

July 23, 2025

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

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

Ref: Scrip Code: 532296

Ref: Scrip Name: GLENMARK

Ref.: Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015

Dear Sir,

Sub.: India Ratings Revises Outlook on Glenmark Pharmaceuticals's Long-term Bank Facilities to Positive; Affirms at 'IND AA'

With reference to the subject mentioned above, kindly find enclosed rating rationale issued by India Ratings and Research for your reference.

Request you to kindly take the same on record.

Thanking you,

Yours faithfully,
For Glenmark Pharmaceuticals Limited

Harish Kuber
Company Secretary & Compliance Officer

India Ratings Revises Outlook on Glenmark Pharmaceuticals’s Long-term Bank Facilities to Positive; Affirms at 'IND AA'

Jul 23, 2025 | Pharmaceuticals

India Ratings and Research (Ind-Ra) has revised the Outlook on Glenmark Pharmaceuticals Ltd’s (GPL) long-term bank facilities to Positive from Stable while affirming the ratings on them as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Fund-based working capital limits	-	-	-	INR4,500	IND AA/Positive	Outlook revised to Positive; Rating affirmed
Non-fund-based limits*	-	-	-	INR4,400	IND A1+	Affirmed
Proposed fund-based limits	-	-	-	INR7,500	IND AA/Positive	Outlook revised to Positive; Rating affirmed
Proposed non-fund-based limits	-	-	-	INR2,100	IND A1+	Affirmed

*Non-fund-based limits of INR4,400 million consist of a standby letter of credit of INR2,250 million and other non-fund-based limits of INR2,150 million

Analytical Approach

Ind-Ra continues to take a fully consolidated view of GPL and its [subsidiaries](#) to arrive at the ratings, given the strong legal, operational and strategic linkages among them.

Detailed Rationale of the Rating Action

The Positive Outlook reflects Ind-Ra’s expectations of improved revenue visibility for Ichnos Glenmark Innovation (IGI; 100% subsidiary of GPL) in view of its exclusive global licensing agreement with AbbVie Inc. for its lead investigational asset, ISB 2001 molecule. Post regulatory clearance, IGI will receive an upfront payment of USD700 million and will be eligible to receive up to USD1.225 billion as milestone payments, along with tiered, double-digit royalties on net sales. This is one of the largest biotechnology licensing deals by an Indian company to date, highlighting IGI’s strength in the BEAT protein platform, and commercial viability of the ISB 2001 molecule. The ratings continue to reflect the significant improvement in GPL’s operating profitability in FY25, and a continued strong business profile and a comfortable credit profile, supported by the company’s strong liquidity and financial flexibility. Consistent growth in sale and profitability while maintaining comfortable cashflows, return on capital employed, and utilization of the entire deal proceeds remains a key monitorable.

List of Key Rating Drivers

Strengths

- Significant out-licensing deal with AbbVie for its investigational asset- ISB2001
- Strong credit profile
- India business on strong footing
- Well-diversified business profile
- Healthy performance in FY25

Weaknesses

- Subdued performance in the US business
- Regulatory overhang

Detailed Description of Key Rating Drivers

Significant Out-licensing Deal with AbbVie for its Investigational Asset- ISB2001: GPL's 100% owned subsidiary IGI and AbbVie (innovator MNC) have announced an exclusive global licensing agreement for ISB 2001, a first-in-class CD38×BCMA×CD3 tri-specific antibody. Under the terms of the agreement, AbbVie will have the exclusive rights to develop, manufacture, and commercialise ISB 2001 across US, Europe, Japan, and Greater China, while GPL will develop, manufacture and commercialise ISB 2001 across emerging markets including the rest of Asia, Latin America, the Russia/CIS region, the Middle East, Africa, Australia, New Zealand and South Korea. Post regulatory clearance, IGI will receive an upfront payment of USD700 million and will be eligible to receive up to USD1.225 billion in development, regulatory, and commercial milestone payments, along with tiered, double-digit royalties on net sales. Ind-Ra highlighted that this is one of the largest biotechnology licensing deals by an Indian company to date, despite an early stage of development and limited clinical data of the molecule. As per the management, commercialisation of ISB 2001 (currently is in Phase 1B) will take typically four to five years, given its Orphan Drug status and fast track designation already given by the USFDA. Management expects, post taxes, a partial amount, out of the total upfront, will be deployed in IGI's ongoing innovation pipeline, including its multi-specific antibody platform. Separately, a portion of the amount may also be considered for shareholder payouts post approval from the board. Management highlighted that despite a large cash reserve post-deal, GPL is not planning any acquisitions in FY26.

Strong Credit Profile: Ind-Ra expects the net leverage (net debt/EBITDA), on a consolidated basis, to remain strong over FY26-FY28 on account of healthy operating profitability and huge cash built up on the books. The agency highlights that IGI to receive INR60 billion (including taxes) upfront payment in 2QFY26 from the out-licensing deal (ISB 2001) with the AbbVie which will strengthen its liquidity position. The consolidated net adjusted leverage (net adjusted debt/EBITDA) was around 0.34x in FY25 (FY24: negative 0.36x) and the interest coverage (EBITDA/gross interest) was 11.36x (2.32x).

On a consolidated basis, the company reported a significant increase in ROCE to 15.7% in FY25 (FY24: 6.4%; FY23: 6.9%) as per Ind-Ra calculations, supported by the strong EBITDA margin improvement, led by the better product mix, growth in India formulations and Europe business, and lower debts. Ind-Ra expects a further improvement in the ROCE profile of the company on account of the upfront payment from AbbVie Inc for ISB 2001, a continued higher proportion of revenue from the high RoCE segments of the India business, a stable pricing regime in the US and complex generic product launches in the US.

Ind-Ra has factored in higher capex of INR7.0 billion and estimated a net working capital cycle of 94 days (on sales basis; FY25: 104 days (Ind-Ra calculated), FY24: 57 days) in FY26. Furthermore, GPL expects 12%-14% yoy revenue growth with an EBITDA margin up to 23% over the medium term (FY25: 17.7% (Ind-Ra calculated), FY24: 10.1%). The EBITDA margin improvement will be driven by a reduction in the overall R&D spend (7% of sales against past five average spend at 10%) including innovative R&D spend at around USD70 million, ramp-up of Ryaltris sales to USD100 million-150 million from the current USD80 million, a greater focus on the high-margin India business and positive operating leverage in Europe and Latin America markets.

India Business on Strong Footing: Post one-time distribution restructuring, Ind-Ra expects GPL's India formulation business to grow faster than the Indian pharma market in the near to medium term, on account of niche launches and price hikes. Revenue in the India formulations business grew 31.9% yoy to INR44,845 million in FY25, on a low base, price hikes, new launches, and volume increases (FY24: down 15.6% yoy). GPL generates around one-third of its total

sales from its India formulations business, maintaining a strong competitive position in cash flow sticky chronic therapies (60% of India sales), which offers higher profitability. As per the secondary sales growth reported by IQVIA (MAT March 2025), GPL's India business continues to rank 13th with a market share of 2.25%. In terms of key therapeutic areas, GPL holds the second position in dermatology, second in respiratory, and third in cardiac. Also, GPL had 10 brands in the IPM Top 300 Brands in India as of IQVIA MAT March 2025.

Well-diversified Business Profile: GPL remains a strong player in the domestic formulation business, with the chronic segment contributing 60% to the India business, offering steady income and higher margins. After divesting its API business, GPL now derives all its revenue from the formulations segment. The company generated 45% of the consolidated sales from the regulated market (US and Europe) and 55% from the semi-regulated markets (India and rest of the world, RoW) in FY25. Geographically, India and the US are its largest markets, accounting for 34% and 23% of sales, respectively, followed by Europe (22%) and RoW (21%). In the US business, the top 10 products contributed around 45% to the FY25 sales. GPL has a large pipeline for the US market, with 257 abbreviated new drug application (ANDA) filings, of which 206 have been approved by the US Food and Drug Administration (USFDA). 51 ANDAs are pending for approval, of which 23 are Paragraph IV applications. The company's R&D spending was around 10% of sales over FY21-FY25 (FY25: 7% of sales), higher than its peers' average.

Healthy Performance in FY25: In FY25, the consolidated revenue grew 12.8% yoy to INR133.2 billion, primarily due to the lower base in FY24 (due to a one-time restructuring of GPL's India formulations distribution network in 3QFY24). India formulations business delivered strong growth of 31.9% yoy (negative growth in FY24), while revenue growth in the US (lack of meaningful launches) and RoW business (unfavourable currency movements) remain muted in FY25. However, the Europe business reported revenue growth of 17.6% yoy in FY25 (past four years' average growth of 23% yoy) due to respiratory, including generic inhalers and Ryaltris, across markets. Post the one-time restructuring in India formulations, GPL saw a recovery in its gross margin by 470bp yoy to 67.3%, which drove EBITDA margin expansion of 753bp to 17.7% in FY25 (FY24: 10.1%). Ind-Ra highlights that R&D expenses to sales declined to 7% in FY25 (FY24: 10.4%).

Subdued Performance in US Business: GPL's US business contributed about 23% to the consolidated sales in FY25, reporting negative revenue growth of 2.5% yoy in FY25 (FY24: down 0.3% yoy) due to lack of meaningful lunches and increased competition in the base business. The company expects an uptick in the business from FY26, particularly with potential launches in the respiratory and the injectable segments. GPL has already built out a large commercial portfolio in injectables through partnerships. The management also expects pricing pressure to continue in the US business in the near term, but the impact could be partially offset by its new launches. Ind-Ra expects GPL's US business to continue to face delays in approvals and regulatory risks.

Regulatory Overhang: GPL's ratings continue to reflect the regulatory risk due to potential price control, with around 12% of India sales under drug price control order (source: PharmaTrac MAT March 2025). Furthermore, USFDA scrutiny of the company's manufacturing facilities continues. The USFDA inspected the Indore formulations facility and issued a warning letter in July 2025. The Monroe formulations facility received five observations in June 2025 from the USFDA. However, the company is likely to start commercialisation of the Monroe plant in FY26. Price control in India, pending USFDA issues and any lawsuits in the US will remain a monitorable.

Liquidity

Adequate: The company’s average monthly utilisation of the fund-based working capital limits was 61% during the 12 months ended June 2025. GPL’s capex spending remained at an average of INR7.6 billion over FY22-FY25. Management expects the company to undertake capex of INR6.0 billion-7.0 billion per year in the medium term. The cash flow from operations remained negative at INR9.8 billion in FY25 as well (FY24: negative INR7.7 billion) due to unfavourable changes in working capital and tax payouts. Consequently, the free cash flow was negative at INR18.0 billion in FY25 (FY24: negative INR17.8 billion). The company had cash balances of INR16.8 billion at FYE25 (FYE24: INR16.6 billion). GPL does not have any scheduled debt repayments in FY26 and FY27. Ind-Ra highlights that -GPL -to receive an upfront payment of INR60 billion (pre-tax) from the out-licensing deal of its ISB2001 with AbbVie in 2QFY26. -Ind-Ra believes it will significantly improve the liquidity position of the company.

Rating Sensitivities

Positive: Factors that could, individually and/or collectively lead to a positive rating action are:

- unconditional and timely realisation and clarity on utilisation of funds from ISB 2001
- a continued improvement in the business profile, led by stable revenue growth and an improvement in the margin structure, leading to a meaningful improvement in ROCE while maintaining the net leverage below 1.5x on a sustained and consolidated basis
- continued traction in monetisation of R&D pipeline, leading to robust free cash flow and credit metrics

Outlook revision to Stable: Factors that could, individually and/or collectively, lead to a Stable Outlook are:

- any material adverse impact on credit profile of the company from the escalation of pending regulatory issues
- lower-than-Ind-Ra-expected growth in the revenue, sustained dilution of margins and/or
- higher-than-expected debt-led acquisitions leading to the net leverage exceeding 1.5x on a sustained basis and consolidated basis

Any Other Information

Standalone Profile: GPL’s revenue was INR92.3 billion in FY25 (FY24: INR78.9 billion), EBITDA was INR22.4 billion (INR12.4 billion), EBITDA margin was 24.3% (15.7%), interest coverage was 46.1x (4.5x) and net leverage was 0.3x (0.5x).

About the Company

Incorporated in 1977, GPL is an India-based global R&D-driven pharmaceutical company that produces branded and generic formulations, and has a presence in over 80± countries. GPL has 11 formulations facilities across four continents . Its generics pipeline for the US business is focused on filings in immediate release, dermatology, hormones and injectables.

Key Financial Indicators

Particulars - Consolidated	FY25	FY24
Revenue (INR million)	1,33,217	1,18,131
EBITDA (INR million)	23,514	11,953
EBITDA margin (%)	17.7	10.1
Total adjusted debt (INR million)	24,727	12,309
Net adjusted leverage (x)	0.3	-0.4
Gross adjusted coverage (x)	11.4	2.3
Source: Company, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (million)	Rating	25 April 2024	3 October 2023	22 September 2023	15 December 2022
Issuer rating	Long-term	-	-	-	-	WD	IND AA-/Stable
Fund-based working capital limits	Long-term	INR12,000	IND AA/Positive	IND AA/Stable	IND AA-/Rating Watch with Positive Implications	-	IND AA-/Stable
Non-fund-based limits	Short-term	INR6,500	IND A1+	IND A1+	IND A1+	-	IND A1+

Bank wise Facilities Details

The details are as reported by the issuer as on (23 Jul 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Bank of India	Fund Based Working Capital Limit	4500	IND AA/Positive
2	Bank of India	Non-Fund Based Working Capital Limit	4400	IND A1+
3	NA	Proposed Fund Based Working Capital Limit	7500	IND AA/Positive
4	NA	Proposed Non-Fund Based Working Capital Limit	2100	IND A1+

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Fund-based working capital limits	Low
Non-fund-based working capital limits	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity- indicators>.

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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Evaluating Corporate Governance**Corporate Rating Methodology****The Rating Process****Parent and Subsidiary Rating Linkage****Short-Term Ratings Criteria for Non-Financial Corporates****DISCLAIMER**

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