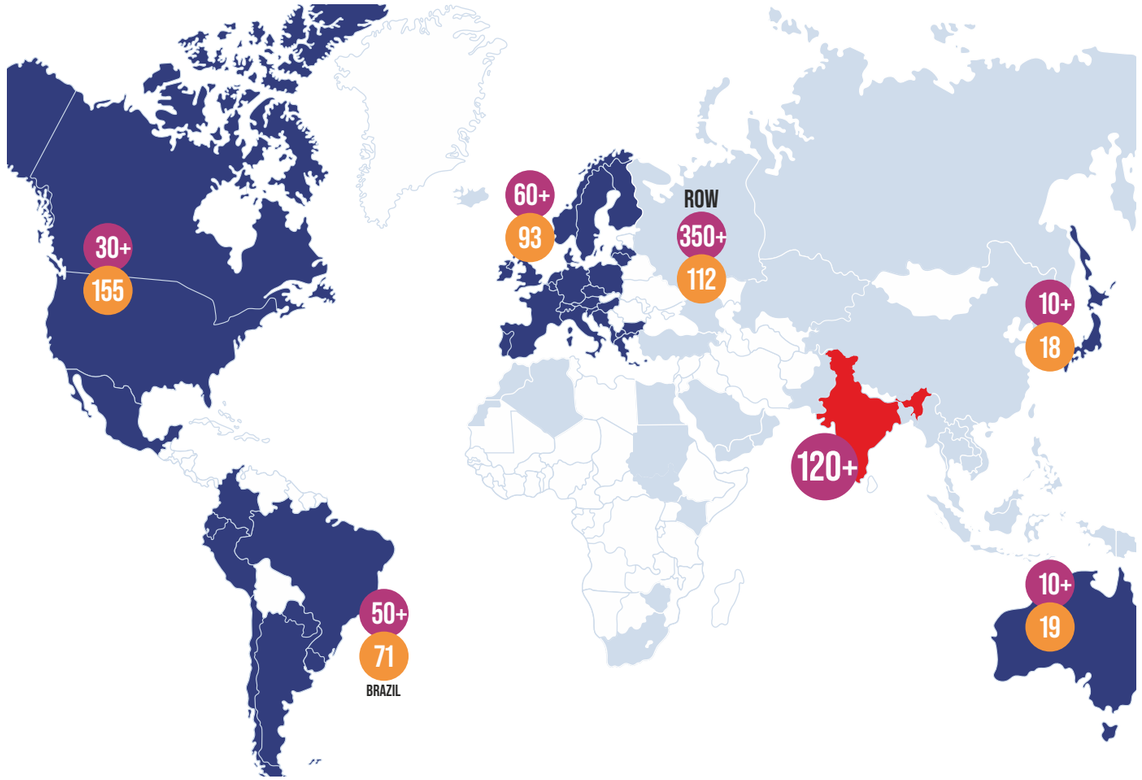
We have steadily built scale in our product offerings and reach, leveraging quality-focused, state-of-the-art laboratories in 3 R&D locations. We have a portfolio of 139 molecules globally which are manufactured in modern, multi-purpose API plants that have been inspected regularly by major global authorities such as USFDA, PMDA and European, Canadian, Russian and Korean regulatory agencies. We sell our APIs in India to top Indian global generic companies and export them to multiple countries in Europe, North America, Latin America, Japan and the Rest of the World (ROW).

43 existing APIs extended to new markets & customers since 2019

Global customers spanning 75+ countries

API Portfolio of 139 molecules

468 DMFs and CEPs across major markets



This map is for illustrative purpose only.

GOVERNANCE

Good governance serves as the foundation that underpins the effective management and allocation of resources. It promotes trust, fosters stakeholder confidence, and enhances the organisation's ability to optimise the use of all six capitals for sustainable development. By implementing robust governance practices, organisations can ensure accountability, transparency, and ethical conduct, leading to sustainable value creation and long-term success.

Strong governance practices at Glenmark Life Sciences monitor, guide and support strategic decision-making, risk management, stakeholder engagement, and the integration of Environmental, Social, and Governance (ESG) considerations into the core business strategy.

OUR GOVERNANCE STRUCTURE

Our corporate governance framework is based on an effective Independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Board of Directors

The Board of Directors of Glenmark Life Sciences is entrusted with the responsibility of providing strategic guidance, effective oversight, and leadership to the Company. It approves our strategic direction, major investments and business plans, implements an effective risk management framework, steers the sustainability function and ensures alignment with the Company's purpose, vision, and values.

The Board comprises eight highly experienced individuals from diverse backgrounds who bring a wide range of skills, expertise, and perspectives to the table. It consists of a balanced mix of two executive, two non-executive directors and four independent directors, to ensure a proper balance of control and authority.

Board Committees

The Board of Directors and its committees play a pivotal role in providing effective oversight, ensuring robust risk management, and promoting ethical conduct throughout the organisation. To support effective governance, the Board has established various committees with specific responsibilities. These committees assist the Board in discharging its duties and provide specialised oversight in key areas. The Committees include:

i. **Audit Committee**

ii. **Nomination & Remuneration Committee**

iii. **Stakeholders Relationship Committee**

iv. **Corporate Social Responsibility Committee**

v. **Risk Management Committee**

vi. **Environmental, Social and Governance (ESG) Committee**

vii. **Operations Committee**

Committees i. to v. mentioned above are all statutory committees whereas vi. & vii. i.e. ESG and Operations committees are voluntary committees formed by the Board to have a focused approach on the subject and monitor the action items for the same. All Committees, except the ESG and Operations Committees, are chaired by Independent or Non-Executive Directors.

For more information about Committees of the Board, please refer to page 118 of this report.

Management Team

Our Management Team is responsible for translating the Board's strategic decisions into actionable plans, setting operational goals, and managing the resources required to achieve them.

The Team, consisting of experienced executives and senior leaders, brings operational expertise, industry knowledge, and a deep understanding of the organisation's day-to-day activities. They work collaboratively to implement the strategic direction set by the Board and ensure its successful execution.

For more information about our Management Team, please refer to page 18 of this report.

Our governance structure, guided by the principles of transparency, accountability, and integrity, is designed to support sustainable value creation and safeguard the interests of all stakeholders.

BOARD OF DIRECTORS

We have an experienced Board and we have a strong corporate governance system to monitor, guide and support our operations, with oversight by:

Mr. Glenn Saldanha

Chairman and
Non-Executive Director

A Non-Executive Director of Glenmark Life Sciences, Mr. Saldanha is also the Chairman and Managing Director of Glenmark Pharmaceuticals Ltd. Mr. Saldanha joined Glenmark in 1998, and subsequently became the Managing Director & CEO in 2000. He transformed Glenmark into a truly multinational company with revenues of over USD 1.5 billion. Mr. Saldanha envisions discovering, developing and introducing India's first innovative drug for the world. Under his leadership, Glenmark has evolved from an Indian branded generics business into a research-driven and innovation-led organisation. Glenmark also won for two consecutive years the 'Indian Pharma Innovation of the Year' award, conferred by the Government of India.

Dr. Yasir Rawjee

Managing Director and
Chief Executive Officer

Dr. Rawjee leads the overall operations of Glenmark Life Sciences and is responsible for its overall business strategy. He has over 25 years of industry experience during which he has headed the global API business and operations at Mylan Laboratories Ltd., has been the Senior Vice President at Matrix Laboratories Ltd. heading the API & CDMO Business and worked in Chemical Development at GlaxoSmithKline in the USA. He holds a bachelor's degree in science from St. Xavier's College, University of Bombay; a bachelor's degree in science (technology) from UDCT, University of Bombay; and a PhD from Texas A&M University, U.S.A.

Mr. V. S. Mani

Non-Executive Director

Mr. Mani is a Non-Executive Director of GLS. He is also an Executive Director and Global Chief Financial Officer of Glenmark Pharmaceuticals Ltd. At Glenmark Pharmaceuticals, he leads the worldwide finance operations, as well as legal and secretarial functions. He has over thirty years of rich industry experience across treasury, taxation, accounting, financial planning and analysis, secretarial, legal, risk management and investor relations. Mr. Mani has also played a key role in mergers, acquisitions and spinouts of various companies in emerging and mature markets. He is a qualified chartered accountant and prior to joining Glenmark, he was the President - Finance at the Bhartiya Group. He has also held the position of the Chief Financial Officer at Cipla.

Mr. Sridhar Gorthi

Independent Director

Mr. Gorthi is a partner at Trilegal and is part of the corporate practice group along with being on the firm's management committee. Mr. Gorthi is considered a leading authority on corporate law, M&A and private equity in the country. In addition to representing several international clients on inbound M&A in India; he has also advised Indian companies about outbound M&A transactions in jurisdictions, such as the UK, the US, South Africa, Argentina, Indonesia and Sri Lanka.

Mrs. Manju Agarwal

Independent Director

A career banker, Mrs. Agarwal has over 34 years of experience at the State Bank of India and is an associate of the Indian Institute of Bankers. She is currently also serving on the boards of various entities including Gulf Oil Lubricants India Ltd., Hinduja Leyland Finance Ltd., Vistaar Financial Services Private Ltd., CMS Info System Ltd., Switch Mobility Automotive Ltd., Paytm Payments Bank Ltd., Hinduja Housing Finance Ltd., Polycab India Ltd. and India Ideas.Com Ltd. She holds a postgraduate degree from the University of Allahabad.

Mr. Vinod Naik

Executive Director and Head
of the Technical Operations

Mr. Vinod Naik oversees the daily operations of the manufacturing plants and is also responsible for the projects and supply chain functions. He holds a master's of science degree from the Karnatak University, Dharwad. He has also completed a masters program in business administration with a specialisation in financial management from the National Institute of Management. He has been associated with the Company since March, 2020. Prior to joining the Company, he has been with Sun Pharmaceutical Industries Limited. He was also associated with Cipla Limited, heading a manufacturing unit and with Micro Labs Limited, as Vice President of the technical and operations department.

Mr. T. L. Easwar

Independent Director

Mr. Easwar has extensive experience in the pharmaceutical industry. He has been the President of Operations at Aurobindo Pharma Ltd., the Chief Operating Officer at Porus Laboratories Private Ltd. and the head of API manufacturing operations at Mylan Laboratories Ltd. He is currently engaged as an advisor to the Boston Consulting Group (BCG) and is also a consultant with pharmaceutical companies. He holds a bachelor's degree in technology – chemical engineering from the Indian Institute of Technology, Kanpur.

Ms. Gita Nayyar

Independent Director

Ms. Nayyar is also serving as an Independent Director on the board of Taj-SATS Air Catering Ltd., Transport Corporation of India, PNB Housing Finance Ltd., 'HelpAge India' and Oriental Hotels Ltd. She holds a master's in business administration from Amos Tuck School of Business Administration, Dartmouth College, U.S.A.

BOARD COMMITTEES

Audit Committee

Mrs. Manju Agarwal (Chairperson)

Mr. Sridhar Gorthi

Mr. V. S. Mani

Stakeholders Relationship Committee

Mr. T. L. Easwar (Chairman)

Dr. Yasir Rawjee

Mrs. Manju Agarwal

Risk Management Committee

Mr. V. S. Mani (Chairman)

Dr. Yasir Rawjee

Mr. Sridhar Gorthi

Mr. T. L. Easwar

Nomination & Remuneration Committee

Mr. Sridhar Gorthi (Chairman)

Ms. Gita Nayyar

Mr. Glenn Saldanha

Corporate Social Responsibility Committee

Mr. Sridhar Gorthi (Chairman)

Mr. V. S. Mani

Dr. Yasir Rawjee

Ms. Gita Nayyar

Environmental, Social and Governance (ESG) Committee

Dr. Yasir Rawjee (Chairman)

Mr. T. L. Easwar

Mrs. Manju Agarwal

Operations Committee

Dr. Yasir Rawjee (Chairman)

Mr. Glenn Saldanha

Mr. V. S. Mani

For more information about the roles and responsibilities of the Board Committees, please refer to page 118 of this Report.

MANAGEMENT TEAM

Mr. Tushar Mistry

Chief Financial Officer & Senior Vice President, leading the overall Accounts, Finance, Investor Relations, Legal & Secretarial functions at Glenmark Life Sciences Limited. He has joined the Company in June 2022.

Dr. Palle V R Acharyulu

Group Vice President of Research and Development (R&D), has been associated with the Company for the past 3 years. He has been instrumental in driving R&D productivity through innovative APIs research and CIP development. He also leads the project management and Intellectual Property functions of our Company.

Mr. Mathew George

Senior Vice President and Head of Regulatory Affairs has been associated with our Company since October, 2019. He leads the Regulatory Affairs team to plan and submit Drug Master Files (DMFs) / Registration dossiers with various Regulatory Agencies.

Mr. Sumantra Mitra

Head - Human Resources, is responsible for talent acquisition, talent management, capability development, organisational development and industrial relations, besides other aspects of human resources and CSR for the Company. He has been associated with the Company since October 2018.

Mr. Navin Kumar Agrawal

Head - Corporate Quality, leading the Company's global Quality & Compliance in accordance with cGMP & regulatory requirements. Since joining Glenmark Life Sciences, Navin has spearheaded the development and ongoing maintenance of robust quality management systems that ensure that the Company's statutory and regulatory duties are upheld.

VALUE CREATION MODEL

INPUT

FINANCIAL CAPITAL

Total Capital Employed (INR mn)	21,626
Net Capital Expenditure (INR mn)	1,702
Net Working Capital Investment (INR mn)	1,969

MANUFACTURED CAPITAL

Number of Manufacturing Plants (all within India)	04
Material Cost (INR mn)	10,141
Added Capacity (KL)	
- Ankleshwar (SFG)	192
- Dahej (SFG + FG)	240

INTELLECTUAL CAPITAL

R&D Spend (INR mn)	652
% of Sales	3
No. of R&D Facilities	3
Total R&D Personnel	312
- Scientists/Researchers	293
Total DMFs and CEPs Filed (Nos. as of FY22)	436

HUMAN CAPITAL

No. of Employees	1,824
No. of Women Employees	129
Employee Benefit Expense (INR mn)	1,802

NATURAL CAPITAL

Renewable Electricity (% of total)	9.37
Total Energy Consumption (GJ)	884,399
Total Water Consumption (KL)	308,001
Renewable Energy (as % of total) in FY22	4

SOCIAL AND RELATIONSHIP CAPITAL

CSR Investment (INR mn)	97.4
Employee Volunteering Hours	300
No. of Employee Volunteers	350

OUR BUSINESS

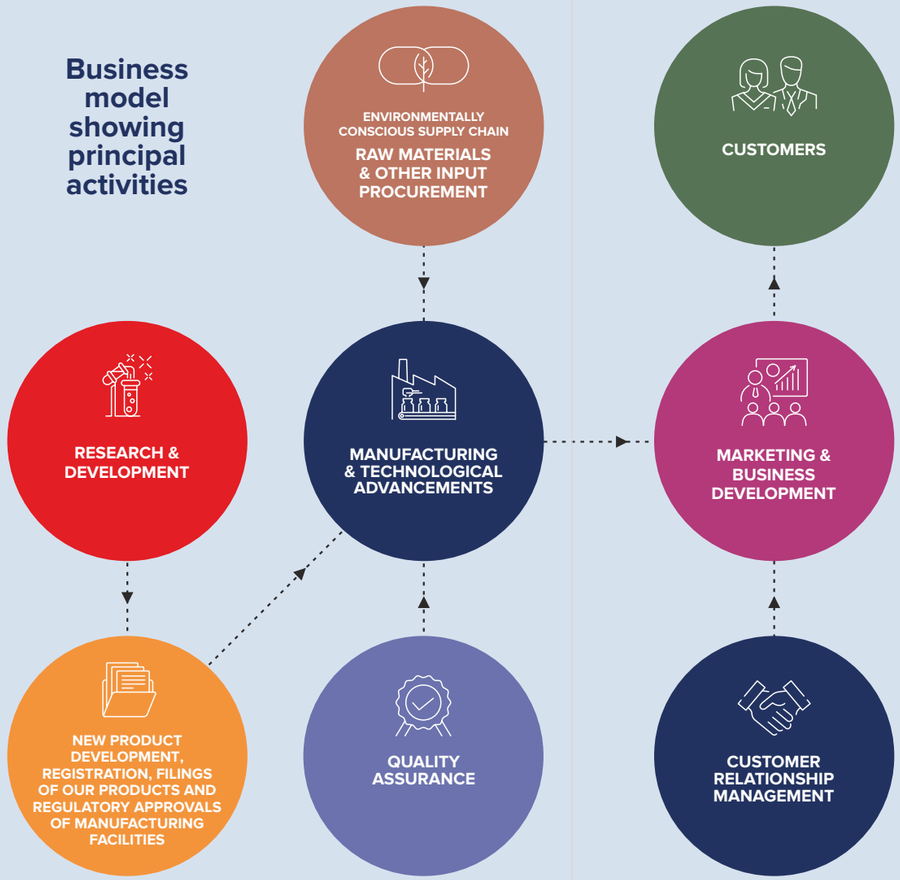
Develop and commercialise high-value APIs for Generic, Innovator and Specialty Pharmaceutical companies

Vision, Values & Commitments

Governance

Stakeholder Engagement | Policies | Risks Management | Performance | Disclosure | Outlook

Business model showing principal activities



PRODUCTS - APIs

KEY THERAPEUTIC AREAS

APIs in Chronic Therapeutic Areas

- Cardiovascular (CVS)
  - Anti-hypertensives
  - Anti-hyperlipidemics
  - Anti-arrhythmics
  - Anti-coagulants
- Central Nervous System Disorders (CNS)
- Pain Management
  - Anti-migraine
  - Analgesic
- Anti-Diabetes
- Anti-acne
- Urinary
- Anti-spasmodic
- Diuretic

Specific Opportunities in Other Therapeutic Areas

- Anti-fungal
- Anti-histaminic
- Anti-emetic
- Anti-ulcerative
- Anti-viral
- Respiratory agents
- Ophthalmologic agent

Support Functions

Human Resources | Accounts | Finance & Compliance | IT | Corporate Strategy & Planning | Safety, Health & Environment | Corporate Communications | Distribution, Shipping & Logistics | Corporate Social Responsibility

OUTPUT

FINANCIAL CAPITAL

Revenue from Operations (INR mn)	21,612
EBITDA (INR mn)	6,712
Net Cash (INR mn)	3,134
Net Profit (before EI) (INR mn)	4,670
ROICE (%)	33.5
RoE (%)	22.3
Dividend per Share (INR)	21

MANUFACTURED CAPITAL

No. of APIs in the Portfolio	139
Quantum of Finished Goods (MT)	613

INTELLECTUAL CAPITAL

Total DMFs and CEPs filed (FY23)	468
Revenue from R&D Products in FY23 (INR mn)	245
Existing products extended to new markets	13
New seedings done	75

HUMAN CAPITAL

Total no. of Training Hours	8,590
Reportable Incident Severity Rate (SR) and Frequency Rate (FR)	Zero

- Won 1 Gold & 1 Silver at 'The Economic Times Human Capital Awards'
- Recognised amongst 'Most Preferred Workplace in Health & Wellness 2022'

NATURAL CAPITAL

Y-o-Y Reduction in Scope 1 emissions (%)	52
Energy Saved (GJ)	2,301
Renewable Energy (as % of total)	6.32
Y-o-Y increase in Absolute Renewable Energy Usage (%)	117
Quantum of Treated Wastewater Reused (KL)	92,283
Hazardous Waste sent to Pre-processing/ Co-processing (MT)	7,098
Hazardous Waste sent for Recycling (MT)	3,614

SOCIAL AND RELATIONSHIP CAPITAL

No. of Beneficiaries	
- Health (women+children)	282,665
- Education	6,000
No. of Trees Planted	10,800
No. of Customer Visits to Plants	55

FINANCIAL CAPITAL

Financial capital is a prerequisite for the existence and operation of any business. It provides the foundation on which businesses are built, enabling them to seize opportunities, weather challenges, and create value for stakeholders. It is a vital resource for fuelling other capitals too. At Glenmark Life Sciences, we have utilised financial capital to create, channelise and enhance wealth of stakeholders.

Like all capitals, we utilise Financial Capital judiciously. While we are never wary of investing more, it is always with a definite game plan of creating more value for the invested capital.

Highlights

ROICE is tracking at 33.5%

Higher capital employed driven by completed CAPEX

FATR is ~3 times

Asset turn trending slightly lower due to CAPEX cycle

Working Capital Days at 171 days

Strategic decision to hold higher inventory to ride out global uncertainties

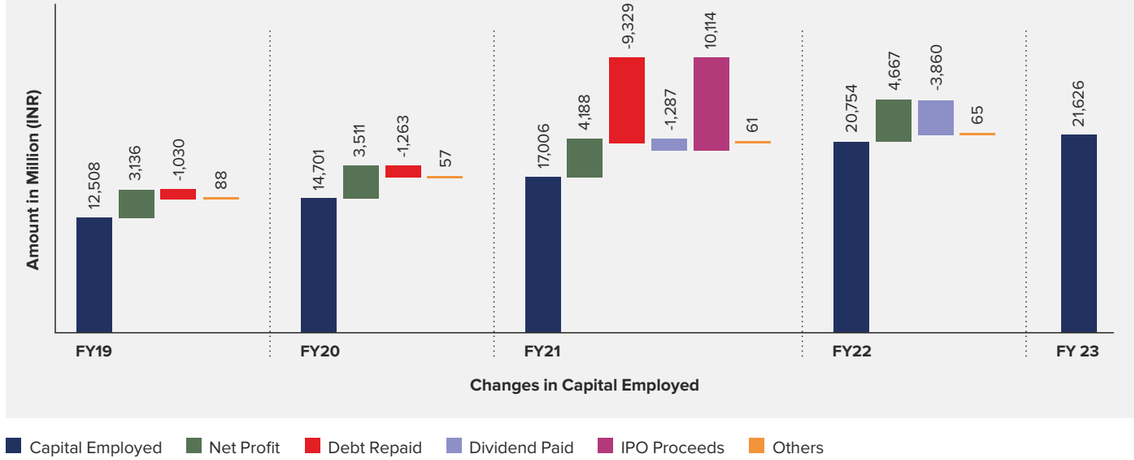
31.1% Operating Margins

Industry leading operating margins

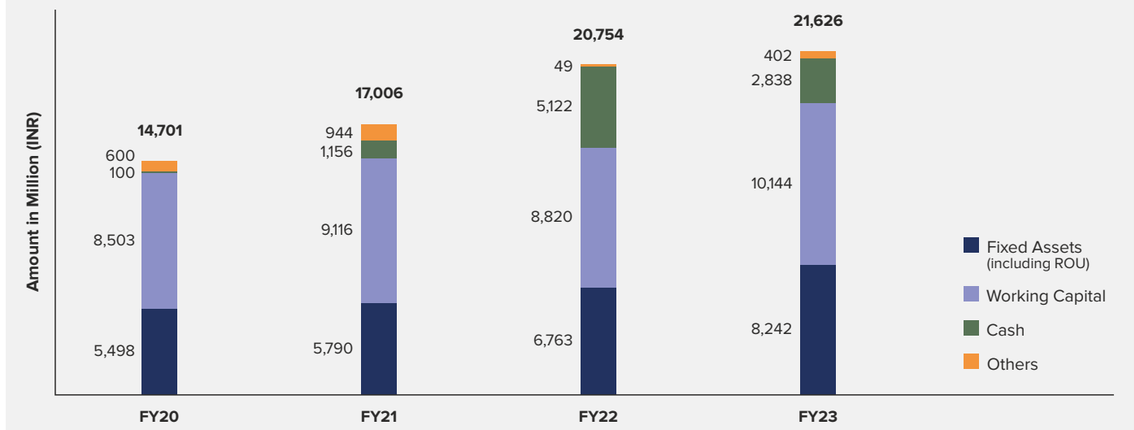
VALUE CREATION

In the last five years, GLS has been consistently creating value. This value is distributed among the stakeholders and invested back into the other capitals to create more value. We have deployed our capital prudently keeping ROCE in mind and have paid off balance excess cash as dividend, thereby keeping the capital employed tight.

Capital Employed Movement YoY

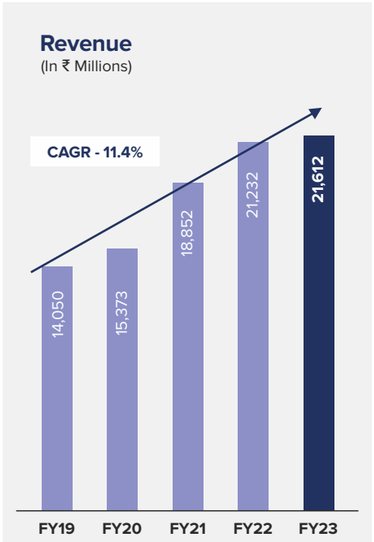


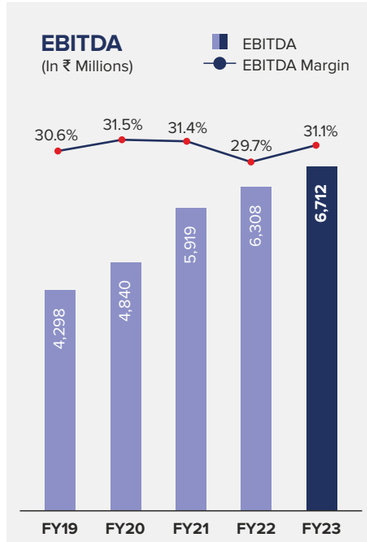
Capital Employed

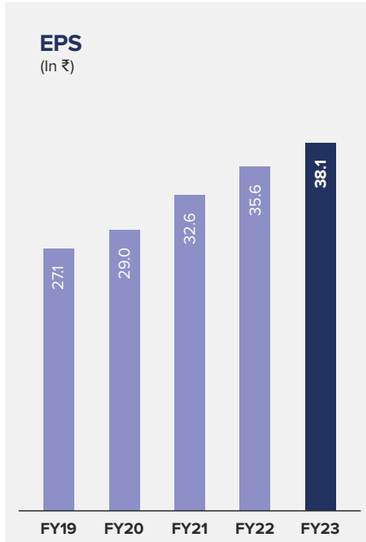


Our revenues have consistently gone up between FY19 and FY23 with a CAGR of 11.4%. EBITDA has seen an increase of 56% during the same period. The earning per share (EPS) has gone up significantly from 27.1 in FY19 to 38.1 in FY23.

Financial Performance Track Record







THE YEAR UNDER REVIEW

GLS concluded FY23 with steady growth and stable margins. Our revenue from operations stood at INR 21,612 million compared to INR 21,232 million in the previous year. The EBITDA stood at INR 6,712 million compared to INR 6,308 million, an increase of 6.4% compared to FY22. The growth was driven by momentum in the Generic API business as well as significant recovery in demand in the CDMO business. The PAT also showed an increase of 11.5.%.

Going forward, we will continue to focus our strategy to prioritise investment into our growth pillars, build a strong pipeline of products and scale up our business to deliver even higher value for shareholders.

Last year, we initiated a significant effort to address multiple cost levers in order to become more efficient via next generation processes, improved manufacturing, solvent recovery, lower-cost energy and an overall savings effort to "do more with less". This effort continues.

In FY23, we looked into financial growth, clientele and product diversification, geographic expansion, facility additions, R&D advancements, and prudent capital allocation. These initiatives positioned GLS as a trusted and innovative leader in the API industry, ensuring continued success and value creation for stakeholders.

We also made significant strides in strengthening business and enhancing overall quality. This is evident from the margin growth and increased bottom-line performance in PAT and EBITDA growth. This year, GLS also demonstrated successful external business growth while expanding customer base and forging stronger relationships.

We also expanded the product portfolio. It is now more diversified with a broader range of offerings to meet the evolving needs of the market. Capital allocation has been a strategic priority for GLS, with increased investment in key areas to drive growth and sustainability. These investments have been directed towards strengthening the business and supporting long-term objectives.

For more information on capital allocation, please refer to the MDA section in this report.

THE ROAD AHEAD

We have a multi-pronged strategy to fuel the growth, retain the margins while creating a sustainable platform to ensure business continuity:

Expand the Existing Business

through product launches, geographical expansion, tapping new markets and pursuing second source opportunities

New Business Opportunities

CDMO business expansion

Operational Efficiencies

Measures to reduce costs, improve efficiencies, sourcing initiatives and operational initiatives like solvent recovery, reallocate resources, batch size enhancement, debottlenecking, reduced cycle times etc.

Portfolio Enhancement

expansion into complex API platforms and Oncology

For more information please refer to the MDA section in this report.

MANUFACTURED CAPITAL

At Glenmark Life Sciences, we strive for innovation and efficiency to achieve operational excellence. This results in high-quality, affordable APIs and intermediates for our pharma customers who in turn serve patients all over the world. Employing a wide range of process innovation and manufacturing expertise from grams to tons, we have become a reliable and preferred partner to our global customers spanning over 75 countries.

Our success story is reflected in our four modern manufacturing facilities located in Ankleshwar and Dahej in Gujarat, and Kurkumbh and Mohol in Maharashtra. These world-class facilities are equipped for multi-purpose production, allowing us to manufacture various APIs tailored to different market needs simultaneously. This collectively forms our exceptional manufactured capital that is quality-focused, scalable, driven by high safety standards, and widely accredited by major global regulators.

We have adopted a holistic approach to drive manufacturing excellence in CIPs (Continuous Improvement Processes) received from R&D that focuses on better solvent recovery, optimised batch sizes, reduced cycle times and minimum dilution volumes. This makes the final commercial processes economical, safer and environment-friendly further impacting the overall plant efficiency.

Recently, we have boosted several capacities via brownfield interventions in both Dahej and Ankleshwar, as highlighted below. Furthermore, we have received all necessary clearances to commence the construction of the greenfield site at Chincholi Industrial Area, Solapur.

Highlights

- **Brownfield expansion for the Generic API products at Dahej facility with 240 KL capacity completed**
- **Brownfield expansion at Dahej for the Oncology plant is completed. Out of the 2 independent modules, one module is 100% commissioned**
- **192 KL out of the 400 KL intermediate manufacturing block at Ankleshwar commissioned**
- **Environmental Clearance received for the installation of 1,000 MT capacity along with CTE (Consent to Establish) for the planned greenfield site at Chincholi Industrial Area, Solapur**
- **Construction of the greenfield manufacturing facility at Solapur to commence in FY24**

MANUFACTURING EXCELLENCE

Our world-class manufacturing facilities adhere to stringent cGMP standards, serving as the backbone of our high-quality manufacturing operations. Three of these plants have been inspected by the US-FDA and other global regulatory bodies on multiple occasions and have been compliant consistently across agencies over many years.

Key Manufacturing Strengths

Manufacturing Capacity and Allied Infrastructure

Our combined reactor capacity stands at 1,198 KL and we are poised for further expansion, projected to reach capacity of 1,400+ KL in FY24. This substantial increase will enable us to produce all commercial APIs, annually achieving a gross commercial-scale manufacturing tonnage totalling approximately 750 metric tons using a vast multitude of reactions like Grignard, Hydrogenation, Bromination, Oxidation, etc. in a scalable and safe manner.

Our facilities are designed to handle multiple products with in-house solvent recovery plants. To bolster these manufacturing capacity expansions, we have invested on strengthening infrastructure across quality control, quality assurance, warehouses, utilities, and efficient waste treatment facilities.

Quality Focused

At GLS, quality is paramount and ingrained in every step of our API process – right from R&D and technology transfer to manufacturing. We have invested significantly in current Good Manufacturing Practices (cGMP) by upgrading our facilities in terms of plant infrastructure to build capabilities with high quality equipment and making significant investments in training and upskilling of our employees.

We have been implementing cGMPs across each of our manufacturing facilities, which are monitored by a comprehensive Quality Management System (QMS), encompassing all areas of business process - from R&D and raw material procurement to manufacturing, packaging and delivery. If anything, quality is designed into the products as they undergo multiple quality checks before reaching our customers.

Since 2015 our facilities have been subject to 41 inspections by various regulators on a periodic basis including the USFDA, PMDA, COFEPRIS, Health Canada, EDQM, ANVISA, WHO and CDSCO.

GLS has an independent quality governance function to ensure quality and compliance throughout manufacturing, testing, release and distribution in line with cGMP.

Our Quality Control laboratories are well-equipped with high-end sophisticated instruments such as LCMS (Liquid Chromatography with Mass Spectrometry), GCMS (Gas Chromatography with Mass Spectrometry), ICP-MS (Inductively coupled Plasma Mass Spectrometry), XRD (X-ray diffraction), etc. required to analyse drug substances in line with pharmacopoeia and regulatory requirements.

The analytical instruments in the quality control laboratory are in compliance with respect to computerised system as per regulatory standards such as 21 CFR Part 11.

Secure Supply Chain and Backward Integration

From product development to API manufacturing, our supply chain organisation is geared up to support production scales from few kilos to multi tonnes on any given API. Our approach is to achieve best cost and quality via procurement through the qualification of multiple vendors, both from India and China, for our KSMs (Key Starting Materials). These de-risking approaches ensure robust supply security as well as controlled procurement costs. Another element that we have covered is that of backward integration of select KSMs where there could be supply security challenges in the future that could lead to cost escalation.

Capitalising on CDMO Opportunities

An important and fast-growing segment in our business is Contract Development and Manufacturing (CDMO) opportunities. We recognise the immense potential that this segment can have if we strategically harness our existing assets and actively build the necessary capabilities to support CDMO services, enabling us to cater to the diverse needs of our clients in both, lifecycle management and specialty segments. With the right focus on process chemistry and versatile multi-product manufacturing capabilities, we possess the agility to meet rapidly evolving market demands in this growing and lucrative business.

KEY ASSETS

Manufacturing Plants	Annual Installed Capacity (Mar-23)	Last USFDA Inspection Date	Inspection History
Ankleshwar, Gujarat	**742.2 KL**	July 2019	USFDA, MHRA (UK), FIMEA (Finland), Romania (Europe) PMDA (Japan), COFEPRIS (Mexico), Health Canada, KFDA (South Korea), Gujarat FDCA
Dahej, Gujarat	**381.9 KL**	Oct 2018	USFDA, EDQM (Europe), PMDA (Japan), KFDA (South Korea), ANVISA (Brazil)
Mohol, Maharashtra	**49.1 KL**	March 2018	USFDA, Maharashtra FDA
Kurkumbh, Maharashtra	**24.6 KL**	-NA-	Maharashtra FDA

The manufacturing plants are augmented by our R&D infrastructure: **Mahape, Navi Mumbai | Ankleshwar, Gujarat | Dahej, Gujarat**

Together, the plants and the R&D infrastructure give rise to the third aspect of our asset base: our strong product portfolio.

New, state-of-the-art Quality Control and Quality Assurance Centre at Ankleshwar, Gujarat.

FUTURE CAPACITY EXPANSION PLAN

As we go forward, we will continue to expand our manufacturing scale & breadth across key segments to leverage new opportunities, maximise our portfolio and reach out to more customers.

- **The remaining 208 KL intermediate manufacturing block at the Ankleshwar site will be operational in second half of FY24**
- **Environmental Clearance and Consent to Establish received for the installation of 1,000 MT per annum capacity for the planned Greenfield site at Solapur. Construction slated to begin in FY24**

INTELLECTUAL CAPITAL

The real value of a knowledge-based organisation lies beyond its physical assets. It includes intangibles such as expertise of employees and systems, processes, culture of innovation and reputation of the organisation built over time. These intangibles together comprise Intellectual Capital.

At GLS we are focused on building a sustainable tomorrow through business growth that is driven by innovation. We nurture and enhance Intellectual Capital by leveraging Human and Financial Capitals to drive performance and strengthen other capitals. This helps us introduce new, innovative products via combination of appropriate technologies and create value for stakeholders.

From the collective knowledge of our dedicated workforce to the transformative power of our cutting-edge research and development initiatives, Intellectual Capital underpins our achievements and positions us at the forefront of progress.

R&D Investment (in INR)

FY19 376 million | **FY23** 652 million

R&D Personnel (in nos.)

FY19 236 | **FY23** ~300

Cumulative DMF and CEPs filings* (in nos.)

across major markets like United States, Europe, Brazil

FY23 468

API Portfolio (in nos.)

FY19 113 | **FY23** 139

As on March 31, 2023

TECHNOLOGY-LED, EMPLOYEE-DRIVEN R&D

Our R&D plays an indispensable role in the overall growth and development of the business operations. At the core of our R&D function is our state-of-the-art R&D Centres at three locations – Mahape, Ankleshwar and Dahej. Our well-equipped laboratories are powered by the intellect of research scientists and engineers, who constitute 15% of our total employee strength. The R&D team has a specialised pool of domain experts and dedicated teams for new product development, complex products, oncology product development, process safety, technology transfer, lifecycle management and project management.

The work we undertake at our R&D Centre has delivered a diversified portfolio of 139 molecules, while working towards developing 8-10 new molecules per year and supplying our products to customers in India, Europe, North America, Latin America, Japan, Korea, Southeast Asia, GCC countries, North Africa and the rest of the world. Aggressive R&D investments are a vital pillar of our growth strategy and we will continue to focus on new product development in complex APIs and next-generation processes for efficiency improvement.

Key Capabilities

Our key chemistry capabilities include polymorphism screening, pharmaceutical salt screening, particle size distribution studies, high pressure reactions, cryogenic reactions, high temperature reactions and asymmetric hydrogenation among others. We also handle technologies using enzymatic transformation, continuous flow chemistry, ultra-filtration, nano-filtration and ion-exchange.

Other Highlights

GLS has also taken several initiatives to make the processes more sustainable by evaluating lower energy consumption alternatives, as well as steps for reduction of effluent in manufacturing. GLS has achieved a reduction of about 40% effluent on select high-volume products. R&D is also working on developing new safer technologies for early stage intermediates and challenging batch processes through process intensification and flow chemistry.

API portfolio

We continually develop APIs in chronic therapeutic areas: Cardiovascular (CVS): (Anti-hyperlipidemic, Antiarhythmic, Anti-coagulant) | Central Nervous System (CNS) | Pain Management (Anti-migraine, Analgesic) | Diabetes | Anti-acne | Urinary | Anti-spasmodic | Diuretic

We also work on specific opportunities in other therapeutic areas such as: Anti-fungal | Anti-histaminic | Anti-emetic | Anti-ulcerative | Respiratory agent | Ophthalmologic agent | Anti-viral

MANAGING INTELLECTUAL PROPERTY

We strongly believe in creating and managing IP as a core principle of securing and advancing business. We advance our IP position through the application of process chemistry, novel polymorphs and newer technologies in manufacturing. As a result of the efforts of our scientists and engineers, we have been granted 77 patents. The IP creation at GLS is leveraged to enhance our own business and that of our customers. The patents that we have filed in the past and continue to pursue, give confidence to our customers in our ability to enhance our value proposition along with our API offerings.

Our scientists also understand the complex regulatory requirements of various geographies. They can navigate the myriad requirements of various regulatory bodies in order to devise common and specific strategies to enter markets across the globe in a timely manner. This knowledge, combined with cGMP Manufacturing and Regulatory filing support throughout the development lifecycle adds to our expertise in the CDMO space.

THE ROAD AHEAD

Last year, we recalibrated our R&D focus for new molecules, while targeting complex APIs with a commercial launch window of 3-7 years. This will continue in the years ahead. Further, efforts have centred around a greater focus on introducing second or third generation processes for existing molecules that will not only make us competitive but also improve our market share. Another key element has been backward integration of basic raw materials for some select APIs using various new technologies to manufacture Intermediates.

HUMAN CAPITAL

Our people have been instrumental in securing growth at Glenmark Life Sciences by fostering innovation and adapting to changing market dynamics. With their extensive knowledge, skills and expertise, our employees ensure consistent delivery of high-quality APIs adhering to high standards set by global regulatory authorities. Through their combined years of valuable experience, our employees ensure process safety and manufacturing efficiencies and endeavour to reduce the carbon footprint, all of which are pivotal in gaining and maintaining business continuity and customer trust.

We strive to create an environment of empowerment through our well-defined policies that provide opportunities for professional and personal development. Our healthy and safe workspaces reflect our values of diversity, equity, inclusion and fair play.

We were honoured with a Gold for 'Excellence in Employee Retention Strategy' and a Silver for 'Excellence in Business Continuity Planning and Management' at the Economic Times Human Capital Awards 2023.

R&D Personnel (in nos.)

312

Employees (in nos.)

1,824

Training (in hours)

Employees

8,590

Women in Workforce

7.07%

KEY FOCUS AREAS

Recruitment and Leadership Pipeline

With award winning, industry-first people initiatives we attract and retain top talent, promoting a high-skilled workforce that spearheads long-term growth.

ÄARAMBH – Our flagship on-boarding programme is a highly curated model that seeks to bridge the gap between learning and knowledge assimilation. Today knowledge assimilation is considered a challenge across our industry. As a first such on-boarding programme in the industry, Aarambh has proven to be extremely useful in an industry that is highly governed by regulatory authorities and where induction is not just a casual intervention but a necessity of statutory and regulatory compliance.

Aarambh was recognised with a silver award by the Economic Times Human Capital Awards in 2021. The hybrid learning approach of virtual plus simulated learning through SIM Lab has been a game changer.

GROW – At Glenmark Life Sciences, we believe in nurturing talent and developing them for the future as prospective leaders across levels and departments. Get Ready for Opportunities at Work (GROW) is our leadership development initiative that focuses on developing strengths of potential mid-level leaders.

It is an important step to build and develop future leaders, who are more effective and competent for a future leadership role with some key skill sets such as building collaboration, stakeholder management, situational adaptability, result orientation and personal effectiveness.

GROW

Employee Health, Safety and Well-being

We consider the health, safety and well-being of our employees as paramount for a positive organisational work culture that is focused on delivering business excellence. We have a robust safety governance framework to monitor occupational safety and health where reviews are conducted at multiple levels.

The Health and Safety Committee reviews performance at regular intervals. Further there are reviews at the factory level and various sub-committees for the observance of safety standards. These are instrumental in guiding the manufacturing facilities on institutionalising safety culture in day-to-day operations.

To prevent injuries when working with hazardous materials, we ensure our personnel are well-trained in process safety, workplace safety and best practices in industrial hygiene. We perform workplace safety risk assessments and conduct process safety HAZOP studies to identify the risk and thereby mitigate it through a hierarchy of controls. We perform risk mitigation by elimination of hazard or substitution of lesser hazard or through engineering controls. We strictly follow protocols for safe handling including the use of Personal Protective Equipment (PPE). Our robust safety management system has high emphasis on process safety, workplace safety & risk control, adopting a hierarchy of controls in the order of sequence.

At GLS, we have a dedicated labour Committee that resolves concerns related to the human rights issues. The committee ensures that the concerns raised are resolved in a time bound manner to ensure everyone is heard at all points of time. Periodic assessment of the working condition of our employees is carried out to ensure a safe working environment at our manufacturing facilities.

- **83,416 cumulative man-hours of safety training imparted to employee & workers across all locations in FY23 through classroom and practical trainings**
- **Zero Lost Time Injury Frequency Rate (LTIFR) for FY23**
- **'Leaders Gemba Walk' at sites identifies gaps and ensures adherence to safety practices**

Finally, Mission Zero is our commitment to make GLS an accident-free workplace and build a safety culture in the organisation, where all of us understand critical safety procedures and make reporting of any hazard our top priority. **Mission Zero is a step towards Zero Accidents, Zero Injuries and Zero Unsafe Behaviour.**

Learning and Development

Through a robust talent development strategy, we invest in skill development and growth of our people.

100% Trainings given on Health & Safety and Skill Upgradation

SIM LAB Blends classroom learning and on-the-job training in a simulated plant with prototype machinery and equipment to enhance functional capabilities of new and existing employees. The trainees go through the four modules, Induction Programme (Aarambh), Safety Modules, Chemical Handling Modules and SOP Demonstrations.

i-PRO (IMPROVEMENT PROJECTS) Through this self-development programme employees learn to think out-of-the-box and develop functional and leadership capabilities by working on select projects. In iPRO we take an incremental innovation approach to solving immediate day-to-day problems or improving efficiency. Managers are encouraged to invite our shop-floor workers to contribute through multiple ideas that lead to a big change. Once a pilot iPRO project succeeds, it is then rolled out as iPRO. **In FY23, 347 employees participated in different types of projects and 68 employees became eligible for a role change.**

GROW As mentioned earlier, Get Ready for Opportunities at Work (GROW) is our leadership development initiative with an objective to equip our future leaders with some key skill sets. We have successfully completed 10 training days between key functions.

Employee Engagement

Robust employee engagement builds a motivated and committed workforce, leading to increased productivity and enhanced employee retention and satisfaction. We provide various platforms and programmes to enhance employee engagement and communication. Mood-o-meter Survey, Leadership Connect, Tete-a-tea with senior leadership, GEN Y programme to engage with the younger generation and anonymous drop boxes for employees to share their concerns, are just a few examples. Through the GLS Excellence Awards, we reward outstanding employee performance across different functions.

Diversity and Inclusion

We attract and retain a diverse talent pool and promote the exchange of ideas in an inclusive culture where all employees feel valued, respected, and supported.

Today we have positive gender diversity in office functions with an increasing number of women employees in Marketing, Regulatory Affairs, R&D, IP and HR. Highly competent women professionals lead key functions such as corporate communications, intellectual property management and marketing services. Although we have faced some challenges in hiring in Manufacturing this is now being addressed through focused recruitment of women in manufacturing functions such as Tech Transfer, Production and Plant R&D.

At each unit level our Diversity and Inclusion objectives are driven by the local chapters and champions. Over the years we have reviewed our existing policies and practices to make the workplace more inclusive, by introducing policies such as paternity leave and tracking gender diversity parameters such as hiring, retention, performance appraisal, etc. We follow a 'No Discrimination' policy and have several policies in place that ensure work-life balance.

Gender Diversity

100% **Employees covered under POSH**

25% **Women Directors on the Board (2 out of 8)**

129 **Women Employees**

Women Employees Across Departments

Departments	Department-wise %
R&D	12.6
Quality	10.6
Marketing and Business Development	63.2
Regulatory Affairs	52.9
HR, Admin, Accounts	21.3

Inclusive Culture

- We have a healthy mix of young and experienced manpower
  Ages 21 to 40: **1,436** employees
  Ages 41 to 60: **388** employees
- In FY23, there were **3 differently abled employees** in our workforce

SOCIAL & RELATIONSHIP CAPITAL

SOCIAL CAPITAL

It is the community that enables businesses to succeed by providing talent and expertise. Thus, building trust with our communities becomes paramount in securing sustainable growth. At Glenmark Life Sciences, our commitment to social development is deep-rooted and our policies and programmes are aligned with national priorities and UN Sustainable Development Goals.

Our CSR Vision

Enriching lives to create a healthier and happier world

Reflecting our core values, our Corporate Social Responsibility (CSR) interventions are devised to build sustainable solutions that have a lasting positive impact on the environment and society. We aim to improve the quality of life for our dependent and local communities, thereby acting as a responsible corporate citizen, managing relationships and developing trust. We believe that these commitments will help achieve our long-term goals and create a more sustainable future for all.

Our CSR Focus Areas

Access to Healthcare | Water Management |

Community Development | Access to Education |

Employee Volunteering Programmes

CSR Investment (in INR million)

FY 22
75.13

FY 23
97.43

Increased by
29%

No. of Beneficiaries Impacted

FY 22
99,800

FY 23
309,249

Increased by
209%

KEY INITIATIVES

Access to Healthcare Project Sampurna

A holistic healthcare initiative for women and children, Project Sampurna focuses on healthcare needs at different stages of growth and development - from girls in their adolescence, to women in their post pregnancy stage and children in their formative 0-5 years of age. The project is designed to:

- Provide special assistance to Asha workers through the 'Arogyasakhi Model' with health check-ups for underprivileged women and adolescent girls as well as provide supplementary nutrition to women & children
- Promote health awareness and hygiene, and distribute eco-friendly sanitary napkins

Through this programme we enable behavioural changes in communities, especially among adolescent girls and young mothers through awareness sessions, antenatal and postnatal services. We also facilitate curative and supportive health care services where communities are serviced through diagnosis, administration of medicines and consultations.

Impact

No. of Beneficiaries

270,570+ women and adolescent girls

12,091+ children

Geographical Outreach

PAN India | **Maharashtra** - Mohol, Solapur, Daundh, Mahape, Turbhe, Mumbai, Aurangabad, Nashik, Amaravati | **Gujarat** - Ankleshwar, Bharuch, and Dahej | **Madhya Pradesh** - Khandawa | **Himachal Pradesh** | **Sikkim**

Water Stewardship

We strive to minimise our impact on the environment through a range of initiatives under Water Stewardship, such as construction of water conservation structures, adopting lakes near our facilities and providing access to clean drinking water. We worked to conserve water by identifying drought prone areas around our facilities in Gujarat and Maharashtra. To reduce water usage and replenish it, we have carried out multiple interventions by implementing rainwater harvesting through deepening of existing water bodies, creating farm recharge ponds, farm bunding, percolation tanks and check dams in rural, semi-urban and urban areas.

Impact

784,870+ m^3 of water harvested

2,500 community members benefitted

Geographical Outreach

Gujarat - Dochaki, Mahudipada, Dadwada (Handi), Chhatwada, Nandod | **Maharashtra** - Telangvadi, Devali, Siddheswar, Morvanchi, Ranmasale, Khuneshwar, Mohol

Holistic Community Development Project

Our aim is to holistically uplift villages and economically backward areas by addressing critical needs such as education, women empowerment, skill development, disability support, infrastructure building and minimise impact on environment through tree plantation and energy conservation for carbon neutrality. The project also extends assistance to senior citizens and differently-abled individuals near our manufacturing facilities.

Impact

18,084+
community people, senior citizens and children benefitted

10,800
trees planted

16,200
tonnes carbon absorption in lifespan

1,825 KW
green energy produced per year

Geographical Outreach

Gujarat - Ghoda, Dabhavan, Vaghela Fatiyu, Lakhigam
Maharashtra - Pune, Mahape, Turbhe, Daundh, Kurkumbh, Mohol, Mumbai

Access to Education Project ViGyasa

We believe that a scientific, logical and experiment-based education will help to grow the creative & logical mind-set amongst children. Given this approach we have started project “ViGyasa”, which stands for “Vigyan Ki Jigyasa”, or an eagerness and curiosity to learn science.

Through this targeted programme we aim to nurture young scientific minds in government and municipal schools.

Our initiatives include establishment of integrated and mini science labs for practical learning focusing on specific aspects of Chemistry, Biology and Physics as well as distribution of science kits to facilitate experiment-based learning, thereby effectively bridging the gap between theory and practical knowledge. The project also offers specialised training and workshops for students and teachers.

Impact

6,000+
children benefitted

18
schools covered

Geographical Outreach

Maharashtra - Belvali, Nere, Shivkar, Chindran, Shivkar, Taloja (Panavel - Raigad), Juhinagar, Turbhe, (Navi Mumbai - Thane) | **Gujarat** - Dabhavan, Debar, Sankoi, Galiba, Kochbar

Employee Volunteering Programmes

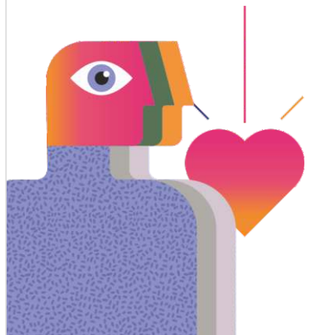
Our CSR initiatives are further supplemented with employee volunteering. Employees are encouraged to contribute their time and energy for a social cause as part of the individual social responsibility.

In FY23, our employees joined hands with community members as a part of International Women's Day celebration, Republic Day celebration, paper bag making, Joy of Giving, Seed ball making and Tree Plantation drive, the latter to increase green cover and create a larger impact in the communities we operate in.

Impact

350+
Employee volunteer participated in 6 activities

300+
Man-hours contributed



RELATIONSHIP CAPITAL

To facilitate effective decision-making in a constantly changing world, we foster open communication and collaboration with our stakeholders. Going beyond a mere checkbox exercise, our robust stakeholder engagement is designed to gather real-time feedback and gain insights of their expectations as well as concerns. We actively listen and discuss issues to enrich and strengthen our relationships with each of our key stakeholders to shape our value creation process.

Our Stakeholder Engagement Mechanisms

We develop, manufacture and supply select high-value, non-commoditised APIs for our global customers who are pharmaceutical companies operating in their respective markets. Let's take a closer look at each of these terms:

Key Stakeholders	Engagement Mechanisms
Employees	Emails, SMSs, Website, Intranet, Pamphlets, Meetings, Leadership Meets, Town halls, Employee feedback and redressal
Customer Relationship Team	Emails, SMSs, Website, Meetings
Suppliers	Emails, SMSs, Website, Meetings
Investors & Shareholders	Emails, Website, SMSs, Virtual and Physical Meetings, Conferences, Investor Days, Press Releases, Annual General Meeting, Annual Reports, Presentation, News Paper Publications, Quarterly earnings Calls
Communities	Physical meetings and visits
Regulatory Bodies	Emails, Meetings and submissions, etc.

Customer Relationship Management Team

Providing each customer with personalised attention is key to delivering a seamless and holistic experience. We have established a specialised Customer Relationship Management Team as 'Single Point of Contact' for each customer to enable ease of interaction, smooth processes and swift solutions.

NATURAL CAPITAL

Investing in environmental preservation is crucial as natural resources are the bedrock of all economic activity impacting operations and supply chains.

By proactively managing, nurturing and enhancing our Natural Capital, we aim to secure growth without disruptions.

We are transitioning to renewable sources of energy, creating carbon sinks through tree plantations, improving water conservation practices and enhancing energy efficiency to mitigate risks such as resource scarcity, water stress, and other impacts of climate change.

We also have an integrated reporting mechanism under the ESG goals and ensure that employees are fully aware of the importance of the environment through EHS campaigns aimed at preventing accidents and monitoring environmental risks. Our efforts in delivering sustainable goals are reaping benefits, since we have made substantial progress against the 2027 and 2030 ESG targets.

Environmental Targets

Water Neutral by 2027

- Identifying opportunities to reduce & replenish water usage
- Identifying, prioritising & implementing water harvesting & conservation projects

Zero Waste to Landfill by 2027

- Moving towards cleaner methods of waste disposal
- Prioritising co-processing & pre-processing – the cleanest form of disposal

Carbon Neutral by 2030

- Identifying green initiatives – renewable energy, energy efficiency etc. to reduce from current levels of GHG emissions

Key Focus Areas

We are working proactively towards enhancing our positive impact on the natural environment. As a resource-intensive business, we focus on **energy efficiency, water conservation and waste management.**

ENERGY

We focus on reducing energy usage by enhancing operational efficiency, increasing the share of renewables in the energy mix and switching to biomass fuels to reduce our carbon footprint.

We are using renewable energy sources like Wind Energy and have adopted Hybrid Power (Wind and Solar energy) at our Ankleshwar Plant. **In FY23, 6,468,432 kWh of renewable energy used is 9.37% of total electrical consumption.**

Highlights

- 260 kg/kg: Specific steam consumption in FY23. Decreased from 304 kg/kg in FY22
- 121 kWh/kg: Specific power consumption in FY23. Decreased from 133 kWh/kg in FY22
- 2,301 GJ: Total energy saved in FY23

Key energy-saving initiatives

- Replaced four 19TR reciprocating compressors with 40TR Screw Compressor – **471,376 kwh per year energy saving achieved**
- Assessed flow and head requirements of Cooling Tower Pumps, replaced impellers to conserve energy - **168,000 kWh per year energy saving achieved**

For a more detailed breakup of the energy consumption figures, energy mix and energy saving initiatives, please refer to the BRSR section of this report page 100 onwards.

WATER

We understand the significance of water as a shared and scarce resource and are committed to using it efficiently by maximising water recycling and re-use at all our manufacturing plants and minimising any form of wastage. We are working towards augmenting natural water availability around our manufacturing facilities. We have also created water bodies and groundwater recharge structures around our manufacturing sites to recharge the water tables in communities where we operate.

Across our facilities, we have implemented multiple water conservation measures such as effluent treatment plants, and water-efficient fixtures. Our facilities have zero liquid discharge capabilities that ensure significant reduction in water wastage.

Highlights

- 308,001 KL: Total water consumption in FY23
- 784,870 KL: Capacity of water recharge projects executed in FY23
- 0.51 KL/ kg: Specific water consumption in FY23. Decreased from 0.616 KL/kg in FY22

For a more detailed breakup of the water consumption figures and water conservation initiatives, please refer to the BRSR section of this report on page 88.

BIODIVERSITY

Biodiversity conservation is crucial to mitigate and manage climate change. None of our facilities are adjacent to protected or close to key biodiversity areas. To play our role in rejuvenating the planet, we focus on planting trees and in FY23, we planted 10,800 trees that will help in 16,200 tonnes of carbon being absorbed in its lifespan.

We have also identified scope for carbon sequestration of 16,350 tCO_2 per annum by development of green belt in Solapur unit with 13,500 trees in the next three years.

MATERIALS

We are actively working on optimising our product mix and reducing dependence on imports. With an established network of ancillary suppliers for their key molecules, we ensure a reliable supply chain and reduce reliance on external sources.

We are also collaborating with local manufacturers and supporting them with the necessary volumes and technology to develop new products. We have also implemented a China de-risking plan to explore new sources and collaborate with local vendors for product development.

EMISSIONS, EFFLUENTS AND WASTE

At Glenmark Life Sciences, we are committed to protecting our environment by proactively managing our emissions, effluents and waste. We work to reduce greenhouse gas emissions, minimise discharge effluents and restrict exposing landfills to solid waste.

Scope 1 Emissions (in metric tonnes of CO_2 equivalent)

	FY22	FY23	Reduction
Scope 1 emissions	26,879	12,798	52%

GHG MITIGATION

To mitigate Greenhouse Gas (GHG) emissions, we are working on energy conservation projects such as efficient compressor changes, motor changes etc. By installing bio-briquettes boiler at our Mohol, Dahej and Ankleshwar facilities, we are targeting emission reduction, thereby avoiding usage of fossil fuel. We have commenced usage of partial amount of renewable energy (hybrid power of solar & wind) at our Ankleshwar site.

WASTE AND EFFLUENT MANAGEMENT

We have put in place a robust mechanism to recycle waste. This includes an effluent collection, treatment and recycling facility through which we are recycling the wastewater generated from the process and domestic applications and reusing the recycled water. Partial quantity of treated effluent is being sent to the government authorised common effluent treatment facility.

Solvents are being recovered and reused in the processes and partial quantities are being sent to authorised recyclers. In case of solid waste, at present we use both landfill and co-processing units. Spent oils/process residues are being sent for co-processing. Plastic waste is being sent to authorised recyclers and bio-medical waste is being sent to authorised disposal facility.

Highlights

- 13,175 MT: Total Waste Generated (Including hazardous, non-hazardous and plastic waste)
- 10,712 MT: Total waste recovered through recycling, re-using or other recovery operations
  - 7,098 MT of hazardous waste sent to pre-processing/ co-processing
  - 3,614 MT of Hazardous waste sent for recycling
- 78% (92,283 KL) water recycled & reused

MANAGEMENT DISCUSSION & ANALYSIS

MACRO ECONOMY

Global Economy

The aftermath of the Ukraine conflict and the emergence of highly transmissible COVID-19 variants is still being felt in many economies over a year later. Furthermore, the tightening of global financial conditions is impeding the global economic recovery. Consequently, several economies are expected to witness a deceleration in income growth in 2023, accompanied by a rise in unemployment. Although central banks have raised interest rates to tackle inflation, the journey to achieve price stability may be prolonged. In the long run, the outlook for growth seems less promising than it has been for several decades.

STICKY INFLATION

According to the forecast, global consumer price index inflation is anticipated to decrease from 8.7% in 2022 to 7.0% in 2023. Disinflation is expected in all significant country groups, with around 76% of economies expected to witness a drop in headline inflation in 2023. However, the initial level of inflation is expected to persist. This disinflation is attributed to the decline in prices of fuel and non-fuel commodities, as well as the anticipated cooling effects of monetary tightening on economic activity. Nevertheless, inflation, excluding food and energy prices, is likely to drop more gradually worldwide in 2023, only by 0.2% point, to 6.2%, owing to the persistence of underlying inflation. In general, it is expected that most economies will require until 2025 to bring inflation back to target levels.

DEMAND AND SUPPLY CONUNDRUM

The growth rate of global trade volume is predicted to decrease from 5.1% in 2022 to 2.4% in 2023 due to a slowdown in global demand. Trade growth is expected to be further restrained by the impact of increasing trade barriers and the delayed consequences of US dollar appreciation in 2022. On the other hand, the decline in commodity prices, which had surged significantly in 2022, is projected to cause a gradual narrowing of global current account balances in 2023. However, the reopening of China's economy is anticipated to reduce the risk of sudden supply chain disruptions and moderately boost global demand. The COVID-19 pandemic and post-pandemic supply chain shortages have also taught valuable lessons on inventory management. As a result, oversupply is expected to be prevalent in 2023, given weakened demand, replenished inventories, increased capital expenditure, and normalised shipping conditions.

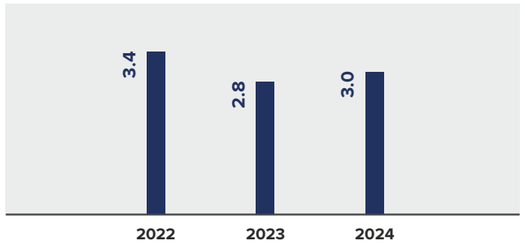
FINANCIAL SECTOR TURMOIL

Central banks across the world have started using different tools to tame the ever-rising inflation. One of such widely used and effective monetary policy tool is increasing the interest rate to curb the money circulation. But this has brought to light vulnerability of certain segments of the banking systems in United States and various other regions across the world. These vulnerabilities are due to a combination of unrealised losses resulting from the rapid and significant tightening of monetary policy, as well as reliance on uninsured or wholesale funding. This, in turn, increases the likelihood of future shocks that could have a significant impact on the global economy. Therefore, central banks are walking a tight rope of taming the inflation but at the same time maintaining the financial stability of the banking system.

OUTLOOK

The global growth outlook has turned uncertain on the back of stubbornly high inflation, slow improvement in demand-supply scenario and uncertain outlook of the ongoing war. The turbulence in mid-sized banks in the United States and merger of two big banks in the Europe has further added to the list of factors impeding global growth. The global economic growth is expected to slow down from 3.4% in 2022 to 2.8% in 2023 with advance economies witnessing the highest deceleration from 2.7% growth in 2022 to 1.3% expected growth in 2023.

Global Economic Growth



(Source: IMF_ WEO_ April 2023, Allianz Research & EY)

Indian Economy

Driven by private consumption and investment, the Indian economy experienced robust growth in fiscal year 2022, albeit at a slower pace compared to the previous year. India's growth in fiscal year 2023 will be impacted by various factors such as ongoing global economic slowdown, tight monetary conditions, and elevated oil prices. However, on the positive side, supportive government policies, lower non-performing loans in banks, and significant corporate deleveraging will continue to support the economic growth.

The Indian government's commitment to infrastructure development through the Gati Shakti initiative, logistics and industrial corridor development is expected to significantly boost industrial competitiveness and drive future growth. Private consumption is likely to grow with the improvement of labor market conditions and consumer confidence, as well as the central government's decision to increase capital expenditure despite a lower targeted fiscal deficit.

The services sector is expected to recover strongly in FY23 and FY24, benefiting from the revival of tourism and other contact services, while weak global demand may dampen manufacturing growth in FY23. Recent measures to increase agricultural productivity, such as the implementation of digital services and support for agriculture start-ups, will be crucial in sustaining agriculture growth in the medium term.

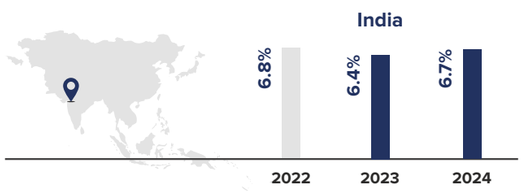
Consumer price pressures eased in March. The CPI rose by 5.7% y/y, down from 6.4% in February, leaving inflation within the RBI's target range of 2%-6%. Inflation is expected to cool further in the coming months as base effects kick in and demand slows. But adverse weather events and higher global oil prices present downside risks. Even though inflation has come down within RBI's target range, the policy rates are expected to hold steady for the rest of the year.

The turmoil in the US and European banking sectors is unlikely to occur in India, where bank deposits are stickier and capital levels are healthy. Still, it has led to greater global financial market volatility and uncertainty that will be felt via weaker investment and external demand later in 2023 and 2024.

OUTLOOK

According to projections, the GDP growth in India is predicted to decline to 6.4% during FY23 due to a combination of factors such as the anticipated slowdown in the global economy, stringent monetary policies, and the continued high prices of oil. Despite these challenges, India's growth rate remains higher compared to other similar economies, mainly due to its sturdy domestic consumption and lower reliance on global demand. In the following fiscal year, growth is expected to recover to 6.7% as the industry picks up speed and private investment increases.

GDP Growth Forecast



(Source: ADB_ Outlook Apr 2023 & EY)

PHARMA INDUSTRY

Global Pharma Industry

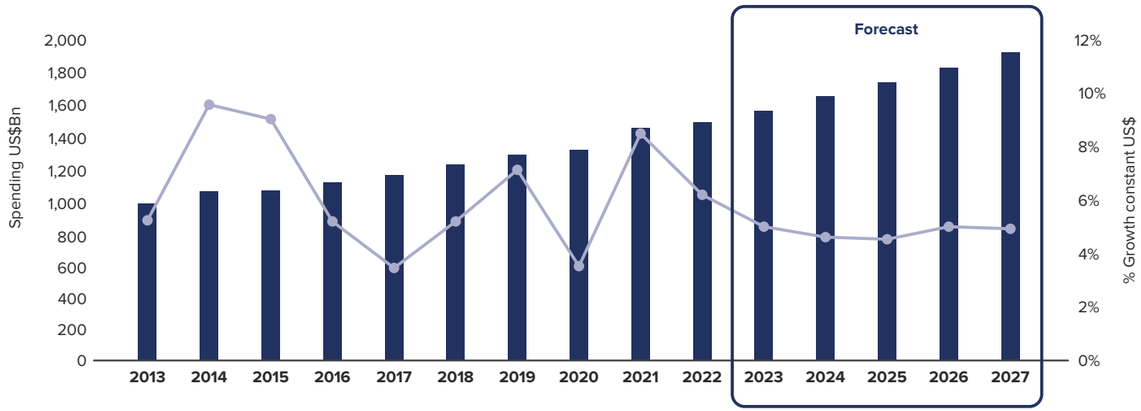
As the COVID-19 pandemic enters its fourth year, it has been the most significant global public health crisis in decades. Nevertheless, it has also highlighted the resilience of global health systems, which have promptly adapted to surges in demand and developed highly effective and safe vaccines and therapeutics at an unprecedented speed. The global vaccination program, which countries and industries have implemented, is unparalleled in terms of its speed and scope, reaching previously inaccessible low-income countries. While managing the pandemic in the endemic phase remains a challenge, other health concerns are also regaining attention. It is anticipated that the global usage and spending on medications will return to pre-pandemic growth rates by 2024, although the next two years are marked by important uncertainties regarding viral variants, COVID-19 vaccination rollout, underutilisation of booster shots, as well as economic uncertainties related to global inflation, geopolitical tensions, and climate change.

- The worldwide pharmaceutical industry is anticipated to witness a CAGR of 3-6% until 2027, resulting in a market value of approximately $1.9 trillion, with varying patterns in different regions.
- Over the past ten years, medicine consumption has increased by 36% due to improved accessibility. However, the growth rate is predicted to decrease until 2027, and the total number of doses is expected to exceed 3.4 trillion, representing an increase of approximately 8% from 2022.
- The Asia-Pacific region, India, Latin America, Africa, the Middle East, and China are expected to experience the most significant growth in medicine consumption, primarily due to population expansion and enhanced accessibility. In contrast, North America, Europe, and Japan will encounter minimal growth.
- In 2027, specialty drugs are projected to make up roughly 43% of the worldwide pharmaceutical expenditure and 56% of the total expenditure in advanced markets.
- The global expenditure on cancer medications is anticipated to surpass $370 billion by 2027, as the introduction and utilisation of novel drugs accelerate, and the impact of new biosimilars remains restricted.
- By 2027, biotechnology-based drugs are expected to account for 35% of pharmaceutical expenditure worldwide, encompassing innovative cell and gene therapies, as well as a maturing biosimilar segment.

The global medicine market - using invoice price levels - is expected to grow at 3-6% CAGR through 2027 to about $1.9Tn

Global spending US$Bn | Growth constant US$

Global medicine market size and growth 2013-2027



(Source: IQVIA & EY)

Indian Pharma Industry

India is a key player in the global pharmaceutical industry, with drugs being exported to over 200 countries worldwide, and the US being a major market. The pharmaceutical sector contributes approximately 2 percent to India's GDP and 8 percent to the country's total merchandise exports, according to RBI.

India has the highest number of USFDA-compliant facilities outside of the United States.

As of August 2021, the USFDA had approved 741 facilities in India, and Indian companies had filed 4,346 ANDAs as of December 2020.

Over 55% of India's exports go to heavily regulated markets, and the country is home to 8 out of 20 global generic companies. Additionally, India is a major supplier of vaccines, providing around 65-70% of the vaccines required by the World Health Organization (WHO).

The solid dose formulation segment currently holds a dominant position in the finished dose segment. This can be attributed to factors such as lower manufacturing costs, patient compliance, and ease of maintenance. India is also recognised as the world's largest producer and exporter of generic drugs, with over 60,000 different generic brands produced across 60 therapeutic categories. This amounts to about 20% of the global supply of generic medications.

741 USFDA approved facilities in India

4,346 ANDAs filed by Indian companies

20% of the global generic medication supplied by India

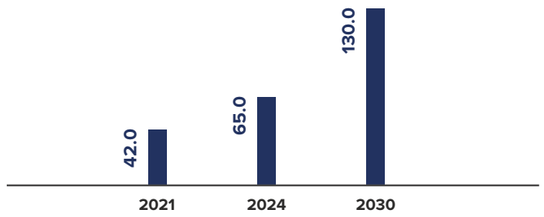
The pharmaceutical industry in India is expected to reach $65 billion by 2024 and to $130 billion by 2030. Currently, the industry is valued at $50 billion. India has emerged as a significant player in the global pharmaceutical market, exporting its products to over 200 countries. The country's generics constitute over 50% of Africa's demand, nearly 40% of the US's generic demand, and approximately 25% of all medicine in the UK. Moreover, India is responsible for fulfilling around 60% of the world's vaccine demand. Notably, 70% of WHO's essential immunization schedule vaccines are sourced from India. In the period of 2021-22, the export of drugs and pharma products totalled $24.6 billion, marking a growth rate of 103% from $11.6 billion in 2014.

$130 billion expected size of Indian pharma industry by 2030

60% world's vaccine demand fulfilled by India

$24.6 billion India's Export of drugs and pharma products in 2021-22

Indian Pharmaceutical Market (US$ billion)



GROWTH DRIVERS

Government Support
Government incentives including an outlay of INR 21,940 Cr. for PLI 1.0 and PLI 2.0

Medical tourism
Quality services at marginal costs compared to US, Europe, and South Asia

Infrastructure development
India has the highest number of US-FDA compliant plants outside the US

Strong drug manufacturing
Expertise in low cost generic patented drugs as well as end-to-end manufacturing

Strong domestic demand
Launch of the largest National Health Protection Scheme globally

Scheme Outlay INR 6,940 Cr.
PLI for Bulk Drugs

Scheme Outlay INR 15,000 Cr.
PLI Scheme for Pharmaceuticals Manufacturing

Ministry Department Of Pharmaceuticals

With the aim to contribute to the vision of a self-reliant India, the pharmaceutical industry is gearing up to establish India as the world's hub for R&D, bio-innovation, and bio-manufacturing. India's infrastructure, workforce, scientific R&D, and manufacturing power make it capable of delivering universal health access. The budget announcement on pharmaceutical R&D comes at a time when India has played a vital role in supporting the world in combating the COVID-19 crisis, developing a vaccine and supplying vaccines, medicines, and equipment to many countries in need. The Department of Pharmaceuticals implemented various programs and initiatives in 2022, including schemes such as 'Pradhan Mantri Bhartiya Janaushadhi Pariyojana' and PLI scheme, with the objective of providing quality generic medicines at affordable prices and strengthening India's manufacturing capacity in the pharmaceutical sector.

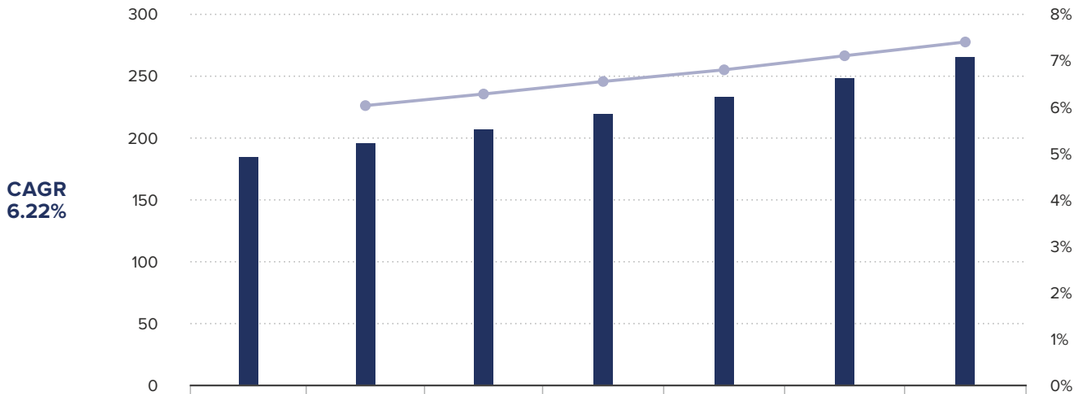
Source: https://www.ibef.org/industry/pharmaceutical-india; https://www.investindia.gov.in/sector/pharmaceuticals#:~:text=The%20pharmaceutical%20industry%20in%20India,served%20by%20Indian%20pharma%20exports.; PIB India & EY

Global API Industry

The active pharmaceutical ingredients market on a global scale is projected to experience substantial expansion until 2026, driven by various factors such as the increase in the elderly population worldwide. Additionally, the growing awareness of APIs and their emerging therapeutic uses have led to a surge in their demand. The market's growth is also expected to be propelled by the development of innovative and biotech APIs.

In 2020, the active pharmaceutical ingredients market had a global value of $185.72 billion, and it is projected to grow at a compound annual growth rate (CAGR) of 6.22%, reaching a value of $266.80 billion by 2026.

Global Active Pharmaceutical Ingredients Market 2020-2026 ($ billion)



	2020	2021	2022	2023	2024	2025	2026
API Market Size	185.72	196.30	207.87	220.56	234.50	249.87	266.80
Growth Rate		5.70%	5.89%	6.10%	6.32%	6.55%	6.78%

Source: Arizton

The oncology market is projected to experience a significant revenue boost, with estimates indicating a rise from $48.30 billion in 2020 to $75.61 billion by 2026, marking a (CAGR) of 7.75%. One of the primary drivers for this growth is the increasing incidence of cancer and various chronic diseases.

The cardiovascular market is anticipated to show the second-highest growth rate. The rising prevalence of heart disease and hypertension has fuelled market expansion, with revenue for this segment projected to increase from $28.62 billion in 2020 to $41.17 billion in 2026, at a (CAGR) of 6.24%.

The market for anti-infective APIs is expected to expand from $19.39 billion in 2020 to $26.51 billion in 2026, with a (CAGR) of 5.35%. These APIs are utilised in medications that prevent infections. Market growth has been propelled by an increase in lung infections caused by pollution and unhealthy lifestyles. Furthermore, the emergence of new drugs and a large patient population with prolonged treatment needs for viral infections are contributing to the growth of the anti-infective APIs market.

Central Nervous System (CNS) APIs are utilised in medications that address nervous system-related ailments, such as schizophrenia, and are only available via prescription. With increasing awareness and new diagnostic tools, the market is anticipated to witness growth.

The CNS APIs market is projected to grow from $17.77 billion in 2020 to $25.36 billion in 2026, at a (CAGR) of 6.11%. The market growth is expected to be driven by the rising demand for anti-psychotic products. Moreover, there is an increasing utilisation of anti-epileptic drugs in the CNS sector, which will create more opportunities for manufacturers.

The prevalence of respiratory illnesses has increased considerably, particularly in urban areas, due to rising pollution levels. The respiratory APIs market is expected to expand from $10.19 billion in 2020 to $14.14 billion in 2026, with a (CAGR) of 5.61%. Patients who have contracted COVID-19 may experience long-lasting effects on their lungs.

The diabetes APIs market is projected to expand from $8.16 billion in 2020 to $11.25 billion in 2026, at a (CAGR) of 5.51%. Due to unhealthy lifestyles and a lack of awareness among the general population, the number of people with diabetes is rising and is expected to continue so. Inactivity and the excessive consumption of high-calorie foods only exacerbate the risk factors associated with diabetes.

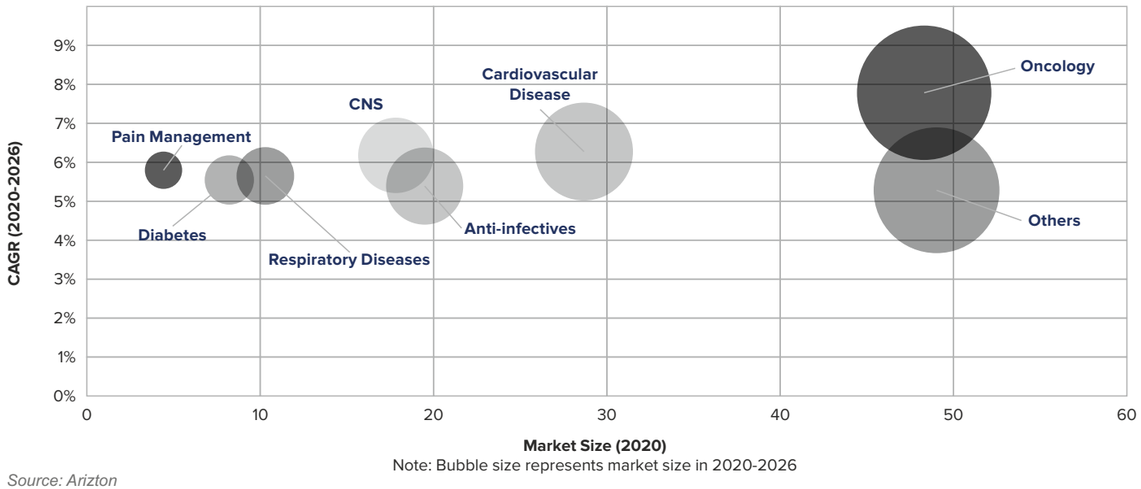
The pain management segment is anticipated to expand from $4.29 billion in 2020 to $6.01 billion in 2026, at a (CAGR) of 5.76%. As the demand for fast-acting pain relief gels increases, companies in this sector are poised to experience growth.

Global Active Pharmaceutical Ingredients Market by Application 2020-2026 ($ billion)

Application	2020	2026	CAGR
Oncology	48.30	75.61	7.75%
Cardiovascular Disease	28.62	41.17	6.24%
Anti-infectives	19.39	26.51	5.35%
CNS	17.77	25.36	6.11%
Respiratory Diseases	10.19	14.14	5.61%
Diabetes	8.16	11.25	5.51%
Pain Management	4.29	6.01	5.76%

Source: Arizton

Global Active Pharmaceutical Ingredients Market by Application 2020—2026 ($ billion)



Note: Bubble size represents market size in 2020-2026

Source: Arizton

Global High Potency APIs or HPAPI Market

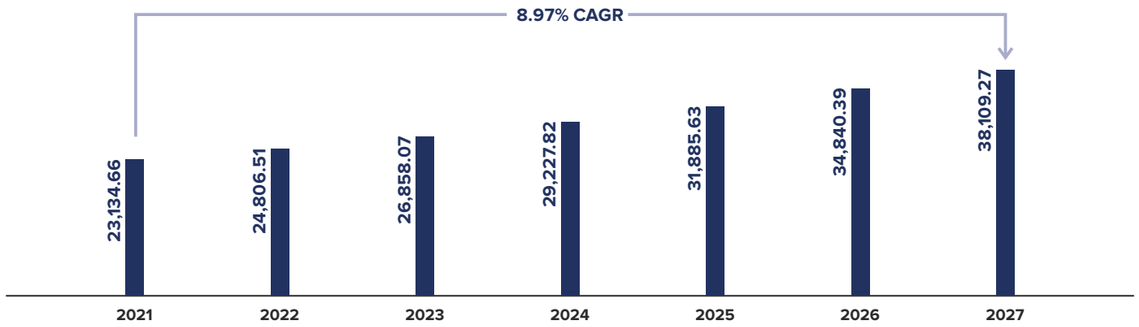
Highly Potent APIs (HPAPIs) are compounds that exhibit a biological response at very low doses. The market for these APIs is driven by several factors, including the rising demand for drugs, growing focus on precision medicine and high-potency APIs, and advancements in manufacturing technology. Additionally, the increasing incidence of cancer worldwide is boosting the demand for HPAPIs, thereby fuelling market growth.

Oncology-related conditions are a major application area for HPAPIs. As the global burden of cancer continues to rise, the production and consumption of HPAPIs are expected to increase, thereby driving the market. For example, the International Agency for Research on Cancer (IARC) estimated in 2020 that one in five people worldwide will develop cancer during their lifetime, with lung and prostate cancer being more common in men and breast cancer more prevalent in women. This high disease prevalence globally is likely to have a positive impact on the HPAPI manufacturing and consumption, leading to market growth.

Furthermore, the market is expected to benefit from increasing technological innovations, product launches, and the establishment of new HPAPI manufacturing facilities.

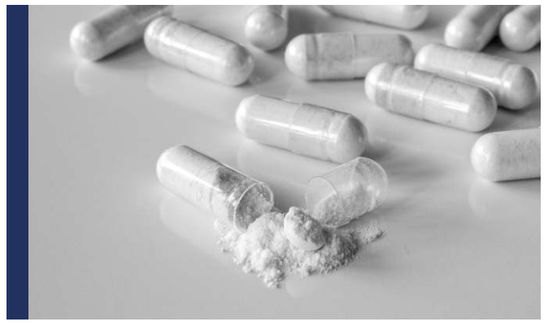
HIGH-POTENCY APIS/HPAPI MARKET

Revenue in USD million, Global, 2021-2027



Source: Arizton, Mordor & EY

Indian API Industry



India holds the third spot in the list of largest API producers globally, possessing an 8% share in the industry. More than 500 APIs are manufactured in the country, and it contributes 57% of APIs to the WHO's prequalified list.

The API sector in India is now attracting many investors and venture capitalists due to the country's strong domestic market, advanced chemical industry, highly skilled workforce, strict quality and manufacturing standards, and lower operating costs (roughly 40% less compared to Western countries) for building and running modern manufacturing plants, providing a competitive edge.

The increasing hostility between China and the Western countries has resulted in global pharma companies seeking to procure more from nations other than China. In this regard, India's rise as a substitute supplier of bulk drugs has been impressive.

GOVERNMENT OF INDIA'S SCHEMES AND INITIATIVES

India is striving to create a comprehensive and enabling ecosystem to harness its API potential. To achieve this, the government authorised INR 6,940 crore for a production-linked incentive (PLI) scheme in 2020 to encourage the domestic manufacturing of Key Starting Materials (KSMs)/Drug Intermediaries (DIs) and APIs. The PLI scheme has already facilitated the production of 35 active pharmaceutical ingredients, which account for roughly 67% of APIs for which India has a 90% import dependence. The Department of Pharmaceuticals has also granted "in-principle" approval to proposals from Himachal Pradesh, Gujarat, and Andhra Pradesh under the "Promotion of Bulk Drug Parks" initiative, which is critical in supporting bulk drug manufacturing in India. With a budget of INR 3,000 crore, this scheme provides financial assistance to these three states to build bulk drug parks and reduce the cost of producing bulk drugs by developing world-class shared infrastructure and increasing the competitiveness of the domestic bulk drug industry. Additionally, the Government of Assam has proposed a Pharmaceutical Park in Chaygaon, Kamrup Rural, with an estimated project cost of INR 153.64 crore on a land area of 100 acres.

In addition, to encourage innovation within the sector, several steps have been suggested, including increasing the cap for foreign direct investment (FDI), allowing up to 100% FDI through automatic routes for Greenfield pharmaceuticals projects, and introducing a new strategy to safeguard intellectual property rights.

Source: https://www.investindia.gov.in/team-india-blogs/harnessing-indias-api-potential & EY

Global CDMO Industry

The global market for contract development and manufacturing organisations (CDMO) recorded a value of US $177.1 billion in 2020, primarily attributed to the efficient delivery of new and effective drugs in the market by streamlining the supply chain and enhancing the marketing capabilities of pharmaceutical firms. It is expected that the market will experience further growth during 2023-2028, growing at a CAGR of 8.4%. The market is anticipated to attain a value of US $302 billion by 2026. The integration of the company network is currently happening across three primary axes: expanding the capabilities along the value chains within a modality, extending to new modalities, and, in certain cases, expanding beyond the product offering focus to offer additional service categories such as clinical trial services. The emergence of new technologies presents an opportunity to revolutionise therapies and supply chains, particularly in the CDMO industry.

CDMOs are projected to play a significant role in driving innovation in the pharmaceutical industry. They are expected to continue being crucial partners for pharmaceutical companies and gain more prominence by enhancing their technological proficiency and expertise across the value chain. As a result, CDMOs are anticipated to become even more significant contributors to innovation in the pharmaceutical industry.

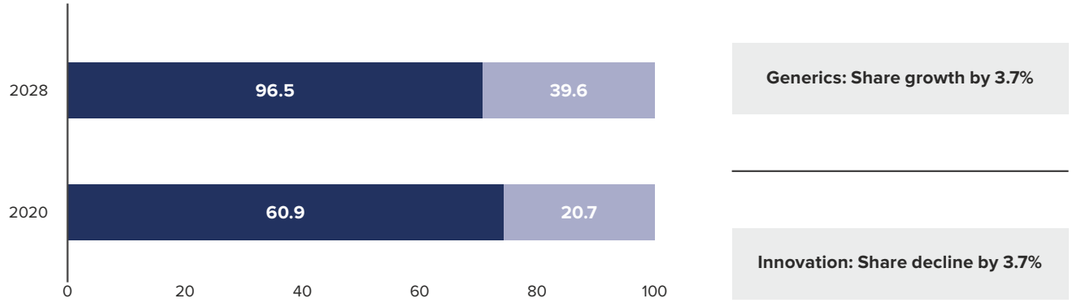
Source:https://www.expertmarketresearch.com/reports/contract-development-and-manufacturing-organization-cdmo-market, EY _CDMO Market report & EY)

Global API CDMO

The global market for API CDMO is categorised into innovative and generics based on the type of drug. In 2020, the innovative segment held a significant market share of 74.6% and is expected to continue its dominance in the future.

The global API CDMO market is anticipated to expand from $81.6 billion in 2020 to $136.1 billion by 2028. During this period, the innovative segment is expected to grow at a CAGR of 6.0%, reaching $96.5 billion by 2028 from $60.9 billion in 2020. Meanwhile, the Generic API market is expected to grow at a faster pace, with a CAGR of 8.5%, expanding from $20.7 billion in 2020 to $39.6 billion in 2028.

Active Pharmaceutical Ingredients CDMO market: synthesis movement analysis



Source: Grand View Research & EY

ADVANTAGE GLENMARK LIFE SCIENCES

Management

Glenmark Life Sciences (GLS) is a professionally managed company with oversight by an experienced Board to chart an independent course for the growth of GLS. Our management team has demonstrated the ability to successfully build and integrate our businesses with various operating activities through their cumulative years of work experience. In particular, they have led the process through which we have created value through organic growth, built brand recognition and loyalty and identified new business opportunities. This has been achieved through a calibrated portfolio build-up which will commercialise within a window of 3-7 years, with a focus on:

Efficiency Enhancement Measures

Effective Capacity Utilisation

Talent Improvement across multiple levels

In addition, we have a strong corporate governance system to monitor, guide and support our business and operations.

Business Overview

API GENERICS

At GLS, we built a portfolio of high value, non-commoditised APIs in chronic therapeutic areas, namely, Cardiovascular (CVS) disease, Central Nervous System (CNS) disorders, Pain Management, Oncology, Diabetes and Anti-infectives for our customers worldwide.

Some of these APIs such as Olmesartan, Telmisartan, Perindopril (anti-hypertensive), Atovaquone (anti-parasitic), Remogliflozin, Teneligliptin (diabetes), Zonisamide (CNS) and Adapalene (dermatology) have a significant and growing market share in major world markets.

Our API product portfolio spans multiple therapeutic areas such as gastro-intestinal disorders, anti-infectives and other therapeutic areas. A snapshot of key molecules classified by therapy areas is below.

CVS | 32 products

includes Olmesartan, Amiodarone, Telmisartan, Perindopril, Rosuvastatin and Cilostazol

CNS | 26 products

Includes Oxcarbazepine, Zonisamide, Topiramate, Bupropion, Ropinirole, Riluzole and Lacosamide

Diabetes | 10 products

Includes Glimepiride, Teneligliptin, Vildagliptin and Linagliptin

Pain Management | 5 products

Includes Etoricoxib, Lornoxicam, Zolmitriptan, Frovatriptan

Oncology | 9 products

Includes Olaparib, Palbociclib, Enzalutamide, Ruxolitinib

We continue to add specialised and profitable products into our portfolio, including niche and technically complex molecules, such as Iron Sucrose, Sucralfate, Ferumoxytol, Ferric Carboxymaltose, Elagolix, Edoxaban, Solriamfetol and Isavuconazonium Sulfate as some examples.

Our total portfolio of 139 API molecules are sold in India and exported to multiple countries in Europe, North America, Latin America, Japan and the rest of the world ("ROW"). We had filed 468 Drug Master Files ("DMFs") and Certificates of suitability to the monographs of the European Pharmacopoeia ("CEPs") across various major markets (i.e. United States, Europe, Japan, Russia, Brazil, South Korea, Taiwan, Canada, China and Australia). We work with 20 largest generic companies globally.

139 API Molecules

sold in India & exported to multiple countries

468 DMFs & CEPs

filed across various major markets

CDMO

In the last five years, we have developed business with innovator and specialty pharmaceutical companies in the area of CDMO.

Given our capabilities in process chemistry research, manufacturing and analytical research capabilities, we have the ability to attract innovator pharmaceutical companies to partner with us for providing unique solutions tailored to their specifications.

We provide lifecycle management solutions for their mature portfolio where genericisation has happened or is impending.

In our current portfolio of 139 molecules globally, many molecules offer such opportunities to a complete new set of customers.

In addition, we are focused on Specialty APIs as an important sub-segment of our CDMO business. Within our specialty API business, we offer customised support to pharmaceutical companies from making regulatory filings, providing research and technological support to manufacturing specialty APIs. As an API provider to such customers, we have helped create value through a blend of product customisation and regulatory strategy to allow market access.

We see the specialty business as a key growth opportunity and an added lever for our API market expansion, with multiple companies in the United States currently focused on developing 505(b)(2) products. In addition, the specialty business offers higher business stability (with improved margins) due to the complex nature of the products thereby leading to high customer stickiness.

Now that GLS operates independently, our business model as a standalone company generates a higher level of confidence with CDMO customers for building partnerships with GLS through technology transfer arrangements that involve sharing intellectual property (IP) for new API development.

Our process research, analytical research and chemistry capabilities enable CDMO services for a range of multinational corporations and specialty companies.

We believe that innovators prefer to select vendors with a strong track record. Our continuous focus on quality and on the sustainability of our operations make us a serious contender to grow this business opportunity.

EVOLVING OUR BUSINESS STRATEGY

Even after the world economy had multiple setbacks (COVID, energy, war, inflation, banking stress etc.) with a direct impact on our industry, GLS continues to experience robust demand for its APIs across most geographies albeit, with a need for competitive prices. This scenario opens-up an opportunity for high-quality APIs with affordable pricing in a large portion of our product portfolio. Our continuous focus on cost optimisation to become more efficient via next generation processes, improved manufacturing, solvent recovery, lower-cost energy and an overall savings effort to "do more with less" has helped us to deliver growth with sustainable margins.

Although this was always one of our business mantras, we applied an even greater focus to make a difference to the customers and patients we eventually serve. The multiple touch points of our strategy to fuel the growth, retain the margins while creating a sustainable platform to ensure business continuity are outlined here:

Expand the existing business

- New product launches
- Geographical expansion in order to reduce our dependence on limited geographies
- Focus on new markets becoming more regulated. This initiative drives higher value by virtue of support to the customer throughout their development and commercialisation lifecycle
- Pursue 2nd source opportunities with top generic players in molecules where GLS holds a position of cost leadership

New business opportunities

- CDMO business expansion: with a plan to leverage a significant part of our existing portfolio for 505(b)(2) and lifecycle management projects
- Expand into complex API platforms e.g. Iron compounds and oncology molecules

Cross selling

With a large product basket, GLS has been strategically cross selling its existing products to existing customers in other geographies thereby increasing the wallet share of the customer

Operational efficiencies

Measures to reduce costs, improve efficiencies and reallocate resources to support identified growth opportunities in diverse markets

R&D Initiatives

- Productivity improvement of existing processes through constant optimisation
- Process cycle time reduction
- Qualifying lower-cost processes for regulated markets
- Better recovery & recycling
- Backward integration of higher value KSMs (Key Starting Materials)

Sourcing initiatives

- Ongoing negotiations with vendors (basis market environment)
- Alternate vendor qualification

Operations initiatives

- Solvent recovery and recycling
- Optimisation of batch sizes
- Utilisation of new downstream equipment for filtration or drying techniques
- Yield improvement
- Automation for better efficiencies
- Green chemistry and effluent reduction

Manufacturing

We currently operate four multi-purpose manufacturing facilities which are located at Ankleshwar and Dahej in Gujarat and, Mohol and Kurkumbh in Maharashtra. Today our combined reactor capacity stands at an impressive 1,198 KL and we are poised for further expansion, projected to reach capacity of 1,400+ KL by FY24. This substantial increase will empower us to produce all commercial Active Pharmaceutical Ingredients (APIs), annually achieving gross commercial-scale manufacturing tonnage totalling to approximately 750 metric tons.

Since 2015, our facilities have been subject to 41 inspections and audits by regulators which includes the USFDA, PMDA, COFEPRIS, Health Canada, MFDS (Korea), EDQM, ANVISA (Brazil), WHO and CDSCO conducted on a periodic basis.

CAPACITY EXPANSION

- Brownfield expansion for the Generic API products at Dahej facility with 240 KL capacity completed
- Brownfield expansion at Dahej for the Oncology plant is completed. Out of the 2 independent modules, one module is 100% commissioned
- 192 KL out of the 400 KL intermediate manufacturing block at Ankleshwar commissioned.
- Environmental Clearance and CTE (Consent to Establish) received for the installation of 1,000 MT capacity for the planned greenfield site at Chincholi Industrial Area, Solapur
- Construction of the greenfield manufacturing facility at Chincholi to commence in FY24

The new API facility in Solapur has been planned to be built on a 40-acre footprint with a plan to manufacture both APIs and intermediates and will house several multi-purpose manufacturing blocks with mid to high-volume capacity. The new facility will also provide a platform for the growth of our CDMO business and add capacity for our generic API business.

QUALITY FOCUS

We follow Quality Management Systems to build quality into the manufacturing and business processes which are aligned with the organisation's focus on quality by design (QbD).

To further strengthen the QMS compliance,

- Training through ASPIRE system (electronic system to maintain training records) implemented
- Trackwise software for QMS like Change control, OOS, Complaints, Deviations etc. has been implemented
- For continuous quality data monitoring, Minitab software was procured and implemented in July 2022

Improvements related to plant infrastructure for refurbishment as well as storage facility expansion is planned.

AUDIT RECORD

FY23 saw a successful completion of 136 audits.

April 2022 to March 2023	Ankleshwar	Dahej	Mohol	Kurkumbh	Total
	Completed	Completed	Completed	Completed	
Customer audit	56	54	17	3	130
Regulatory audit	2	2	1	1	6
Total	**58**	**56**	**18**	**4**	**136**

FUTURE READINESS

- With travel restrictions getting over post COVID, there is a renewed focus and increased frequency of inspections planned by agencies worldwide. The last inspection by USFDA was in July 2019 and an inspection this year can be expected
- Dahej site was recently inspected by ANVISA, Brazil and some key customers and the site was found to be in compliance
- Ankleshwar site was also recently inspected by WHO, COFEPRIS (Mexico) and CDSCO successfully

R&D

Our R&D laboratories focus on new product development and complex molecules, cost improvement programs, process improvements and oncology product development. To assist us with our R&D initiatives, we have established dedicated teams for new product development, complex products, oncology product development, technology transfer, life cycle management and project management.

We also engage in a thorough and systematic approach to product selection for our development grid, from a detailed commercial evaluation of the market opportunity of a particular API, its development complexity, intellectual property landscape and the potential competitive scenario. Our product and service line up together enable us to support our customers through all stages of the product lifecycle and be present across the value chain from product identification, R&D, impurity identification, methods development and controls, setting specifications and laboratory validation followed by technology transfer via pilot scale-up in the commercial plant. This is followed by plant validation enabling commercialisation and large-scale manufacturing.

Our capabilities and experience have helped us perform well in regulated markets and have enabled us to successfully partner with customers, including offering our customers a first-mover advantage with respect to various products.

We regularly work on developing eight to ten molecules each year.

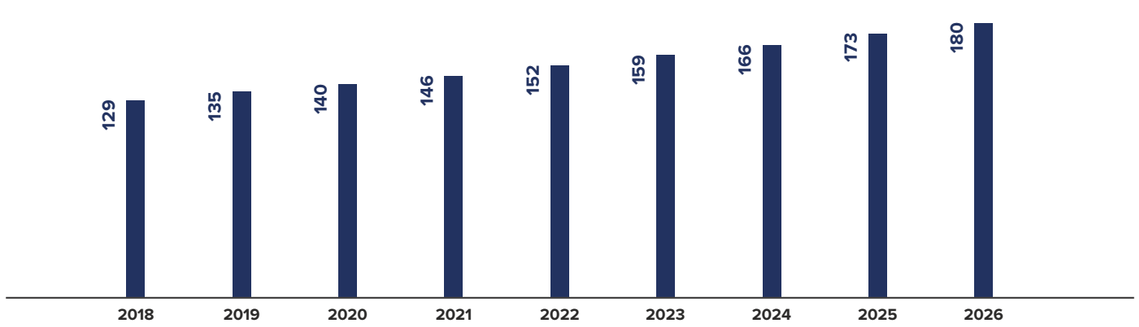
BUILDING A STRONG PRODUCT PORTFOLIO

Our comprehensive approach while selecting products into our pipeline:

- Molecules' value and volume growth across markets namely, US, EU, JP, ROW, India, LATAM
- Near term prospects of the molecule in terms of patent expiration and novelty of the therapeutic area
- Capability to offer an edge in terms of speed, faster market entry and cost
- Special focus on NCE-1 projects
- Create high barriers by introducing routes that can be patent protected

Our portfolio comprises of 139 products, having launched 26 new APIs since 2019 (32 new products & 40 CIP products are under development pipeline including 3 iron complexes and 9 oncology products) ranging across various chronic therapy areas like cardiovascular, CNS, diabetes, anti-infectives and others. The total front-end addressable market size of GLS' products globally was estimated to be around US $180 billion by 2026 with a growth rate of about 4.3% over the horizon. The future growth of these products is expected to remain stable driven by the rising prevalence of non-communicable diseases, growing demand from the regulated markets for drugs indicated for hypertension, diabetes and cancer, and an ageing population.

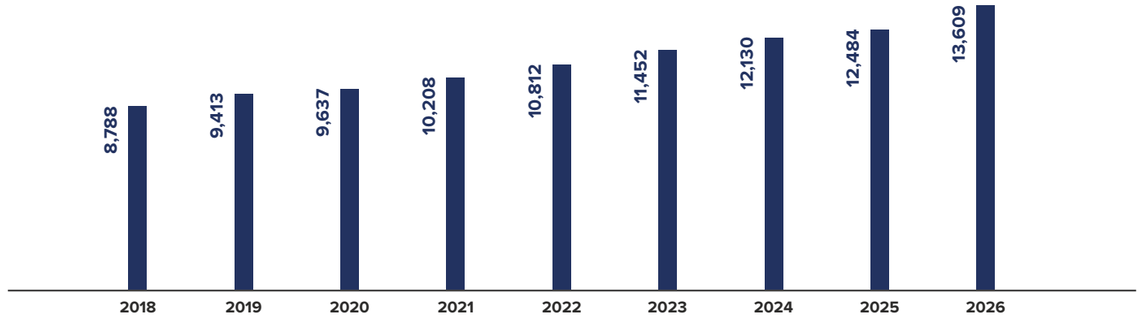
Front-end Addressable Market Size - GLS Molecules — US$ Billion



The market size in terms of volume for GLS' APIs is estimated to be about 13,609 tonnes by 2026 at a growth rate of 6%.

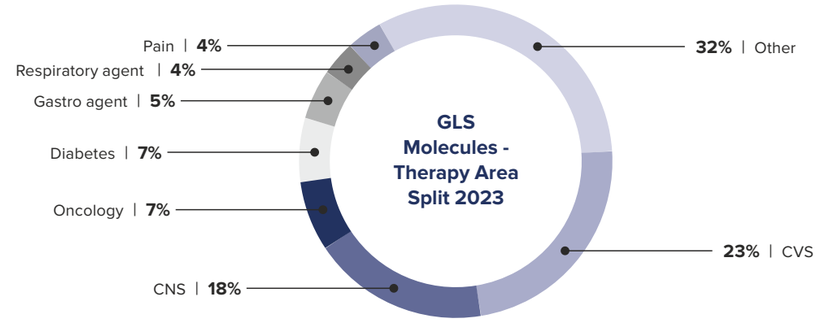
Other core areas where GLS offers a competitive advantage are dedicated customer service for all geographies ensuring timely and adequate support that engages customers on a long-term basis.

Market Size - GLS APIs — Tonnes



MARKET SEGMENTATION BY THERAPY AREAS

GLS' portfolio of 139 niche, highly profitable and technically complex products cater to large chronic therapy areas such as CNS, diabetes, CVS (including anti-thrombotic) and oncology.



COMPANY OVERVIEW

Highlights of Profit and Loss Statement — INR Million

	FY2023	FY2022	YoY %
Total Income	21,902	21,379	2.4%
Gross Profit	11,471	10,803	6.2%
EBITDA	6,712	6,308	6.4%
Net Profit	4,670	4,187	11.5%
EPS (in INR)	38.11	35.63	7.0%

TOTAL INCOME

Our total income increased by 2.4% to INR 21,902 million for the financial year 2023 from INR 21,379 million for the financial year 2022, primarily due to strong growth momentum across regulated as well as emerging markets

▲2.4% | INR 21,902 million

FINANCE COSTS

Our finance costs decreased to INR 5 million for the financial year 2023 from INR 280 million for the financial year 2022 due to repayment of entire business purchase consideration relating to the spin-off.

OTHER EXPENSES

Other expenses increased by 9.9% to INR 3,247 million for the financial year 2023 from INR 2,955 million for the financial year 2022, primarily due to an increase in power, fuel and water charges by 14.5% to INR 1,156 million for the financial year 2023 from INR 1,009 million for the financial year 2022, an increase in Commission on sale by 129% to INR 205 million for the financial year 2023 from INR 90 million for the financial year 2022 and an increase in Repairs and Maintenance by 32% to INR 328 million for the financial year 2023 from INR 248 million for the financial year 2022.

R&D EXPENDITURES

R&D expenditures were INR 652 million at 2.8% of sales for FY23. (FY22 - INR 572 million at 2.7%)

CAPEX EXPENDITURES

Capital expenditures were INR 1,702 million for the FY23. (FY22 - INR 1,451 million)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents were INR 2,838 million as on 31st March 2023. (31st March 2022 - INR 5,122 million)

KEY FINANCIALS RATIOS

Particulars	31 March 2023	31 March 2022	% Variance
Current Ratio	3.67	4.60	-20.14%
Debt to Equity	NA	NA	NA
Debt Service Coverage Ratio	NA	0.62	-100.00%
Return on Equity (ROE)	22.28%	29.83%	-25.33%
Inventory Turnover Ratio	1.81	2.03	-10.83%
Trade Receivable Turnover Ratio	2.92	3.28	-11.09%
Trade Payable Turnover Ratio	3.13	3.95	-20.84%
Net Capital Turnover Ratio	1.61	1.54	4.69%
Net Profit Ratio	21.61%	19.72%	9.58%
Return on Capital Employed (ROCE)	29.09%	28.57%	1.83%

REASONS FOR VARIANCE

- Debt Service Coverage Ratio: The Company repaid the entire debt in the previous financial year 2021-22, hence debt service coverage ratio is not applicable for the current year
- Return on Equity (ROE): Lower due to higher base of shareholder's equity on account of IPO
- Trade Payable Turnover Ratio: Lower due to favourable credit term from the suppliers as compared to previous year

Business Performance & Review

Business Segment Performance

	FY23	FY22
Generic	93%	92%
CDMO	7%	8%
Sale of Products	**100%**	**100%**

Internal Controls

In line with the requirements under the SEBI LODR, the Company has constituted a Risk Management Committee of the Directors. The Members of the Committee are Mr. T L Easwar, Mr. Sridhar Gorthi, Mr. V S Mani and Dr. Yasir Rawjee.

The Committee met twice in FY23 to discuss and evaluate risks associated with the business and the mitigation plans for the same.

The Company has adequate internal controls systems in place which provides reasonable assurance about the integrity and reliability of financial statements. Additionally, Shridhar & Associates, a leading audit firm performs periodic internal audits to provide reasonable assurance over internal control effectiveness and advises on industry-wide best practices.

The Audit Committee consisting of Independent Directors review important issues raised by the Internal and Statutory Auditors, thereby ensuring that risks are mitigated appropriately with necessary rectification measures on a periodic basis.

Risk Management

Principal Risk Factors and Uncertainties

Risk & its Definition	Mitigation Plan
Regulatory Risk An adverse facility inspection by any regulator may cause restriction in sales to certain customers or respective geographies.	We have established systems to always monitor compliance. Our employees receive training on compliance updates for always confirming to them.
Supply Chain The failure of a small number of single-source, third-party suppliers or service providers to fulfill their contractual obligations in a timely manner or as a result of regulatory non-compliance or physical disruption at their manufacturing sites may result in delays or service interruptions, which may materially and adversely affect the Company's revenues.	Where practical, dependencies on single sources of critical items are removed by developing alternative sources. In rare cases where dual sourcing is not possible, an inventory strategy has been developed to protect the supply chain from unanticipated disruptions.
Market Risk Market risks are the possibilities of losses because of price fluctuations, competitive scenario, geopolitical events, foreign exchange fluctuations, worldwide pandemics, and other events can all have an impact on market movements.	The Company has initiated measures to reduce costs, improve efficiencies and reallocate resources to support identified growth opportunities in various markets. The Company is also continuously evaluating further strategic options to ensure the development of new capabilities and the ability to maximise the value of the Company's current and future portfolio. The Company makes conscious efforts to launch new value-added products with some differentiation i.e. Improvised products which can fetch better pricing. External uncertainties are carefully considered when developing strategy and reviewing performance. The Company has a board approved hedging policy in place to manage its currency risk exposure.

Risk & its Definition	Mitigation Plan
Compliance The Company's operations subjects it to compliance with a broad range of laws and regulatory controls on the development, manufacturing, testing, approval, distribution and marketing of its pharmaceutical products that affect not only the cost of product development but also the time required to reach the market and the uncertainty of successfully doing so. Additionally, the Company is also subjected to regulations with respect to listing of its shares on stock exchanges, financial reporting, and tax.	The Company's internal control framework is designed to help ensure we adhere to legal and regulatory requirements through continuous evaluation. We are in the process of further strengthening the framework to meet the evolving regulations. The Board also evaluates on a periodic basis the compliance framework of the Company.
Environment, Health & Safety The environmental laws of various jurisdictions impose actual and potential obligations on the Company to remediate contaminated sites. Failure to manage properly the environmental risks could result in additional remedial costs that may materially and adversely affect the Company's financial results.	The Company operates rigorous procedures to seek to eliminate hazards where practicable and protect employees' health and well-being. The Company's continuing efforts to improve environmental sustainability have reduced the Company's water consumption, hazardous waste, and energy consumption. The Company actively manages our environmental remediation obligations to ensure practices are environmentally sustainable and compliant.
Information Technology & Cyber Security Risk For its operations, the Company is heavily reliant on IT systems. A failure of IT systems due to malicious attacks and/or non-compliance with data privacy laws can potentially lead to financial loss, business disruption and/or damage to our reputation.	The Company fosters a risk-aware culture that can anticipate and prevent attacks, and where necessary, effectively respond to security breaches, maintain strong cyber security infrastructure and compliance with data privacy law requirements through: • Performing gap analysis to identify existing weaknesses • Policy and procedure rollouts • Creating awareness amongst employees on applicable privacy requirements • Securing suitable insurance cover

Glenmark
LIFE SCIENCES

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