

Glenmark Pharmaceuticals Ltd Q3FY25



Glenmark Pharmaceuticals Ltd

Niche product launches and portfolio expansion to drive growth

CMP INR 1,374	Target INR 1,768	Potential Upside 28.7%	Market Cap (INR Mn) INR 388,004	Recommendation BUY	Sector Pharmaceuticals
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Result Highlights of Q3FY25:

- Glenmark Pharma's revenue beat our estimates due to strong growth in India and Europe. EBITDA beat our estimates due to better-than-expected revenue and gross profit. Adj. PAT beat our estimates due to strong operating performance.
- We maintain our FY26E/FY27E EPS estimates at INR 61.1 and INR 68.0 respectively, reflecting our confidence in robust growth for FY26E, driven by the launch of new GLP-1 agonists in India, respiratory and injectable products in the US, and the expansion of the branded portfolio in Europe.
- With an expected gradual improvement in EBITDA margins, as the company is strategically positioning itself for sustainable long-term growth across key markets. We roll over our valuation multiple to FY27E and assign a PE multiple of 26.0x to arrive at a target price of INR 1,768 (previously: INR 1,894) and maintain our "BUY" rating.

MARKET DATA

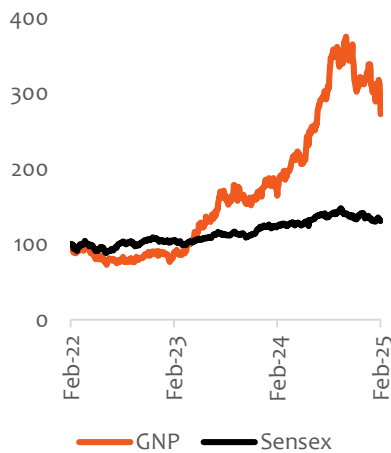
Shares outs (Mn)	282
Mkt Cap (INR Mn)	388,004
52 Wk H/L (INR)	1,830/771
Volume Avg (3m K)	560
Face Value (INR)	1
Bloomberg Code	GNP IN Equity

KEY FINANCIALS

INR Millions	FY23	FY24	FY25E	FY26E	FY27E
Revenue	115,832	118,131	134,689	148,886	163,655
EBITDA	16,350	11,953	23,763	27,838	30,845
Adj PAT*	5,961	(9,980)	13,733	17,238	19,193
Adj. EPS* (INR)	21.1	(35.4)	48.7	61.1	68.0
EBITDA Margin (%)	14.1%	10.1%	17.6%	18.7%	18.8%
Adj. PAT margin	5.1%	-8.4%	10.2%	11.6%	11.7%

Source: Company, DevenChoksey Research, *Adj PAT, Adj EPS is calculated for continuing operations

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	75,996
NIFTY	22,959

Strong growth in key therapy mix boosted top-line

- For Q3FY25, the revenue increased 35.1% YoY (-1.3% QoQ) to INR 33,876 Mn, driven by strong growth in India and Europe.
- Revenue from India segment (32.0% of the revenue) grew 300.2% YoY (-17.0% QoQ) to INR 10,637 Mn, was fueled by new launches, outperformed IPM (Indian Pharmaceutical Market) in key therapeutic areas, strong consumer brands, and a low base in Q3FY24.
- Revenue from the Europe segment (22.0% of the revenue) grew 14.8% YoY (+6.2% QoQ) to INR 7,297 Mn, was driven by strong respiratory portfolio performance, market share gains in key regions, regulatory approvals, and a strategic focus on branded products.
- Revenue from the ROW segment (Rest of the world, 22.5% of revenue) grew 3.0% YoY (+6.4% QoQ) to INR 7,491 Mn, was supported by strong sales in Russia, Latin America, and APAC. However, adverse currency movements impacted the reported growth, making it lower than the secondary sales growth.
- Revenue from the US segment (23.5% of revenue) grew 1.4% YoY (+5.5% QoQ) to INR 7,813 Mn, was muted due to a lack of major launches, pricing pressure in generics, and delays in regulatory approvals.

Increase in branded products led to profitability growth

- EBITDA was at INR 6,002 Mn as against an operating loss of INR 2,086 Mn in Q3FY24 and flat QoQ. EBITDA margin was at 17.7% (+19 bps QoQ), which was supported by better product mix, cost efficiencies, and brand-driven expansion.
- Adj. Net profit stood at INR 3,480 Mn as against Adj. net loss of INR 3,934 in Q3FY24 and Adj. net profit of INR 3,542 Mn in Q2FY25.

SHARE HOLDING PATTERN (%)

Particulars	Dec-24	Sept-24	Jun-24
Promoters	46.7	46.7	46.7
FIIIs	23.5	23.1	21.0
DIIIs	13.9	13.2	13.9
Others	15.9	17.1	18.4
Total	100	100	100

*Based on the previous closing

Note: All the market data is as of previous closing

11.5%

Revenue CAGR between FY24
and FY27E

37.2%

EBITDA CAGR between FY24
and FY27E

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Key Concall Highlights:

- **LIRAFIT** (Biosimilar of Liraglutide) is the **first GLP-1** (Glucagon-Like Peptide-1) **biosimilar** launched in India, targeting **diabetes**. The product has seen **good traction post-launch**.
- **JABRYUS** (Abrocitinib – Partnered with Pfizer) is a novel oral treatment for moderate-to-severe **atopic dermatitis**, well **received by dermatologists**.
- In domestic business, Glenmark Pharma plans to introduce **more GLP-1 agonists** to expand its presence in this growing category.
- **RYALTRIS** continued to gain **market share across multiple European countries** where it has been launched. Other key respiratory brands like **Salmex** and **Asthmex** maintained strong market positions.
- The **branded** business in European operations **sustained its growth trajectory**, particularly in **Western Europe**. MHRA approval for **WINLEVI** in the **UK strengthened** Glenmark's dermatology portfolio in Europe.
- Glenmark Pharma is still awaiting an **FDA inspection** for its **Monroe (US) injectable manufacturing facility**. The company has been **prioritizing filings in high-growth categories** like **respiratory and injectables**, which will start **contributing from FY26E onwards**.
- Management **remains confident** in achieving the **guided revenue growth for FY25E (INR 135,000 Mn)**, despite currency fluctuations and short-term challenges.
- **India Business** is expected to maintain 9.0-10.0% growth YoY, **driven by new launches in diabetes (GLP-1 agonists), dermatology, and oncology**.
- **US Business growth** is expected to **pick up from H1FY26E**, as respiratory and injectable launches (Fluticasone MDI, nasal sprays, and Monroe injectables) will begin to contribute.
- In **Europe business** growth momentum is expected to continue at **high single-digit to low double-digit rates**, driven by **branded products and upcoming respiratory launches**.
- The company will be expanding its Oncology business in India with **Tislelizumab & Zanutrutinib** (BeiGene partnership) to be launched in FY26E.
- **RYALTRIS** will be **expanding into 12-15 new markets**, with significant contributions expected from China, Brazil, and additional European countries.
- The company expects a **100 bps to 150 bps YoY improvement in EBITDA margin** from FY26E onwards driven by **higher-margin branded sales in India and Europe**, and new respiratory and injectable launches in the US.

Valuation and view:

Glenmark Pharma reported strong revenue growth in Q3FY25, driven by India and Europe. The India business expanded significantly, supported by new product launches, strong consumer brands, and leadership in dermatology and cardiac. Europe maintained growth momentum with a strong respiratory portfolio, regulatory approvals, and branded business expansion. However, US growth remained muted due to pricing pressure and regulatory delays, while currency fluctuations impacted RoW revenue. Profitability improved with EBITDA margin expansion, supported by a better product mix, cost efficiencies, and a strategic focus on high-growth areas such as diabetes, respiratory, and oncology.

We maintain our FY26E/FY27E EPS estimates at INR 61.1 and INR 68.0 respectively, reflecting our confidence in strong growth for FY26E, driven by the launch of new GLP-1 agonists in India, respiratory and injectable products in the US, and the expansion of the branded portfolio in Europe. With an expected gradual improvement in EBITDA margins, the company is strategically positioning itself for sustainable long-term growth across key markets. We expect the revenue to grow at 11.5% CAGR and EBITDA to grow at 37.2% CAGR over FY24-FY27E. Currently, the stock is trading at a PE multiple of 22.5x/20.2x based on FY26E/FY27E EPS, respectively. We roll over our valuation multiple to FY27E and assign a PE multiple of 26.0x to arrive at a target price of INR 1,768 (previously: INR 1,894) and maintain our “BUY” rating on the stock with an upside potential of 28.7%.

Revenue segments

Segments Result (INR Mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Revenue from operations	25,100	32,647	35,432	34,338	33,876
India	2,658	9,391	11,962	12,817	10,637
US	7,705	7,557	7,808	7,405	7,813
ROW	7,271	7,528	5,708	7,041	7,491
EU	6,357	6,118	6,957	6,874	7,297

Segments Result (% YoY)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Revenue from operations	-19.1%	2.1%	6.9%	7.1%	35.1%
India	-75.3%	12.9%	12.4%	13.9%	300.2%
US	-8.0%	-12.4%	-3.4%	-1.2%	1.4%
ROW	11.2%	9.7%	3.6%	-4.1%	3.0%
EU	28.9%	0.7%	21.4%	14.6%	14.8%

Source: Company, DevenChoksey Research

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Result Snapshot

Particulars (Mn)	Q3FY25	Q2FY25	Q3FY24	QoQ	YoY	9MFY25	9MFY24	YoY
Revenue from Operations	33,876	34,338	25,067	-1.3%	35.1%	100,655	87,501	15.0%
Total Expenditure	27,873	28,319	27,154	-1.6%	2.7%	82,752	80,592	2.7%
Cost of Raw Materials	7,464	7,744	6,575	-3.6%	13.5%	22,065	24,035	-8.2%
Purchase of Stock	4,182	4,431	4,131	-5.6%	1.2%	12,212.6	12,403.6	-1.5%
Changes in Inventories	-803	-1,474	-384	-45.5%	NM	-1,634	-2,260	NM
Employee Cost	7,885	7,866	7,530	0.2%	4.7%	22,855	21,672	5.5%
Other Expenses	9,146	9,752	9,301	-6.2%	-1.7%	27,253	24,741	10.2%
EBITDA	6,002	6,019	-2,086	-0.3%	NM	17,904	6,910	159.1%
EBITDA Margins (%)	17.7%	17.5%	-8.3%	19 bps	NM	17.8%	7.9%	989 bps
Depreciation	1,227	1,203	1,471	2.0%	-16.5%	3,608	4,306	-16.2%
EBIT	4,775	4,816	-3,557	-0.9%	NM	14,295	2,604	448.9%
Other Income	311	394	454	-21.0%	-31.5%	1,020	668	52.7%
Interest Expense	523	485	1,343	7.9%	-61.1%	1,404	3,674	-61.8%
Net (gain) /loss on FX	0	0	0	NM	NM	0	0	NM
Exceptional Items	0	0	767	NM	NM	0	4,542	NM
PBT	4,563	4,726	-5,214	-3.4%	NM	13,912	-4,943	-381.4%
Tax	1,083	1,181	-718	-8.3%	NM	3,485	979	256.1%
Share of Associates	0	0	0	NM	NM	0	0	NM
Minority Interest	1	3	206	NM	NM	3	641	NM
Discontinued Operations	0	0	1,188	NM	NM	0	3,730	NM
PAT	3,480	3,542	-3,514	-1.8%	NM	10,424	-2,834	NM
PAT Margin	10.3%	10.3%	-14.0%	-4 bps	NM	10.4%	-3.2%	NM
Adj PAT (Continuing Operation)	3,480	3,542	-3,934	-1.8%	NM	10,424	-2,022	NM
Adj PAT Margin	10.3%	10.3%	-15.7%	-4 bps	NM	10.4%	-2.3%	NM
EPS	12.3	12.6	-12.5	-1.8%	NM	36.9	-10.0	NM
Adj. EPS (Continuing Operation)	12.3	12.6	-13.9	-1.8%	NM	36.9	-7.2	NM

Source: Company, DevenChoksey Research

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Exhibit 1: Profit & Loss Statement

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
Revenues	115,832	118,131	134,689	148,886	163,655
COGS	42,575	44,134	43,537	47,439	51,900
Gross profit	73,257	73,997	91,152	101,447	111,756
Employee cost	26,008	28,681	30,777	33,946	37,313
Other expenses	30,899	33,363	36,612	39,663	43,598
EBITDA	16,350	11,953	23,763	27,838	30,845
Depreciation	5,692	5,819	4,963	5,151	5,422
EBIT	10,658	6,134	18,801	22,687	25,423
Finance Costs	3,490	5,160	1,882	1,189	792
Other Income	2,889	8,400	1,333	1,489	1,309
PBT	2,398	365	18,252	22,987	25,940
Tax	3,294	18,673	4,515	5,747	6,744
PAT	(1,697)	(18,990)	13,733	17,238	19,193
EPS (INR)	(6.0)	(67.3)	48.7	61.1	68.0
Adj. PAT	5,961	(9,980)	13,733	17,238	19,193
Adj. EPS (INR)	21.1	(35.4)	48.7	61.1	68.0

Exhibit 3: Cash Flow Statement

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
CCFO	6,254	(2,654)	7,860	13,753	16,792
CFFI	(5,285)	45,609	(6,271)	(5,903)	(5,884)
CFFF	(775)	(39,061)	(2,912)	(2,481)	(2,232)
Net Inc/Dec in cash	325	3,893	(1,324)	5,368	8,676
Opening Cash	14,105	14,430	16,583	15,259	20,627
Adjustment	0	(1,741)	(0)	0	0
Closing Cash	14,430	16,583	15,259	20,627	29,304

Exhibit 4: Key Ratio

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
EBITDA Margin	14.1%	10.1%	17.6%	18.7%	18.8%
Tax rate (%)	5.1%	(8.4%)	10.2%	11.6%	11.7%
Adj Net Profit Margin (%)	3.0%	(19.1%)	15.1%	16.1%	15.4%
RoE (%)	9.5%	16.4%	19.9%	20.7%	19.8%
RoCE (%)	10.5	-53.2	48.7	61.1	68.0
Current Ratio (x)	2.0	1.3	1.5	1.7	1.9
P/E (x)	65.0	-38.8	28.2	22.5	20.2

Exhibit 2: Balance Sheet

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
Equity					
Equity Capital	282	282	282	282	282
Other Equity	98,110	78,193	90,900	106,848	124,604
Total Equity	98,393	78,475	91,182	107,130	124,886
Non-Current Liabilities					
Other financial liabilities	5,905	6,905	6,905	6,905	6,905
Provisions	429	3	3	3	3
Other Non-Current Liabilities	38,535	17	17	17	17
Total Non-Current Liabilities	44,869	6,925	6,925	6,926	6,926
Current Liabilities					
Borrowings	5,809	9,906	9,906	9,906	9,906
Trade Paybles	23,919	25,359	23,856	25,994	28,438
Other current liabilities	20,728	22,921	22,737	23,939	25,314
Total Current Liabilities	50,455	58,186	56,499	59,839	63,658
Total Liabilities	95,324	65,111	63,424	66,765	70,584
Non-Current Assets					
Property Plants and Equipments	36,673	29,191	30,536	31,600	32,574
Capital work-in-progress	11,152	4,193	4,193	4,193	4,193
Other Non-current assets	47,154	35,921	37,128	38,225	39,191
Total Non-Current Assets	94,980	69,305	71,857	74,018	75,958
Current Assets					
Inventories	29,778	25,131	31,366	38,751	42,595
Trade Receivables	40,986	18,584	22,141	26,514	33,628
Cash and Bank	14,697	16,595	15,271	20,640	29,316
Other current assets	13,276	13,972	13,972	13,972	13,972
Total Current Assets	98,737	74,281	82,749	99,876	119,511
Total Assets	193,717	143,586	154,606	173,895	195,469

Source: Company, DevenChoksey Research

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Glenmark Pharmaceuticals			
Date	CMP (INR)	TP (INR)	Recommendation
18-Feb-25	1,374	1,768	BUY
18-Nov-24	1,539	1,894	BUY
20-Aug-24	1,632	1,894	BUY
01-Jun-24	1,160	1,403	BUY
05-Apr-24	1,017	1,266	BUY
22-Feb-24	901	984	ACCUMULATE
23-Nov-23	776	816	ACCUMULATE

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

ANALYST CERTIFICATION:

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