

Retail Equity Research

Glenmark Pharmaceuticals Ltd

Pharmaceuticals

CMP Rs. ₹ 1342
Rating: Overweight
NSE CODE: GLENMARK BSE CODE: 532296

Glenmark Pharma's financial performance in the last five quarters highlights revenue stabilization but persistent profitability concerns. Sales peaked in Sep-24 at ₹3,433.8 crore before marginally declining to ₹3,387.5 crore in Dec-24, indicating a plateau in growth. Operating profit, which turned positive in Mar-24, remained steady at ₹600 crore in the last two quarters. However, net profit volatility remains a key concern, with Dec-23 and Mar-24 witnessing significant losses (-₹351.3 crore and -₹1,218.3 crore, respectively). While profitability rebounded in Jun-24 with ₹340.3 crore, subsequent quarters showed stagnation (₹347-₹354 crore). Despite improved operating efficiency, expense control remains critical, as expenses grew 8.2% from Mar-24 to Dec-24. Elevated interest and depreciation costs could impact future margins. The company must maintain revenue momentum and cost discipline to sustain profitability.

Company Data

Market Cap (cr)	Rs.	39,548.64	
Enterprise Value (cr)	Rs.	26,618.93	
Outstanding Shares (cr)		28.22	
52 week high	Rs.	1,831.00	
52 week low	Rs.	883.00	
1m average volume (lacs)		7.29	
Face value	Rs.	1.00	
	FY22	FY23	FY24
Sales	12304.9	11583.24	11813.1
Growth(%)	12%	-6%	2%
EBITDA	2226.06	1625.02	1531.7
EBITDA Margin(%)	18.1%	14.0%	13.0%
PAT	941.71	297.25	-1,501.67
Growth(%)	-3%	-68%	-605%
EPS	33.4	10.5	-53.2
P/E	13.2	44.1	-18.0
P/B	1.4	1.4	3.4
EV/EBITDA	6.7	10.2	17.4
ROE(%)	10%	3.1%	-19%
ROCE(%)	13%	7.5%	10.5%
ROIC(%)	9%	4.0%	-37.9%
D/E	0.44	0.49	0.16

Revenue Growth with Margin Compression: Glenmark Pharma's sales saw a modest 2% growth in FY24 after a 6% decline in FY23. However, EBITDA continued to shrink from ₹2,226 crore in FY22 to ₹1,531 crore in FY24, with EBITDA margins contracting from 18.1% to 13.0%, highlighting rising operational costs and pricing pressures.

Significant Profitability Deterioration: The company's profitability took a major hit, with PAT declining from ₹941.7 crore in FY22 to a loss of ₹1,501.7 crore in FY24. EPS turned negative at -₹53.2, while return ratios such as ROE (-19%) and ROIC (-37.9%) indicate a significant decline in financial performance.

Debt Reduction but Valuation Concerns Persist: Glenmark successfully reduced its debt-to-equity ratio from 0.49 in FY23 to 0.16 in FY24, improving financial stability. However, valuation metrics remain concerning, with EV/EBITDA rising to 17.4x and P/E turning negative, reflecting investor skepticism over future earnings recovery.

Key Highlights

Company Overview & Market Position Glenmark Pharmaceuticals Ltd is a global research-driven pharmaceutical company with operations in over 80 countries. It has a strong presence in generics, specialty, and OTC segments. The company ranks as the 14th largest and fastest-growing in the Indian market, the 15th largest generic company in the USA by prescription volume, and the 5th largest Indian generic company in Europe.

Product Portfolio & Key Offerings The company offers a wide range of pharmaceutical products, including oral solids, liquids, topical treatments, respiratory medications, injectables, and biologics. Glenmark primarily focuses on dermatology, respiratory, and oncology therapy areas. One of its flagship products, RYALTRIS, is a key contributor, having been commercialized in 31 markets, including the USA, Canada, and Europe, with approvals in 18 additional markets for future expansion.

Geographical Revenue Distribution & Indian Market Performance As of 9MFY24, the revenue distribution stood at India (25%), North America (24%), Europe (18%), Rest of the World (21%), and Active Pharmaceutical Ingredients (12%). The Indian segment faced a temporary impact due to a shift in distribution models, consolidating stock points and rationalizing inventories. Glenmark holds strong positions in India's pharmaceutical market, ranking 2nd in respiratory and dermatology and 5th in cardiac therapies.

Business Expansion in the USA, Europe, and Other Regions In 9MFY24, Glenmark launched seven new products in the USA, including five injectables, and plans to restart commercialization from its Monroe facility in FY25. It also filed two ANDAs for generic nasal sprays and completed clinical trials for gFlovent pMDI, with further filings expected in FY25. In Europe, Glenmark saw significant growth in the UK, Spain, and Germany, with RYALTRIS and other respiratory products sustaining market share. In the Rest of the World segment, strong respiratory product launches drove growth in Asia, the Middle East, Africa, Latin America, and Russia.

R&D and Innovation Initiatives Glenmark has a robust R&D ecosystem, operating four research centers—three in India and one in Switzerland—with over 1,400 employees. It has secured 1,284 patents and 1,429 inventions to date, with 76 patents granted in FY22. In 9MFY24, R&D expenditure stood at ₹916 crore, and capex was ₹610 crore. The company launched Lirafit, India's first biosimilar of liraglutide, at a 70% lower cost and introduced Zita DM, the first triple-drug combination for diabetes. Its innovation division, Ichnos Sciences Inc., is focused on developing oncology and autoimmune medicines, with two of its molecules receiving orphan drug designation from the US FDA.

Corporate Structure, Manufacturing, & Divestment Glenmark operates 14 manufacturing facilities across four continents, with 11 in India, including eight USFDA-approved sites. Following corporate restructuring, it now operates through three entities: Glenmark Pharmaceuticals Ltd (generic, specialty, and OTC business), Ichnos Sciences Inc. (biologics innovation in the USA), and Ichnos Glenmark Innovation (a newly launched oncology-focused alliance). Recently, Glenmark divested a 75% stake in Glenmark Life Sciences to Nirma Limited for ₹5,651 crore, reducing its ownership to 7.84%. This deal triggered a mandatory open offer by Nirma for public shareholders of Glenmark Life Sciences.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	2,506.70	3,062.96	3,244.18	3,433.80	3,387.55
Growth(%)	-22%	22%	6%	6%	-1%
Expenses	2,715.35	2,558.61	2,655.97	2,831.89	2,787.33
Operating Profit	-208.65	504.35	588.21	601.91	600.22
Growth(%)	-145%	342%	17%	2%	0%
Other Income	87.45	350.75	31.49	39.42	31.13
Depreciation	147.08	151.34	117.79	120.28	122.74
Interest	134.34	148.56	39.58	48.48	52.29
Profit before tax	-402.62	555.20	462.33	472.57	456.32
Tax	-71.80	1,769.47	122.09	118.09	108.29
Net profit	-351.37	-1,218.28	340.27	354.21	347.96
Growth(%)	-77%	-71%	458%	4%	-2%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	10,640.97	10,943.93	12,304.90	11,583.24	11,813.10
Growth(%)	8%	3%	12%	-6%	2%
Expenses	8,941.71	8,859.55	9,978.13	9,948.22	10,617.76
Operating Profit	1,699.26	2,084.38	2,326.77	1,635.02	1,195.34
Growth(%)	7%	23%	12%	-30%	-27%
Other Income	191.30	94.76	-100.71	-10.00	336.36
Depreciation	417.17	443.55	486.72	569.17	581.91
Interest	377.32	353.11	298.10	349.04	515.97
Profit before tax	1,096.07	1,382.48	1,441.24	706.81	433.82
Tax	320.11	412.39	447.60	329.40	1,867.34
Net profit	775.97	970.04	941.71	297.25	-1,501.67
Growth(%)	-16%	25%	-3%	-68%	-605%

Balance Sheet

(Rs Cr)

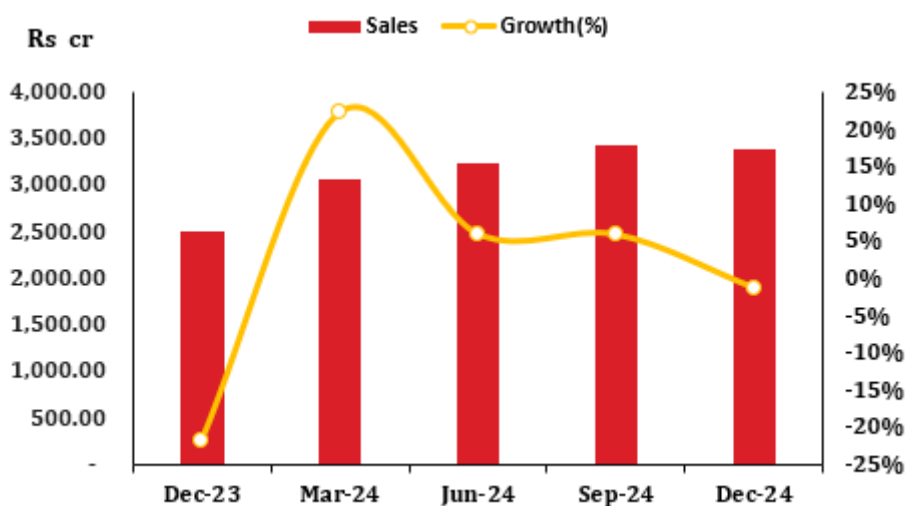
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	28.22	28.22	28.22	28.22	28.22
Reserves	6,042.29	7,036.41	9,058.43	9,445.71	7,819.71
Borrowings	4,868.63	4,985.72	3,962.02	4,607.88	1,230.93
Other Liabilities	3,729.22	3,524.48	4,003.12	5,289.36	5,279.49
Total	14,668.36	15,574.83	17,051.79	19,371.17	14,358.35
Net Block	5,028.56	5,128.85	5,887.25	5,421.76	4,210.16
Capital Work in Progress	1,221.89	1,381.67	1,009.87	1,189.64	661.88
Investments	24.59	24.63	49.62	44.57	789.66
Other Assets	8,393.32	9,039.68	10,105.05	12,715.20	8,696.65
Total	14,668.36	15,574.83	17,051.79	19,371.17	14,358.35

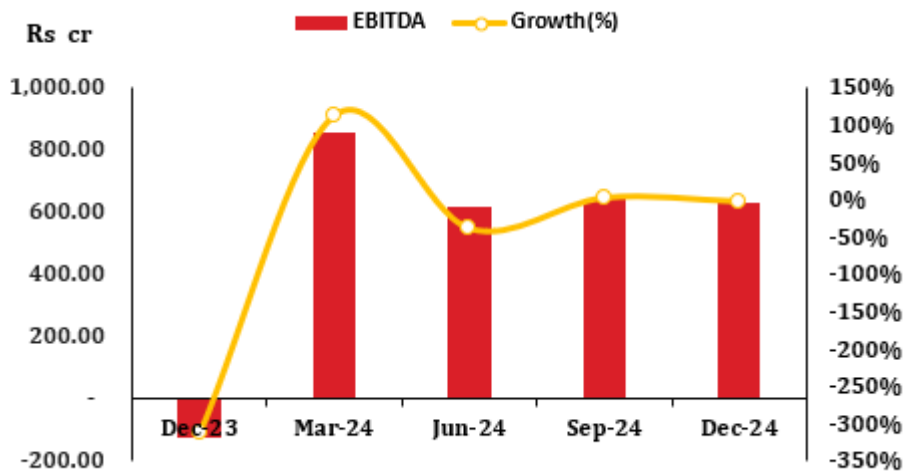
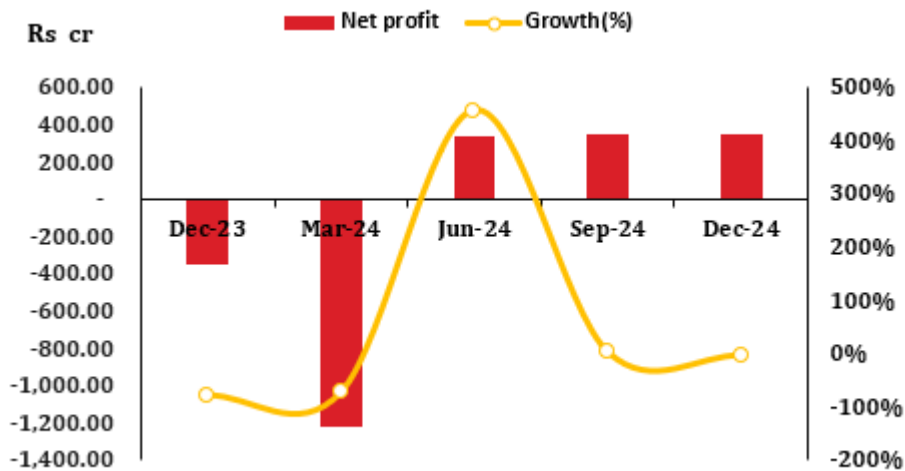
Cash Flow

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	1392.41	1131.21	1108.65	625.39	-265.44
Cash from Investing Activity	-773.75	-661.61	-315.73	-515.44	4386.82
Cash from Financing Activity	-444.66	-441.78	-520.49	-77.46	-3906.13
Net Cash Flow	174	27.82	272.43	32.5	215.24

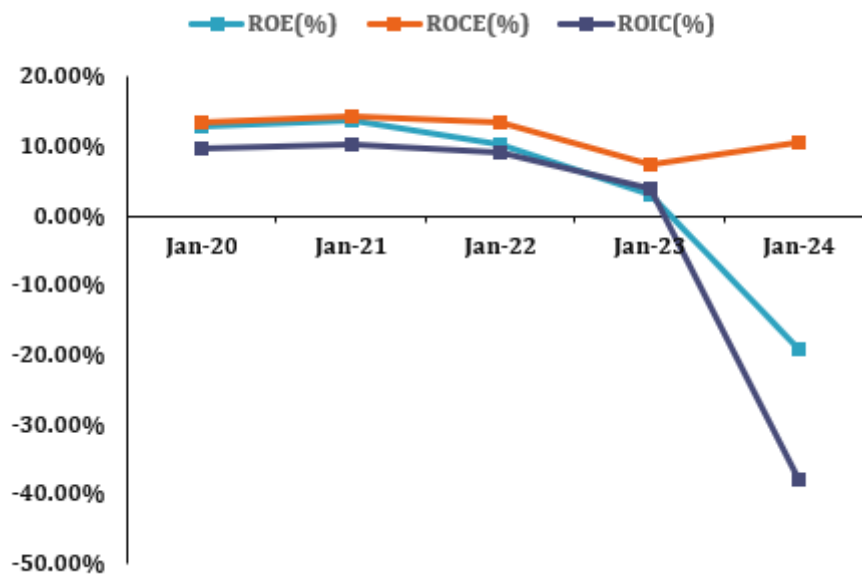
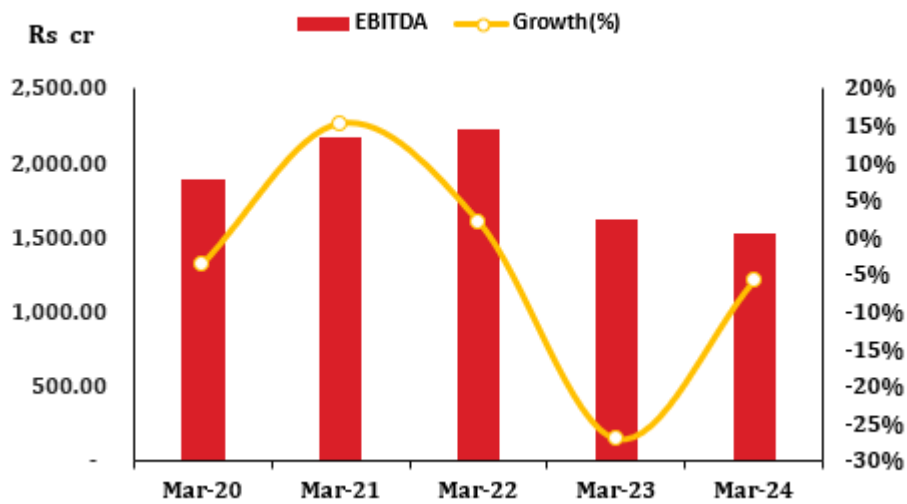
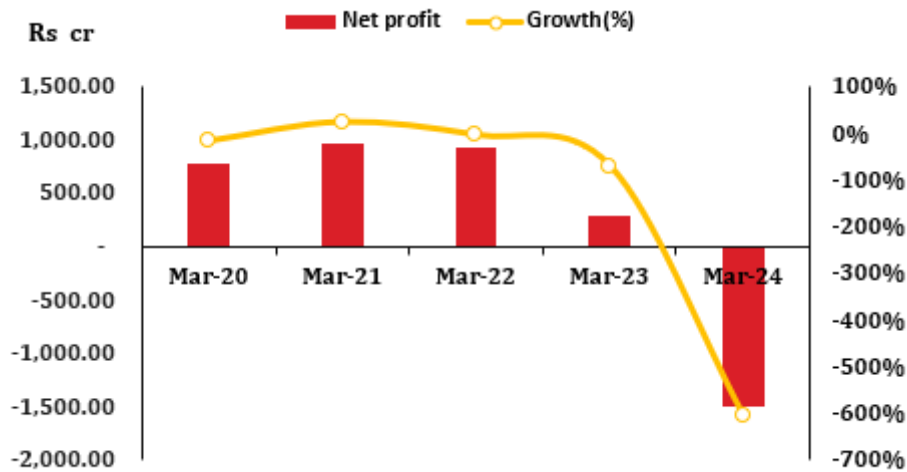
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.80	0.71	0.44	0.49	0.16
Debt/Assets	0.33	0.32	0.23	0.24	0.09
Debt/Ebitda	2.58	2.29	1.78	2.84	0.80
Debt/Capital Ratio	45%	41%	30%	33%	14%
Cash flow/Debt	0.29	0.23	0.28	0.14	-0.22
Interest coverage ratio	3.90	4.92	5.83	3.03	1.84
Sales Change	8%	3%	12%	-6%	2%
Ebit Change	-10%	18%	0%	-39%	-10%
Operating Leverage	0.91	7.96	0.94	5.07	-13.55
Financial Leverage	2.42	2.20	1.88	2.04	1.83

Efficiency ratios

Receivable days	83	86	92	115	57
Receivable turnover	4.42	4.25	3.97	3.16	6.36
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	4	4	4	4	4
Net Fixed assets turnover	2.12	2.13	2.09	2.14	2.81
Sales/capital employed	0.97	0.91	0.94	0.82	1.30
Total Asset Turnover	0.73	0.70	0.72	0.60	0.82

Profitability ratios

Ebitda	1890.56	2179.14	2226.06	1625.02	1531.7
Ebitda margin	18%	20%	18%	14%	13%
Gross Profit	6174	6520.34	7007.56	6633.6	6523.8
Gross Profit Margin	58%	60%	57%	57%	55%
EBIT	1473.39	1735.59	1739.34	1055.85	949.79
EBIT Margin	14%	16%	14%	9%	8%
ROE	13%	14%	10%	3%	-19%
Net profit margin	7%	9%	8%	3%	-13%
EPS	27.50	34.37	33.37	10.53	-53.21
DU Pont ROE	13%	14%	10%	3%	-19%
Net Profit Margin	7%	9%	8%	3%	-13%
Sales/Total assets	0.73	0.70	0.72	0.60	0.82
Financial Leverage	2.42	2.20	1.88	2.04	1.83
DU PONT ROA	5%	6%	6%	2%	-10%
Net Profit Margin	7%	9%	8%	3%	-13%
Sales/Total assets	0.73	0.70	0.72	0.60	0.82

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	10%	12%	12%	6%	-16%
EBIT Margin	14%	16%	14%	9%	8%
Sales/cap employed	0.97	0.91	0.94	0.82	1.30
NOPAT	1043.08	1217.87	1199.16	563.78	-3138.50
Capital employed	10939.14	12050.35	13048.67	14081.81	9078.86
ROIC	10%	10%	9%	4%	-35%

Valuation Ratios					
Price/Earnings	7.49	13.52	13.25	44.12	-18.01
Price/Book	0.96	1.86	1.37	1.38	3.45
Marketcap	5,809.09	13,113.83	12,473.24	13,113.83	27,047.46
Enterprise Value	9,566.48	16,960.39	15,023.74	16,561.41	26,618.93
EV/EBITDA	5.06	7.78	6.75	10.19	17.38

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