

Management Discussion & Analysis for Q2FY23

FINANCIAL PERFORMANCE

A. Profit and loss statement:

(₹ in Million)	Q2 FY23	Q1 FY23	Q2 FY22	QoQ %	YoY %	H1 FY23	H1 FY22	YoY%
Revenue from Operations	5,093.0	4,898.7	5,617.6	4.0%	-9.3%	9,991.7	10,866.6	-8.1%
EBITDA	1536.5	1,562.6	1,694.3	-1.7%	-9.3%	3,099.1	3,338.6	-7.2%
EBITDA Margins	30.2%	31.9%	30.2%			31.0%	30.7%	
PAT	1068.8	1,087.3	1,152.0	-1.7%	-7.2%	2,156.1	2,161.1	-0.2%

B. Balance sheet:

Key Balance Sheet Items (₹ in Million)	September-22	March-22
Equity	21,426.9	20,543.1
Total Debt	-	-
Inventory	6,365.6	5,162.4
Trade Receivables	7,256.1	6,734.9
Net Tangible Assets	7,750.8	6,763.4
Cash and Cash Equivalent*	3,645.6	5,121.6

* Includes bank deposits

Highlights for Q2 FY23

- GLS registered revenue from operations of ₹ 5,093 Mn for Q2 FY23, recording a growth of 4% QoQ and de-growth 4% (ex-covid) over a higher base of Q2 FY22
- Gross Margins for the quarter were at 52.9%, up 120 bps YoY driven by a better product mix and PLI scheme benefit
- Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was at ₹ 1,537 Mn for Q2 FY23 with margins steady at 30.2%
- R&D expenditure was at ₹ 168.6 Mn, 3.3% of sales
- Capital expenditure was at ₹ 594.0 Mn
- PAT was at ₹ 1,069 Mn, margins stood at 21%
- ROICE (adjusted for Cash and CWIP) was 34.0% and the Fixed assets turnover ratio at ~3x

BUSINESS PERFORMANCE & COMMENTARY

A. Segment Performance:

(₹ in Million)	Q2 FY23	Q1 FY23	Q2 FY22	QoQ %	YoY %	H1 FY23	H1 FY22	YoY%
Generic API	4,533.9	4,448.2	5,046.7	1.9%	-10.2%	8,981.1	9,850.1	-8.8%
CDMO	309.1	242.7	490.4	27.4%	-37.0%	551.9	879.3	-37.2%
Other Operating Revenue	251.0	207.8	80.5	20.8%	211.5%	458.8	137.2	234.2%
Revenue from Operations	5,093.0	4,898.7	5,617.6	4.0%	-9.3%	9,991.7	10,866.6	-8.1%

Generic API:

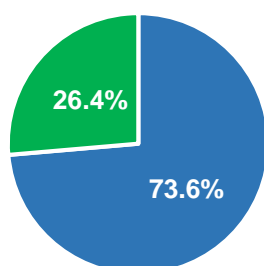
- Generic API revenues in Q2 FY23 increased 1.9% QoQ and decreased 4.5% YoY (ex covid)
- Europe business picked up in Q2 whereas US business witnessed muted demand
- LATAM, Japan and India business (ex-GPL) continue the strong growth momentum

CDMO:

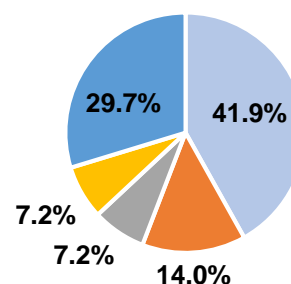
- CDMO revenues in Q2 FY23 increased by 27.16% QoQ
- Inventory rationalization impact fading away with demand coming back to normalcy
- 4th CDMO project is stalled due to regulatory delays at the customer's end

B. Market and Therapeutic Area Mix (H1 FY23)

Market Mix



Therapy Mix



■ Regulated markets ■ Emerging markets ■ CVS ■ CNS ■ Diabetes ■ Pain management ■ Others

- Regulated markets contribution increased to 73.6% with a growth of 7.1% QoQ
- Emerging markets have remained stable YOY (ex COVID)
- CVS and CNS portfolios continue the steady growth on YoY Basis
- Our key focused area of chronic therapies contributed 71% of the net sales

OTHER BUSINESS HIGHLIGHTS

A. Product Pipeline

- We filed 4 DMFs/CEPs during the quarter. With this our cumulative filing stands at 440 DMF/CEPs across major markets (i.e. United States, Europe, Japan, Russia, Brazil, South Korea, Taiwan, Canada, China and Australia).
- Generic API Segment
 - Regulatory filing completed for 1 iron compound and other 2 complex iron compounds in our development stage with cumulative global market size of more than USD 1.8 billion (Source: IQVIA MAT June'22)
 - We also have 7 products in the oncology space with global market size of more than USD 16 billion (Source: IQVIA MAT June'22). 3 products are in an advanced stage of development out of the 7 products and remaining in the development stage.
- CDMO Segment
 - Multiple discussions ongoing with companies globally for additional business opportunities

B. Capex update

- The brownfield expansion for the Generic API products at Dahej facility is completed with 240 KL capacity coming online from Q3 FY23.
- The brownfield expansion at Dahej for the Oncology plant is completed. Product trials / exhibit batches have already started for some of the products.
- Intermediate manufacturing block at the Ankleshwar Site with a manufacturing capacity of 400 KL shall be operational by end of Q3 FY23.
- The Company has received Environmental Clearance for the installation of 1000 KL capacity for the planned greenfield site at Chincholi Industrial Area, Solapur and construction work will begin in the next financial year.

Disclaimer

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

For any further queries please contact:

Email: complianceofficer@glenmarklifesciences.com

Website: www.glenmarklifesciences.com

Ernst & Young LLP – Investor Relations

Diwakar Pingle

Email: Diwakar.Pingle@in.ey.com

Rahul Thakur

Email: rahul.thakur@in.ey.com

Mobile: +91 98333 19957