

Annual Report
2019-2020



CREATING A NEW WAY FOR A NEW WORLD



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A NEW WAY FOR A NEW WORLD



THIS YEAR (2020) CHANGED EVERYTHING FOR THE WORLD. THE NEW WORLD DEMANDS MORE OUT OF EVERYONE, WHETHER AS INDIVIDUALS, CORPORATES OR SOCIETY AT LARGE

COVID-19 has thrown the world into an unprecedented crisis. Its impact is being felt across every country and community. While the world may have been caught off-guard initially, it is now rallying to beat the pandemic while mitigating its direct and indirect effects on the most vulnerable. It is amply clear that to succeed in this mission, every constituent must play its part.

In this increasingly evolving and complex scenario, Glenmark has maintained an unwavering focus on the

trinity of Employees, Patients and the Community. With a 14,000+ strong and dedicated workforce across the globe, and the global population hoping for a medical breakthrough, Glenmark has kept its firm focus on this trinity to ensure business continuity, benchmark high safety standards, and reach out to support society with open arms. All this while making sure that we strive for innovation with more focus and agility than ever before. This year has indeed motivated us to keep pushing the boundaries as we innovate a New Way for a New World.



CHAIRMAN'S MESSAGE



GLENMARK'S RESPONSE TO THE PANDEMIC WAS SWIFT AND PURPOSE-DRIVEN: WE ENSURED BUSINESS CONTINUITY ACROSS GLOBAL GEOGRAPHIES AND LAUNCHED INDIA'S FIRST ORAL ANTIVIRAL FOR THE TREATMENT OF COVID-19

Glenn Saldanha

Chairman & Managing Director

DEAR SHAREHOLDERS,

As this is being written, the world is striving to come to grips with the turmoil unleashed by the COVID-19 pandemic. Governments that were forced to prioritize lives over livelihood as the virus hit their shores, are now having to think hard on the long-term economic and humanitarian consequences of prolonged lockdowns and how these are to be countered.

For businesses too, this is an unfamiliar and unforeseen challenge. We too have multiple stakeholders whose interests need to be balanced. As the pandemic unfolded, we at Glenmark asked ourselves: how do we ensure that patients all over the world who rely on us for essential medicines continue to be served? How do we do this while safeguarding the well-being of our employees? While we strive to ensure business continuity, how do we, as responsible corporate citizens, step up our engagement with the communities around us to provide relief to the most vulnerable?

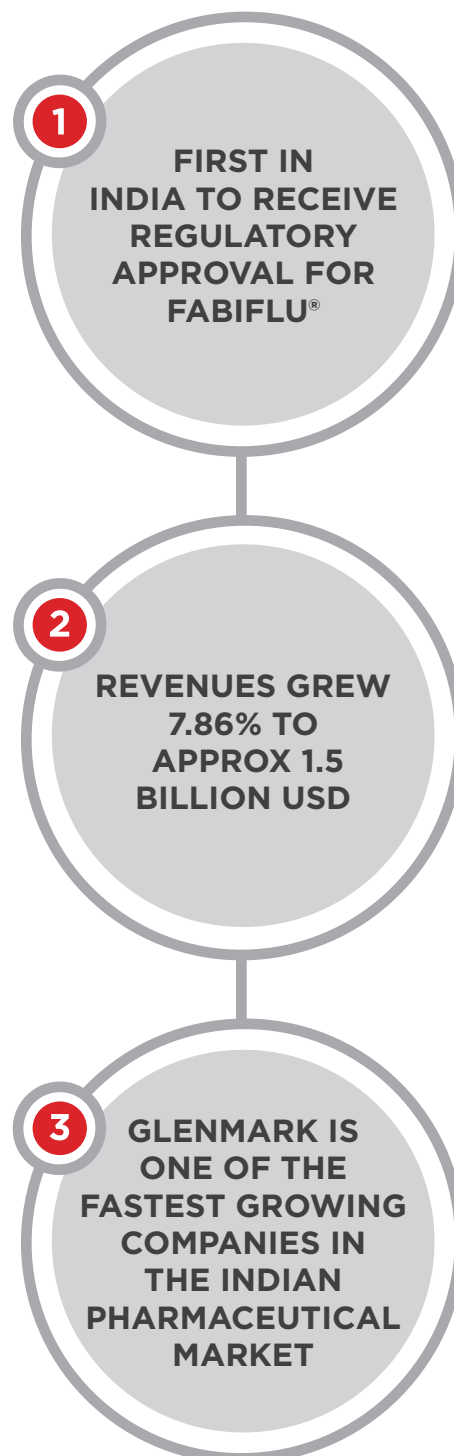
When posed with these questions, the organization spared no time in rising to the occasion. Glenmark responded swiftly across teams, functions and geographies to reopen laboratories and smoothen out logistics. By the end of April 2020, Glenmark's manufacturing units could stabilize production and logistics were in place for uninterrupted supply to all our markets. Our Corporate Social Responsibility (CSR) department, ably supported by other teams and its NGO partners, reached out to those most impacted by the lockdown such as migrants, children out of school, and expecting mothers, to provide food and health aid in a timely manner.

In a landmark development, we also developed and manufactured the anti-viral Favipiravir for the treatment of mild to moderate SARS-CoV-2 infection. In June 2020, Glenmark became the first in India to receive regulatory approval under an accelerated review process for the restricted and emergency use of FabiFlu® against mild to moderate COVID-19. We are also in the process of studying Favipiravir in combination with another anti-viral, Umifenovir, as a potentially more effective treatment for SARS-CoV-2 infection.

Coming to the year under review, in 2019-20, our revenues grew 7.86% to approx 1.5 billion USD. Our Indian business continued to perform strongly with 15% growth rate. Glenmark is one of the fastest growing companies in the Indian pharmaceuticals market. Among the highlights of the year was the rapid acceptance of Remogliflozin etabonate, our novel, globally-researched SGLT2 inhibitor for Type 2 diabetes, by the medical community.

With its clinical efficacy and economical pricing, Remogliflozin is transforming diabetes therapy in the country. SGLT2 inhibitors are the newest class of oral drugs for the management of Type 2 diabetes, combining effective glycemic control with weight loss and cardiovascular risk reduction. Glenmark's objective was to increase access to this cutting-edge, globally-accepted class of drug among patients with diabetes. Our respiratory franchise gained market share to rank number three; it is expected to continue performing strongly with new launches in the current year. Our Consumer Care business clocked Rs 200 crore in revenues and grew in strong double digits led by the flagship anti-fungal brand Candid. The US market continued to witness significant price erosion during

GLENMARK CONTINUES TO INNOVATE FOR EFFECTIVE, VIABLE COVID-19 TREATMENT. WE ARE ALSO STUDYING FAVIPIRAVIR IN COMBINATION WITH ANOTHER ANTI-VIRAL, UMIFENOVIR, AS A POTENTIALLY MORE EFFECTIVE TREATMENT FOR SARS-COV-2 INFECTION





the year. Three of our leading products were impacted substantially because of price erosion and the withdrawal of Ranitidine from the US market. Despite this, the US revenue was flat as compared to the previous year. Our manufacturing facility in Monroe was commissioned to manufacture oral solids with injectables expected to follow suit in the near future. The coming months and years will see Glenmark launch more niche generics and injectables in the US and accelerate filings for new products in the market.

Among Rest-of-World (RoW) markets, Africa and the Middle East have performed well and will continue to grow at a healthy rate. The Russian business continued to be subdued but it is expected to pick up with the launch of new products. These products, either the first generic or a new combination, are in the respiratory segment and are currently undergoing trials. Glenmark is already a strong player in this segment. It was a mixed year for the European business with the biggest positive being the settlement of intellectual property litigation on Salmex, an inhalation product containing Salmeterol xinafoate and Fluticasone propionate, in selected European markets, paving the way for its launch. Europe will continue to be a focus market for Glenmark with a number of respiratory products slated for launch over the next few years. In Latin America, our Brazilian subsidiary grew strongly on the back of respiratory products in-licensed from a multinational partner. In Brazil and other major markets

such as Mexico, we will beef up our presence in the respiratory segment.

In 2018-19, Glenmark Pharmaceuticals initiated the process of reorganizing the business into three different entities that together make up the Glenmark group of companies. This is designed to place us on an accelerated trajectory to attain our objectives in each of these verticals - Generics/Branded and Specialty Products, Active Pharmaceutical Ingredients (API) and breakthrough innovative drugs.

The year under review saw this realignment nearing completion. Ichnos Sciences Inc, the innovation company, has taken many steps in the process of becoming a separate and independent company. Ichnos is developing transformative treatments in its focus areas of Oncology and Autoimmune Disease. Headquartered in the US, it owns clinical and pre-clinical innovative molecules including those using the BEAT technology platform (Bispecific Engagement by Antibodies based on the T cell receptor). Spearheaded by experienced leadership, the company is staffed with

**OUR CONSUMER CARE BUSINESS
CLOCKED RS 200 CRORE IN REVENUE
AND GREW IN STRONG DOUBLE
DIGITS LED BY OUR FLAGSHIP ANTI-
FUNGAL BRAND CANDID**

skilled, passionate and creative people, committed to making a meaningful difference to the lives of patients.

Glenmark Life Sciences (GLS), the API company, is also on a growth trajectory expanding its offerings and tapping new markets. In light of the pandemic, as countries look for alternatives to China as a leading global supplier of API, GLS with its India-based manufacturing, stands poised to benefit from the opportunities opened up by this shift.

As a part of our move from vanilla generics to specialty products, Glenmark's first proprietary specialty product Ryaltris™ (olapatadine hydrochloride and mometasone furoate) Nasal Spray for seasonal allergic rhinitis is on course to being launched in global markets. During the year, Glenmark's partner Seqirus Pty. Ltd. received marketing approval for Ryaltris™ from the Therapeutic Goods Administration (TGA), Australia. The launch is planned for the second quarter of FY21 and we have dispatched launch quantities. Glenmark also entered into an exclusive licensing agreement with Hikma to commercialize Ryaltris™ in the US where our product is currently under review.

Glenmark has signed commercialization deals for Ryaltris™ in China, Australia, New Zealand and South Korea, and is working to close partnerships in various other markets, including the European Union where an application for approval is pending. Clinical trials in Russia have been concluded and Glenmark's Russian subsidiary will shortly seek regulatory approval. Ryaltris™ has also received marketing approval in Cambodia, Uzbekistan, Namibia and South Africa. During the year, the commissioning of Glenmark Pharmaceutical's manufacturing facility in Monroe in the US once again underscores our commitment to quality manufacturing that complies with stringent regulatory standards.

While challenges of pricing and competition persists in the global generics market, we maintain our firm focus on quality and compliance, so that patients access high-quality medicines from Glenmark at all times.

At Glenmark, we believe in doing business sustainably. For the second consecutive year, Glenmark Pharmaceuticals was listed in the Dow Jones Sustainability Index (DJSI), one of the world's most respected and widely accepted sustainability benchmarks. Glenmark

GLENMARK LIFE SCIENCES, THE API COMPANY, IS ALSO ON A GROWTH TRAJECTORY EXPANDING ITS OFFERINGS AND TAPPING NEW MARKETS

is one of the only two companies from the Indian pharmaceuticals sector to be featured in the DJSI, Emerging Markets Index 2019.

As the world lives through the consequences of the COVID-19 pandemic, Glenmark continues to strive in every possible way to pre-empt and/or mitigate its impact on our business, our workforce and the communities among whom we operate. We are wholly aware that for the world to stage a recovery from this major setback, it will require every constituent to play its part. I would like to thank our employees whose commitment and enthusiasm have helped us react swiftly to the altered environment. I also thank you, our shareholders, for your patience and guidance thus far, and look forward to your continued support. ●



Glenn Saldanha

Chairman & Managing Director



EMPOWERING OUR EMPLOYEES

Glenmark has always set high health and safety benchmarks for its employees around the world. At the onset of the pandemic, it became clear that we had to go over and above these standards, to provide a safe and hygienic working environment for our people and support them in the office, plant sites and at home, to help them ensure business continuity for the world.

EMPOWERING OUR EMPLOYEES

At Glenmark, we have always recognized that our people are our strength. Our policies are designed to support and nurture employees to deliver to their fullest potential. As the pandemic unfolded, this people-centric culture helped the organization adhere to the highest benchmarks of employee health and safety while continuing to supply essential medicines to millions of patients globally.

Our employees are spread over our offices, production sites, and Research and Development (R&D) centers across the world. As lockdown measures began to be enforced in various countries, many things changed. A majority of the office staff began to work from home. The lockdown made it difficult for plant personnel to commute to work and back even as they battled the fear of contracting the virus during travel or at the workplace. Research and Development (R&D) centers were initially not permitted in the states where three Glenmark centers were located as these operations were not deemed 'essential.'

It was clear that each of these groups required customized solutions to ensure that they could continue to perform their duties in this drastically altered environment with adequate safeguards to protect their physical and mental well-being. In addition, the scale of our geographical footprint meant that we had to make renewed efforts to ensure that our employees felt integrated, connected and a part of the Glenmark family no matter where they were situated.

This called for an organization-wide, cross-functional approach to tackle every aspect of the herculean human resources challenge that the pandemic presented.

THEY IDENTIFIED 3 ACTIONABLE PRIORITIES: A SAFE AND HYGIENIC ENVIRONMENT ACROSS LOCATIONS; ADMINISTRATIVE AND LOGISTICAL SUPPORT TO ENSURE BUSINESS CONTINUITY; AND PSYCHOLOGICAL AND EMOTIONAL SUPPORT TO EMPLOYEES AND THEIR FAMILIES

The organization rose to this challenge. The leadership team supported by the Human Resources (HR), Information Technology (IT) and Administration (Admin) departments, ensured close monitoring of the evolving situation and put together a three-point plan to ensure business continuity while safeguarding the well-being of our employees.

They identified 3 actionable priorities: a safe and hygienic environment across locations; administrative and logistical support to ensure business continuity; and psychological and emotional support to employees and their families.



PPE KITS & SANITIZERS

GLENMARK IMPLEMENTED A HOST OF MEASURES TO FACILITATE AND PROTECT EMPLOYEES REPORTING TO WORK

SUPPORT FOR OUR MANUFACTURING FACILITIES/ R&D CENTERS

Glenmark implemented a host of measures to facilitate and protect employees reporting to work. This included putting more buses on the road to ensure adequate social distancing during commutes, providing protective gear and hand sanitizers in buses and on site, sanitization of common areas thrice a day, among other things. In some locations, where travel was difficult, employees were housed in nearby hotels and lodges. The HR and Admin teams embraced informal communication technology facilitating real-time and open discussion via virtual employee groups to address day-to-day issues. At some locations, essential food rations were only sold during certain hours in the day making it difficult for employees on shift to purchase food for their families. To address this issue, employees in such locations were provided curated meal packets every 5 days, to support their family's basic needs. Glenmark Foundation in partnership with Tata Institute of Social Sciences (TISS) helped our India business employees and their families by giving them access to iCall, a psychosocial well-being helpline which is run by trained counsellors.



iCall ACCESS

OUR EMPLOYEES OF INDIA BUSINESS AND THEIR FAMILIES WERE ALSO GIVEN ACCESS TO iCall, A PSYCHOSOCIAL WELLBEING HELPLINE RUN BY TRAINED COUNSELLORS

The temporary shutdown of our R&D centers posed a serious problem as it is their function to continuously feed the Glenmark product pipeline. It was vital that they be reopened. Here, our HR and Admin teams demonstrated a great deal of grit and superior communication skills to convince the administration of Maharashtra. The process was made tougher by meagre attendance in government offices. After multiple visits to different local authorities, the teams succeeded in securing permissions to reopen the center in Sinnar. Mindful of employee sentiments, work was only resumed on critical projects with 20% manpower on site. Safeguards similar to those at our production sites were put in place. An Emergency Response Team (ERT) drafted detailed COVID-19 protocols in the eventuality of any adverse events. This became the template for reopening our R&D centers in Taloja and Mahape too.

ESSENTIAL FOOD RATIONS WERE ONLY SOLD DURING CERTAIN HOURS IN THE DAY MAKING IT DIFFICULT FOR EMPLOYEES ON SHIFT TO PURCHASE FOOD FOR THEIR FAMILIES. TO ADDRESS THIS, EMPLOYEES IN SUCH LOCATIONS WERE PROVIDED CURATED MEAL PACKETS EVERY 5 DAYS, TO SUPPORT THEIR FAMILY'S BASIC NEEDS



THRICE A DAY SANITIZATION

OF COMMON AREAS AT OUR SITES

SUPPORT FOR OUR REMOTE WORKING EMPLOYEES

As a significant part of the global workforce began to work from home, the organization faced some serious issues, such as a shortage of laptops, ensuring the smooth and safe travel of IT employees, and resolving network issues relating to internet bandwidth at our headquarters in Mumbai. Demonstrating foresight, our IT team was prepared with key procedures, such as Citrix App Hub, SOPs for IT continuity, SAP mobility for quicker approvals, Zoom/Skype for business calls, Webex for collaboration and Airwatch for emails on mobile phones. These solutions could mitigate critical business risks in remote working situations. Also, IT teams across global locations were connected 24x7 during this hour of crisis. These steps ensured that remote working could move ahead with minimal glitches and speed bumps.