glenmark
A new way for a new world

September 11, 2026

To, **National Stock Exchange of India Limited**, "Exchange Plaza", 5th Floor, Plot No. C/1, G Block, Bandra- Kurla Complex Bandra (East), Mumbai – 400 051	To, **BSE Limited**, Corporate Relationship Department, 2nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400 001
NSE Symbol: GLENMARK	**Scrip Code: 532296**
ISIN: INE935A01035	**ISIN: INE935A01035**
Our Reference No. 53/26-27	**Our Reference No. 53/26-27**

Sub.:- Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 – India Ratings and Research

Dear Sir,

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

Rashmi Khandelwal
Digitally signed by Rashmi Khandelwal
Date: 2026.09.11 08:36:20 +05'30'

Rashmi Khandelwal
Company Secretary & Compliance Officer
ACS - 28839

India Ratings & Research
A Fitch Group Company

India Ratings Upgrades Glenmark Pharmaceuticals' Bank Loans to 'IND AA+'/Stable; Rates Additional Loans

Sep 10, 2026 | Glenmark Pharmaceuticals Ltd | Pharmaceuticals

India Ratings and Research (Ind-Ra) has upgraded Glenmark Pharmaceuticals Ltd's (GPL) long-term bank loans to 'IND AA+' from 'IND AA' with a Stable Outlook, while affirming the short-term bank loans at 'IND A1+'. The agency has also rated GPL's additional bank loans as follows:

Details of Instruments

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR million)	Rating Assigned with Outlook/Watch	Rating Action
Bank loan facilities	RBI	-	-	-	18,500	IND AA+/Stable/IND A1+	Long-term rating upgraded; short-term rating affirmed
Bank loan facilities	RBI	-	-	-	23,500	IND AA+/Stable/IND A1+	Assigned

Analytical Approach

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

Detailed Rationale of the Rating Action

The rating upgrade reflects Ind-Ra's expectation of improved financial visibility at Ichnos Glenmark Innovation (IGI; a 100% subsidiary of GPL) in FY26 and beyond after the ISB 2001 licensing agreement in July 2025. GPL recognised USD560 million from this deal in FY26, out of the total USD700 million received. The balance amount is likely to be received in two instalments of USD70 million each in FY27 and FY28. The transaction is likely to significantly reduce IGI's dependence on GPL for capital support. Consequently, Ind-Ra believes GPL is unlikely to make any material incremental investments in IGI, supporting its profitability profile and enhancing annual cash flows by around USD70 million over FY27-FY28. The upfront proceeds provide IGI with funding visibility over the next three years, while also creating additional growth capital for GPL's core business operations.

The rating upgrade also reflects a likely improvement in GPL's operating profitability over FY27-FY30, its diversified business profile, and comfortable credit metrics, led by a strong liquidity position and financial flexibility. The company's ability to sustain revenue and profitability growth while maintaining comfortable cash flows and ROCE, along with the prudent utilisation of proceeds from the licensing transaction, are key rating monitorables.

List of Key Rating Drivers

Strengths

- ISB 2001 deal strengthens GPL's balance sheet and de-risks innovation spend
- Strong credit profile

- Well-diversified business profile
- Strong revenue growth and EBITDA margin expansion in FY26
- Strong recovery in US business likely over FY27-FY30
- Despite GST-related channel realignment, robust secondary sales growth in India business

Weaknesses

- Regulatory overhang

Detailed Description of Key Rating Drivers

ISB 2001 Deal Strengthens GPL's Balance Sheet and De-risks Innovation Spend: Of the USD700 million upfront payment under the ISB 2001 licensing deal, GPL recognised revenue of USD560 million in FY26, with the rest to be recognised in two instalments of USD70 million each in FY27 and FY28. The transaction transforms IGI into a self-funded biotech entity, significantly reducing its dependence on GPL for capital. GPL's management highlighted that the upfront cash received from AbbVie Inc. is likely to finance IGI's innovative R&D activities for the next three to four years. The transaction is one of the largest biotechnology licensing deals by an Indian company, despite ISB 2001 in an early stage of development. The agency believes that this deal has strengthened GPL's balance sheet through the substantial upfront payment.

GPL's 100% subsidiary, IGI, entered an exclusive global licensing agreement with AbbVie for ISB 2001 in July 2025, a first-in-class CD38×BCMA×CD3 tri-specific antibody. The deal carries a total potential value of USD1.925 billion, comprising USD700 million upfront and up to USD1.225 billion in development, regulatory, and commercial milestones, along with tiered double-digit royalties on net sales. Under the agreement, AbbVie holds the exclusive rights to develop, manufacture, and commercialise ISB 2001 in the US, Europe, Japan, and Greater China, while GPL/IGI retains rights across emerging markets.

Strong Credit Profile: GPL's management expects the consolidated net adjusted leverage (net adjusted debt/EBITDA) to remain negative over the couple of years. The agency also expects the net leverage, on a consolidated basis, to remain strong over FY27-FY29, led by healthy operating profitability and significant cash built up on the books. GPL recognised around USD560 million as revenue in FY26 from the AbbVie out-licensing deal for ISB 2001, with the remaining amount to be recognised in coming years. The inflow significantly strengthened GPL's balance sheet and liquidity, helping it achieves a net cash position with zero gross debt at FYE26 while maintaining a healthy cash buffer. The consolidated net adjusted leverage was negative 0.13x in FY26 (FY25: 0.34x) and the interest coverage (EBITDA/gross interest) was 21.9x (11.4x).

Ind-Ra has factored in a capex of INR9 billion in FY27 (FY26: INR13.6 billion; FY25: INR7.5 billion). Furthermore, the EBITDA margin is likely to improve in FY27, driven by a moderate R&D spend (7%-8% of sales vs past five-year average of 9%) including innovative R&D, the ramp-up of Ryaltris (GPL's flagship proprietary respiratory brand) sales, a greater focus on the high-margin India business, niche launches in the US market with stable pricing pressure, and positive operating leverage in the Europe and Latin America markets.

Well-diversified Business Profile: GPL is a strong and consistent player in the domestic formulation business, with higher sales contribution from the chronic segment (58% of India business), which offers steady income and higher margins. After divesting its active pharmaceutical ingredient (API) business, GPL is generating all its revenue from the formulations segment. The company generated 45% and 60% of its consolidated sales from the regulated markets (US and Europe) and 55% and 40% from the semi-regulated markets (India and rest of the world (RoW)) in FY25 and FY26, respectively.

GPL has a large pipeline for the US market, with 278 abbreviated new drug application (ANDA) filings, of which 225 have been approved by the US Food and Drug Administration (USFDA). GPL's 53 ANDAs are awaiting approval, of which 26 are Paragraph IV applications. The company's spent around 9% of sales on R&D over FY22-FY26 (FY26: 7.5%), higher than the average R&D spend of its peers.

Strong Revenue Growth and EBITDA Margin Expansion in FY26: GPL's management expects a revenue of INR170 billion-180 billion and an EBITDA margin of 21%-22% in FY27. The EBITDA margin is likely to expand further in FY28 and FY29, led by the launch of differentiated products across geographies. GPL's overall financial performance in FY26 was largely driven by non-recurring events, resulting in consolidated sales growth of 27.5% yoy, including: a) a weak performance in the India business (down 17% yoy) due to a one-time GST-related adjustment associated with GPL's three-tier distribution model and the discontinuation of select non-core, low-margin trade-generic brands; and b) a sharp increase in the US revenue (up 137% yoy), led by the recognition of upfront and deferred income from the out-licensing agreement for ISB-2001. Moreover, the RoW and Europe businesses delivered relatively moderate growth of 4.5% yoy (due to geopolitical issues, unfavourable currency, and staggered launches) and 8.9% yoy (due to a high base in FY25, market headwinds, and currency fluctuations), respectively.

Led by these one-time events, the consolidated gross margin expanded by 472bps yoy to 72% in FY26, expanding the EBITDA margin by 927bps to 26.9%. The R&D expenses were moderate at 7.5% of total sales in FY26.

Strong Recovery Likely in the US Business: GPL's management expects a double-digit sales growth in the US business from FY27, driven by new product launches, continued expansion of the injectables and institutional businesses, and direct commercialisation of Ryaltris. While pricing pressure in the US generics market is likely to persist in the near term, its impact is likely to be partially mitigated by incremental revenues from new launches and a differentiated product mix.

GPL's US revenue increased significantly in FY26, primarily due to the recognition of upfront and deferred income from the out-licensing agreement for ISB-2001 (USD560 million in FY26; USD70 million each in FY27 and FY28). GPL launched 13 products in FY26 across the immediate-release oral solid, injectable, over-the-counter (OTC), and respiratory segments, further strengthening its portfolio. The company marketed 225 generic products in the US and had 53 ANDA applications pending FDA approval, including 26 Paragraph IV filings, in 1QFY27. The US business continues to benefit from GPL's increasing focus on higher-value injectables, niche respiratory products, and institutional channels, which can help reduce dependence on highly competitive oral generic categories. Due to the one-off ISB-2001 licensing income, the US business' contribution to the consolidated revenue increased significantly to 42% in FY26 (FY25: 23%).

Despite GST-related Channel Realignment, Robust Secondary Sales Growth in India Business: After one-time distribution restructuring in 2QFY26, the management expects GPL's India business to continue growing by 1.3x of the Indian pharmaceutical market's (IPM) growth due to niche launches and price hikes. The company's India business delivered a weak performance in FY26 (down 17% yoy), due to a one-time GST-related adjustment in GPL's three-tier distribution model (led distributors to reduce inventories and defer purchases; impacted primary sales temporarily), the discontinuation of select non-core, low-margin trade-generic brands (4QFY25), and the underperformance of the diabetes segment. However, secondary sales continued to outperform the IPM, indicating that the end-market demand was healthy. GPL typically generates around one-third of total sales from its India formulations business (FY26: 22%), while maintaining a strong competitive position in cash-flow-sticky chronic and sub-chronic therapies (60% of India sales), which offers higher profitability. GPL's India business was ranked 13th in terms of sales with a market share of 2.34%, as per IQVIA Moving Annual Total (MAT) March 2026. The company had 11 brands in the IPM's top 300 brands as per IQVIA MAT March 2026. In terms of core therapy areas, GPL is ranked second in dermatology, third in respiratory, and fourth in the cardiac segment as per IQVIA 4QFY26. GPL's India business delivered strong revenue growth of 15.5% yoy in 1QFY27.

Regulatory Overhang: GPL's faces regulatory risks in the form of price controls, with around 17% of India sales under the drug price control order and the USFDA's continued regulatory scrutiny of the company's manufacturing facilities. Ind-Ra believes the USFDA's scrutiny of Indian pharma companies' manufacturing facilities (API or formulations) is part and parcel of the industry, considering Indian companies strong positioning in the US generic market. Given GPL's high exposure to regulated markets (US: 23% and 42% of sales; Europe: 22% and 18% in FY25 and FY26, respectively), Ind-Ra believes the company is exposed to adverse regulatory actions. The resolution of the pending USFDA issues at its key facilities, any outstanding lawsuits, and price-control measures in India are key monitorables.

Liquidity

Adequate: GPL's management highlighted that the company has minimal dependency on working capital and had zero outstanding for all limits at end-FY26 . GPL's capex averaged INR7.6 billion annually over FY22-FY25 (FY26: INR13.6 billion, due to one-off intangibles). The management expects the company to undertake capex of around INR9 billion per year in the medium term. The cash flow from operations turned positive at INR32.8 billion in FY26 (FY25: negative INR9.8 billion, due to favourable changes in working capital, led by a significant increase in the EBITDA (with the ISB 2001 deal). Consequently, the free cash flow turned positive at INR17.8 billion in FY26 (FY25: negative INR18 billion).

The net working capital cycle (on a sales basis) increased to 100 days in FY26 (FY25: 91 days), largely due to a 15-day increase in the receivable period. This was primarily driven by strong growth in the US business, expansion across markets, and a shift in the product and geographic mix, which typically carries longer customer credit periods.

The company had cash balances of INR11.8 billion at FYE26 (FYE25: INR16.8 billion). GPL does not have any scheduled debt repayments in FY27 and FY28, as there is no outstanding short-term and long-term debt. GPL recognised around USD560 million as revenue in FY26 from the ISB 2001 out-licensing deal in accordance with the applicable accounting standards in the US business; the balance would be recognised in coming years. The proceeds have significantly strengthened GPL's balance sheet and liquidity position, enabling it to achieve zero gross debt at FYE26 while maintaining a healthy cash balance.

Rating Sensitivities

Positive: A significant and sustained increase in the scale and profitability, along with a continued improvement in the working capital efficiency and free cash flow generation, resulting in stronger credit metrics and financial flexibility on a sustainable basis, could lead to a positive rating action.

Negative: Significant deterioration in the business profile, profitability, or working capital cycle, adverse regulatory actions, or large debt-funded acquisitions/capex leading to weaker cash flow generation, with the consolidated net leverage exceeding 1.5x on a sustained basis, could lead to a negative rating action.

Any Other Information

Standalone Profile: GPL’s revenue was INR84.4 billion in FY26 (FY25: INR92.3 billion), EBITDA was INR10.8 billion (INR22.4 billion), EBITDA margin was 12.8% (24.3%), interest coverage was 13.7x (46.1x), and net leverage was negative 0.17x (0.31x).

ESG Issues

Not applicable

About the Company

Incorporated in 1977, GPL is an India-based, research-led pharmaceutical company, developing, manufacturing, and marketing branded formulations, generic products, and OTC medicines, with a presence in over 80 countries. The company operates 11 formulation manufacturing facilities across four continents. The company's US generics pipeline remains focused on niche and complex products, including immediate-release formulations, dermatology, hormones, and injectables.

Key Financial Indicators

Particulars (INR million) – Consolidated	FY26	FY25
Revenue	1,69,825	1,33,217
EBITDA	45,724	23,514
EBITDA margin (%)	26.9	17.7
Total adjusted debt	5,935	24,727
Net adjusted leverage (x)	-0.1	0.3
Gross adjusted coverage (x)	21.9	11.4
Source: GPL; 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 (INR million)	Rating	23 July 2025	25 April 2024	3 October 2023	22 September 2023
Issuer rating	Long-term	-	-	-	-	-	WD
Bank loan facilities	Long-term/Short-term	42,000	IND AA+/Stable/IND A1+	IND AA/Positive/IND A1+	IND AA/Stable/IND A1+	IND AA-/Rating Watch with Positive Implications/IND A1+	-

Disclosure on instruments / activities and names of regulators:

A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by Ind-Ra on its website. A link to the same has been provided below for ready reference:

Rating Activities

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Bank wise Facilities Details

The details are as reported by the issuer as on (10 Sep 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Bank of India	Fund Based Working Capital Limit	4500	IND AA+/Stable
2	EXIM Bank	Fund Based Working Capital Limit	5000	IND AA+/Stable
3	Yes Bank Ltd	Fund Based Working Capital Limit	5000	IND AA+/Stable
4	Bank of India	Non-Fund Based Working Capital Limit	4400	IND A1+
5	NA	Fund Based Working Capital Limit	7500	IND AA+/Stable
6	NA	Non-Fund Based Working Capital Limit	15600	IND A1+

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

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

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APPLICABLE CRITERIA AND POLICIES

Corporate Rating Methodology

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

Evaluating Corporate Governance

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