

27 May 2025

India | Equity Research | Results Update

Glenmark Pharmaceuticals

Pharma

Core biz growth sluggish; FY26 guidance ambitious

Glenmark Pharmaceuticals' (Glenmark) Q4FY25 result was below our expectations. Growth was dragged by muted performance in India (flat YoY) and US businesses (-9.5% YoY), though traction in Europe (up 19.9%) was slightly better. Glenmark will launch gFlovent in US in Q2FY26 and a re-inspection of Monroe plant may happen in near term which could help it revive US growth. India growth may be slower in near term as it has discontinued some products to improve profitability. ISB 2001 is likely to be out-licensed in FY26 and should rope in USD 200-250mn which it will deploy for IGI's R&D for next 3-4 years. FY26 guidance is set at 10-12% revenue growth and EBITDA margin at 19-20% led by Ryaltis (USD 100mn sales), new launches in US (gFlovent) and downsizing R&D (6-7% of sales). We cut FY27E EPS by ~1% to factor in slower growth in India. Maintain **REDUCE** with higher TP of INR 1,300, based on 18x FY27E EPS.

Tepid quarter, India and US drag growth

Q4FY25 revenue grew 6.3% YoY (-3.9% QoQ) to INR 32.6bn (I-Sec: INR 33.7bn) due to muted performance in India and US. Gross margin contracted 94bps QoQ (-144bps YoY) to 66.6%. R&D expenses reduced 10.7% YoY (+5.2% QoQ) to INR 2.4bn and stood at 7.3% of sales vs 8.7% YoY and 6.6% QoQ. EBITDA grew 11.2% YoY to INR 5.6bn. (I-Sec: INR 5.8bn) while EBITDA margin expanded 76 bps YoY (-49 bps QoQ) to 17.2% (I-Sec: 17.2%). Adjusted for one-off cost of gZetia litigation (USD 7mn) and La Chaux-de-Fond facility closure of INR 3.7bn, PAT grew 168.9% YoY (flat QoQ) to INR 3.5bn (I-Sec: INR 3.1bn).

New launches to rejuvenate growth in US

India business was flat YoY (-11.3% QoQ) at INR 9.4bn due to weakness in respiratory and diabetes portfolios and discontinuation of non-core, low margin brands in hospitals and trade generics segments. Consumer care sales grew 23.5% YoY in Q4FY25 and stood at 852mn. Lirafit has witnessed strong traction post launch; however, it is witnessing supply-led challenges. It plans to launch two oncology brands in Q1FY26. We expect India sales to grow at 8.5% CAGR over FY25-27E. US sales declined 9.5% YoY (-10.9% QoQ) to USD 82mn due to price erosion and lack of meaningful launches. Management guides for growth in FY26 led by respiratory (H1FY26 launch targeted) and injectable product launches. The company is awaiting re-inspection of Monroe plant and most of its injectable filings are likely to be done from this plant. We expect its US biz to grow at 10.7% CAGR over FY25-27E mainly on the back of new FTF launches. Europe grew 19.9% YoY (0.5% QoQ) to INR 7.3bn driven by sustained momentum in Ryaltis and growth across key markets. RoW markets grew 4.9% YoY (5.4% QoQ) to INR 7.9bn. Management guided for global sales of Ryaltis at USD 100mn in FY26.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	1,18,131	1,33,217	1,45,966	1,62,097
EBITDA	11,953	23,734	26,674	31,405
EBITDA Margin (%)	10.1	17.8	18.3	19.4
Net Profit	6,093	13,894	16,458	20,283
EPS (INR)	21.6	49.2	58.3	71.9
EPS % Chg YoY	(6.8)	128.0	18.5	23.2
P/E (x)	(20.7)	37.5	23.8	19.3
EV/EBITDA (x)	31.6	16.7	14.5	11.9
RoCE (%)	(723.0)	16.9	16.9	17.7
RoE (%)	7.0	16.6	17.2	18.0

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Market Data

Market Cap (INR)	401bn
Market Cap (USD)	4,699mn
Bloomberg Code	GNP IN
Reuters Code	GLEN.BO
52-week Range (INR)	1,831 /999
Free Float (%)	53.0
ADTV-3M (mn) (USD)	11.6

Price Performance (%)	3m	6m	12m
Absolute	9.2	(3.9)	38.2
Relative to Sensex	0.7	(7.2)	29.8

ESG Score	2023	2024	Change
ESG score	70.5	NA	NA
Environment	62.7	NA	NA
Social	62.1	NA	NA
Governance	78.7	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	(1.8)	(1.9)
EBITDA	(2.3)	(2.4)
EPS	0.5	(0.6)

Previous Reports

18-02-2025: [Q3FY25 results review](#)

18-11-2024: [Q2FY25 results review](#)

Valuation and risks

Growth in Glenmark's India biz continues to be volatile and in Q4 it faced dual brunt of slowdown in acute therapies, heightened competition in diabetes market (down 10% YoY) and discontinuation of non-core low margin brands led to muted performance in India. New molecule launches like empagliflozin (GLEMPA) and semaglutide along with better traction in sitagliptin and liraglutide may help the company revive growth in its diabetes portfolio ahead, while near-term growth may remain subdued. In US, it launched seven new products in Q4FY25 and growth is expected to pick up in FY26 on the back of respiratory (H1FY26) and injectable launches. The company anticipates USFDA approval for 44mcg gFlovent towards the end of Q2FY26 while 110mcg is likely to be filed in H1FY26 and 220mcg in H2FY26. Management is in discussion for out-licensing of ISB 2001 used for treatment of multiple myeloma and a decision is expected soon. Proceeds from the out-licensing deal (USD 200-250mn likely) could cover the R&D budget of IGI for the next 3 years. At the end of FY25, the company had net debt of INR 4.9bn as against net debt of INR 1.1bn at the end of Q3FY25 while working capital days stood at 104 days and it is unlikely to see any material improvement in near term.

The stock currently trades at valuations of 23.8x FY26E and 19.3x FY27E earnings, and EV/EBITDA multiples of 14.5x FY26E and 11.9x FY27E, respectively. We cut revenue and EBITDA by ~2% each for FY26/27E to factor in slower growth in India. Enhanced free cash generation and maintaining a prudent balance sheet are essential avenues to be watched out in quarters ahead. We expect 10.3%/15.0%/20.8% revenue/EBITDA/PAT CAGR over FY25–27E, with EBITDA margin at 19.4% in FY27E. We maintain **REDUCE** with higher TP of INR 1,300 (earlier INR 1,265), based on 18x FY27E EPS (22x FY26E EPS previously). **Key upside risks:** Healthy launches, faster recovery in US.

Q4FY25 conference call: Highlights

India

- India biz growth in Q4 was impacted by continued slowdown in acute respiratory biz mainly due to low seasonal pick-up, heightened competition in diabetes market and discontinuation of low-margin brands in hospitals and trade generics segments.
- Glenmark continued to outperform market growth in chronic therapies like cardiac, derma and respiratory (chronic brands).
- Competition in diabetes market led to 10% YoY decline in Q4.
- Launch of semaglutide along with better traction in sitagliptin, liraglutide and empagliflozin could revive growth in diabetes portfolio ahead. Zita and Remo account for less than 60% of diabetes revenue.
- Discontinuation of select non-core, low margin brands in hospitals and trade generics segments may improve overall business margins.
- In Mar'25, the company launched empagliflozin, under the brand name GLEMPA.
- Tislelizumab and Zanubrutinib (partnered with beiGene) will be launched in Q1FY26 (early July'25). These brands are expected to drive growth in oncology segment for the company in near term.
- It has launched Lirafit (liraglutide -GLP-1) in India and plans to launch other GLP-1 products as well in the near term. Lirafit has witnessed strong traction post launch; however, it is witnessing supply-led challenges.
- Consumer care grew 23.5% YoY with strong growth in flagship brands.

- Some in-licensed products launched in Q4 are likely to see better traction ahead.
- MR count stood at 5,000-5,500 and company may not look to add more MRs in near term.

US

- Decline in US revenue was due to lack of meaningful launches. Management expects US biz growth to pick up in FY26 on the back of respiratory (H1FY26) and injectable launches.
- It launched seven products in Q4FY25 (13 in FY25). It filed four ANDAs in FY25.
- It has 51 applications pending approval with USFDA of which 23 are Para IV.
- The company has filed two ANDAs for generic nasal sprays and is awaiting approval for it from the USFDA. It has filed gFlovent for two doses and is also working on filing the ANDA for the other two strengths of gFlovent.
- No pending filings from Pithampur plant, and hence, the current regulatory issues at the plant may not have any significant impact on its US growth ahead.
- The company anticipates USFDA approval for 44mcg towards the end of Q2FY26 while 110mcg is likely to be filed in H1FY26 and 220mcg in H2FY26. Nasal spray is likely to be launched in H2FY25.
- The company is awaiting re-inspection of Monroe plant by the USFDA. Gross block value of the plant on book now stands at USD 100mn (USD 150mn impaired earlier). Most of its injectable filings are done from this plant.

Ryaltris

- It plans to launch Ryaltris in 10-12 markets over the next couple of quarters.
- Glenmark's partner in Mainland China, Grand Pharmaceutical (China) Co. Ltd., expects to receive the approval for Ryaltris in FY26.
- Ryaltris achieved USD 80mn of sales in FY25 (USD 40mn in FY24) and expects to cross USD 100mn in FY26. It targets peak sales of USD 200-300mn over the next couple of years.

Other business highlights

- Strong growth in Europe was mainly led by branded business across key markets.
- Glenmark is planning to launch Winlevi in UK and is awaiting approvals in other European markets in FY26.
- Russia business continues to do well and it continues to be the leader in respiratory and derma segments.
- Reported growth in RoW segment was impacted due to currency headwinds in some of the key markets.

Guidance

- Management guided for revenue growth of 10-12% in FY26 with EBITDA margin of 19-20% led by Ryaltris, new launches in US and benefit from R&D spends.
- It aims to generate INR 3-4bn of cash from core business post interest and dividend payments in FY26.
- Effective tax rate will be 21-22% in FY26
- IGI spends will be ~USD 70mn in each of the next 3 years. The company is in discussion for an out-licensing deal of ISB 2001 and a decision is expected soon. Proceeds from the out-licensing deal are expected to cover the R&D budget of IGI for the next 3 years.

- R&D likely to be 6-7% of sales in FY26.
- Working capital cycle is likely to be at current levels of 104 days.
- Interest expense is likely to be lower than Q4FY25 levels ahead.

Q4FY25 financials

- It recorded a forex loss of INR 110mn in Q4FY25.
- In Q4FY25, it invested USD 13.8mn in IGI and USD 61mn in FY25.
- Interest expense surged due to interest on leases and rise in debt.
- It has recorded one-time cost associated with La choux plant shutdown and Zetia litigation. One litigation associated with Zetia is still pending.
- Net debt stood at INR 4.89bn.

Exhibit 1: Quarter review

Y/E Mar (INR mn)	Q4FY25	Q4FY24	YoY(%)	Q3FY25	QoQ (%)	FY25	FY24	YoY(%)
Net Sales	32,562	30,630	6.3	33,875	(3.9)	1,33,217	1,18,131	12.8
Gross Profit	21,673	20,674	4.8	23,033	(5.9)	89,684	73,997	21.2
Gross margins (%)	66.6	67.5	(94.0)	68.0	(143.6)	67.3	62.6	468.1
R&D	2,367	2,650	(10.7)	2,249	5.2	9,305	11,953	(22.2)
R&D (% of sales)	7.3	8.7	(138.3)	6.6	63.0	7.0	10.1	(313.4)
EBITDA	5,610	5,043	11.2	6,002	(6.5)	23,734	11,953	98.6
EBITDA Margins (%)	17.2	16.5	76	17.7	(48.9)	17.8	10.1	769.7
Other Income	117	7,732	(98.5)	311	(62.5)	1,137	8,400	(86.5)
Interest	667	1,486	(55.1)	523	27.6	2,071	5,160	(59.9)
Depreciation	1,252	1,513	(17.3)	1,227	2.0	4,860	5,819	(16.5)
PBT	3,728	4,468	(16.6)	-		3,948	9,010	(56.2)
Tax	80	5,308	(98.5)	4,563	(98.3)	13,992	365	3,734.0
Tax Rate (%)	36	17,695	(99.8)	1,083	(96.7)	3,521	18,673	(81.1)
EO income	45.0	333.3	(86.5)	23.7	89.7	25.2	5,116.7	(99.5)
PAT (after Minority)	47	(12,427)	(100.4)	3,480	(98.7)	10,471	(18,990)	(155.1)
Adj. PAT	3,466	1,289	168.9	3,480	(0.4)	13,894	6,093	128.0
NPM (%)	10.6	4.2	153.0	10.3	3.6	10.4	5.2	102.2

Source: Company data, I-Sec research

Exhibit 2: Business mix

(INR mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	% YoY	% QoQ
Formulations	30,591	29,886	30,136	32,086	23,991	30,594	32,435	34,137	33,238	31,809	4.0	(4.3)
US	8,373	8,628	8,183	7,498	7,705	7,557	7,808	7,405	7,813	7,146	(5.4)	(8.5)
India	10,745	8,316	10,693	11,252	2,658	9,391	11,962	12,817	10,637	9,430	0.4	(11.3)
RoW	6,541	6,864	5,528	7,339	7,271	7,528	5,708	7,041	7,491	7,898	4.9	5.4
EU	4,932	6,078	5,732	5,997	6,357	6,118	6,957	6,874	7,297	7,335	19.9	0.5
Total	30,591	29,886	30,136	32,086	23,991	30,594	32,435	34,137	33,238	31,809	4.0	(4.3)
US sales (USD)	102	104	98	91	93	91	94	88	93	82	(9.5)	(10.9)

Source: Company data, I-Sec research

Exhibit 3: Key growth drivers of domestic business in Q4FY25

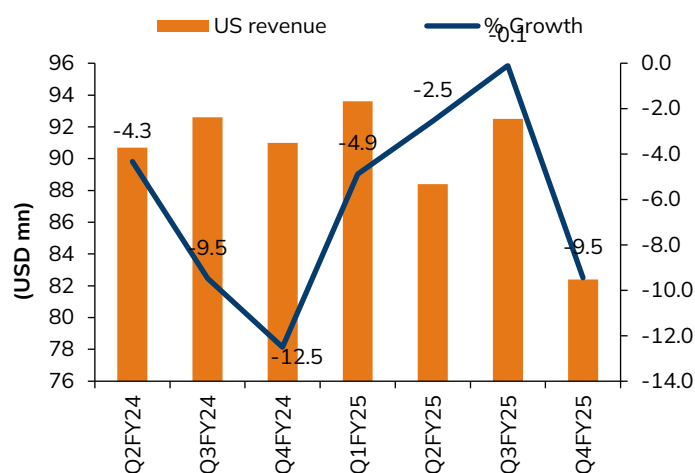
Brands (INR mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	MAT MAR'25	MAT MAR'24	YoY (%)
Telma	1,447	1,287	12.4	1,290	12.2	5,201	4,628	-11.0
Telma-H	1,101	990	11.2	960	14.6	3,977	3,504	-11.9
Telma-Am	1,017	939	8.3	921	10.4	3,781	3,147	-16.8
Ascoril-Ls	825	731	13.0	889	-7.1	2,658	2,464	-7.3
Candid	477	345	38.3	438	9.1	2,353	1,712	-27.2
Candid-B	382	374	2.3	441	-13.4	1,698	1,525	-10.2
Alex	399	427	-6.6	397	0.5	1,302	1,410	8.3
Ascoril +	371	359	3.3	377	-1.5	1,235	1,314	6.4
Ascoril D Plus	327	331	-1.4	353	-7.5	1,136	1,187	4.5
Milibact	270	218	23.5	306	-11.9	1,177	1,011	-14.1

Source: IQVIA

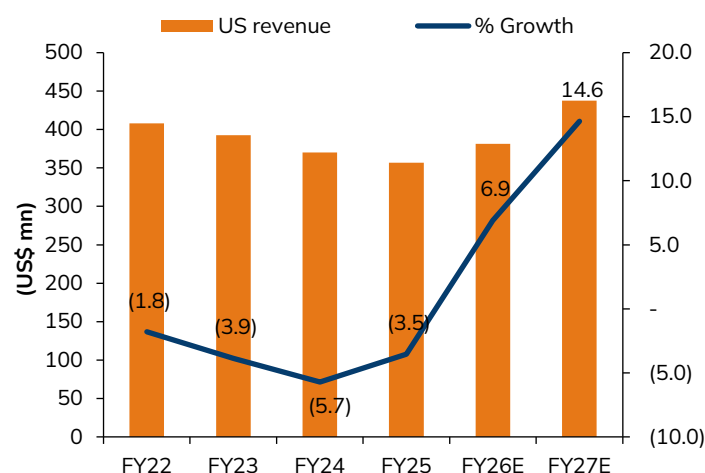
Exhibit 4: Growth profile of key therapies in India

Therapies (INR mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	MAT MAR'25	MAT MAR'24	YoY (%)
Cardiac	4,550	4,072	11.7	4,118	10.5	16,695	14,373	16.2
Derma	3,074	2,643	16.3	3,176	-3.2	12,794	10,868	17.7
Respiratory	3,133	2,880	8.8	3,177	-1.4	10,508	10,057	4.5
Anti-Infectives	1,072	1,012	5.9	1,114	-3.8	4,458	4,080	9.3
Anti Diabetic	598	662	-9.7	612	-2.3	2,489	2,577	-3.4
Stomatologicals	158	155	2.1	173	-8.9	678	628	8.0
Ophthal / Otologicals	117	107	9.8	145	-19.3	524	474	10.6
Gynaec.	125	114	9.9	132	-5.2	523	471	11.0
Antineoplast/Immunomodulator	134	122	9.3	140	-4.7	519	480	8.1
Gastro Intestinal	53	44	19.8	47	12.4	228	205	11.1

Source: IQVIA

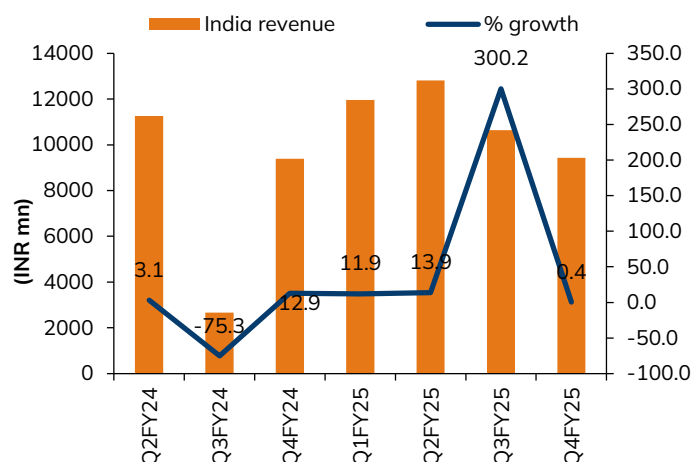
Exhibit 5: Growth impacted due to price erosion and lack of meaningful launches

Source: Company data, I-Sec research

Exhibit 6: Respiratory and injectable launches to improve US traction

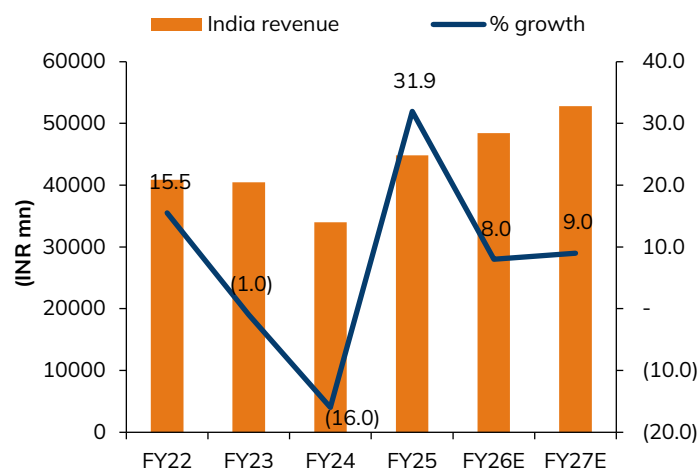
Source: Company data, I-Sec research

Exhibit 7: India growth was flat YoY mainly due to weakness in respiratory and diabetes portfolios



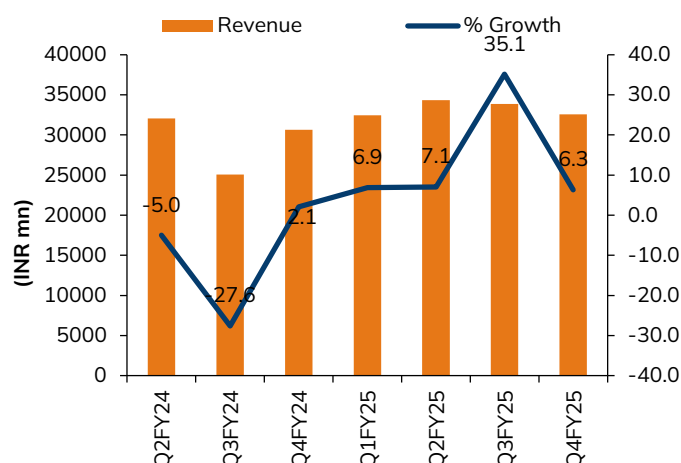
Source: Company data, I-Sec research

Exhibit 8: India business to grow at 8.5% CAGR over FY25-27E



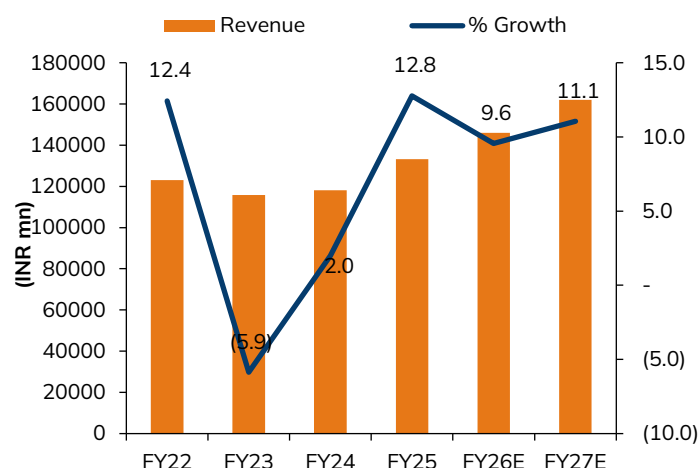
Source: Company data, I-Sec research

Exhibit 9: Revenue grew 6.3% YoY due to muted performance in India and US



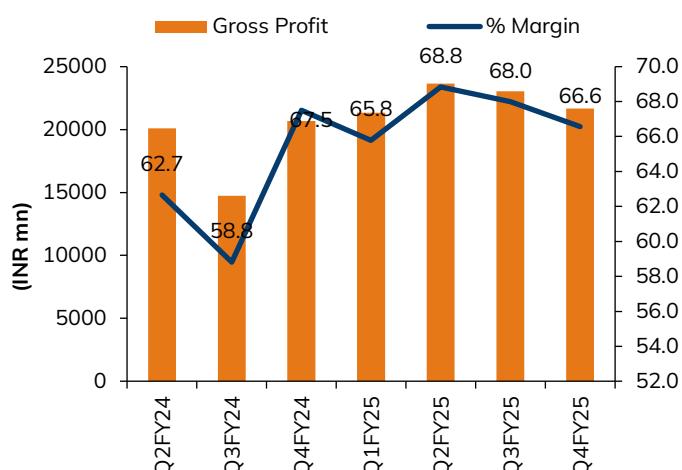
Source: Company data, I-Sec research

Exhibit 10: Revenue to grow at 10.3% CAGR over FY25-27E



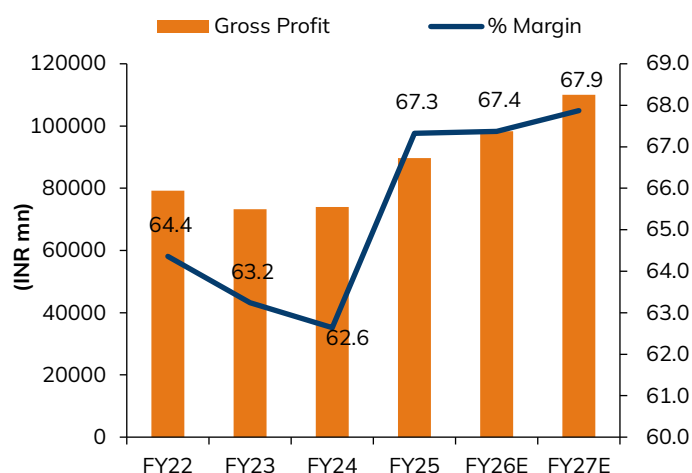
Source: Company data, I-Sec research

Exhibit 11: Product mix and better traction in India drive margins

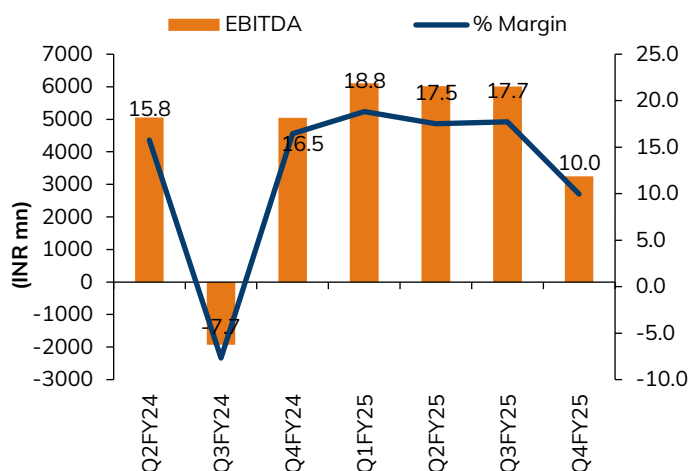


Source: Company data, I-Sec research

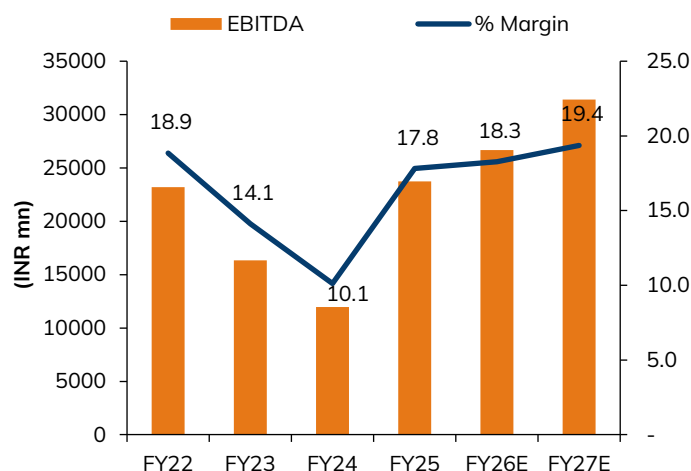
Exhibit 12: Gross margin may rise to ~68% in FY27E



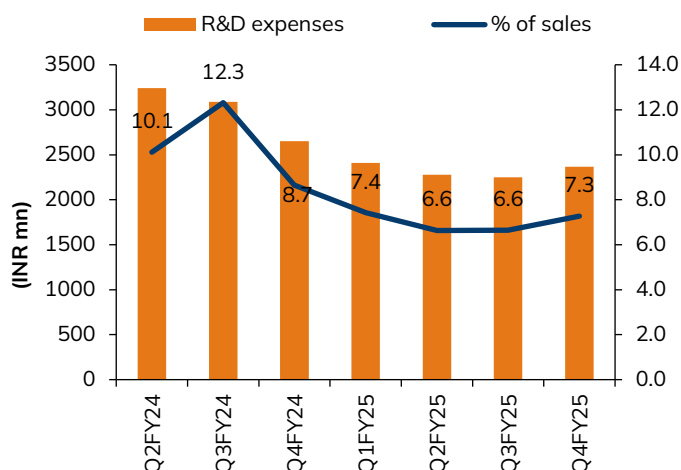
Source: Company data, I-Sec research

Exhibit 13: EBITDA margin expanded 76 bps YoY

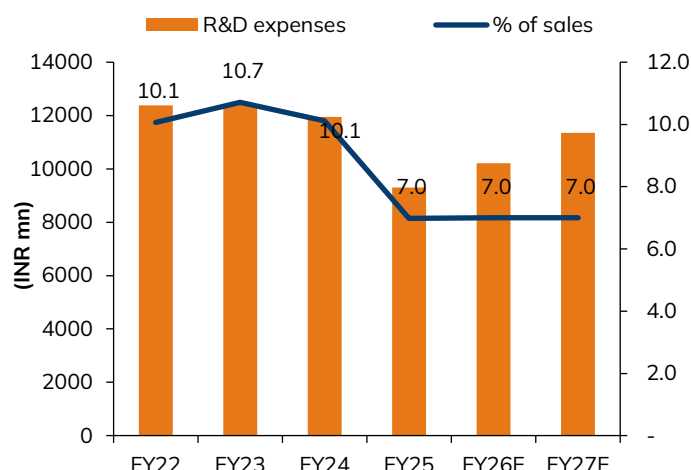
Source: Company data, I-Sec research

Exhibit 14: Better traction in US and lower R&D to aid recovery in EBITDA margin

Source: Company data, I-Sec research

Exhibit 15: R&D expenses reduced by 10.7% YoY

Source: Company data, I-Sec research

Exhibit 16: R&D spend likely to be lower at 6-7% going ahead

Source: Company data, I-Sec research

Exhibit 17: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	46.7	46.7	46.7
Institutional investors	36.3	37.4	37.8
MFs and others	11.4	12.1	12.9
FIs/Banks	1.1	1.3	1.3
Insurance	0.7	0.5	0.4
FIIIs	23.1	23.5	23.2
Others	17.1	16.0	15.6

Source: Bloomberg

Exhibit 18: Price chart

Source: Bloomberg

Financial Summary

Exhibit 19: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	1,18,131	1,33,217	1,45,966	1,62,097
Operating Expenses	1,06,178	1,09,484	1,19,292	1,30,692
EBITDA	11,953	23,734	26,674	31,405
EBITDA Margin (%)	10.1	17.8	18.3	19.4
Depreciation & Amortization	5,819	4,860	5,248	5,582
EBIT	6,134	18,874	21,426	25,824
Interest expenditure	5,160	2,071	2,071	2,071
Other Non-operating Income	8,400	1,137	1,478	1,922
Recurring PBT	9,375	17,940	20,834	25,675
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	18,673	3,521	4,375	5,392
PAT	(18,309)	10,471	16,459	20,283
Less: Minority Interest	681	0	0	0
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	(18,990)	10,471	16,458	20,283
Net Income (Adjusted)	6,093	13,894	16,458	20,283

Source Company data, I-Sec research

Exhibit 20: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	74,281	92,955	1,09,938	1,31,736
of which cash & cash eqv.	16,595	17,052	26,772	39,379
Total Current Liabilities & Provisions	48,280	42,855	46,359	50,792
Net Current Assets	26,001	50,099	63,579	80,944
Investments	7,897	564	564	564
Net Fixed Assets	29,191	30,762	30,937	31,348
ROU Assets	1,991	2,432	2,200	2,249
Capital Work-in-Progress	6,619	8,348	8,348	8,348
Total Intangible Assets	10,920	11,675	13,483	14,441
Other assets	2,191	2,520	2,761	3,066
Deferred Tax Assets	10,497	11,241	11,241	11,241
Total Assets	95,306	1,17,640	1,33,113	1,52,201
Liabilities				
Borrowings	9,906	21,942	21,942	21,942
Deferred Tax Liability	3	586	586	586
provisions	-	-	-	-
other Liabilities	6,922	6,622	7,255	8,057
Equity Share Capital	282	282	282	282
Reserves & Surplus	78,197	88,212	1,03,051	1,21,337
Total Net Worth	78,479	88,494	1,03,333	1,21,619
Minority Interest	(4)	(4)	(3)	(3)
Total Liabilities	95,306	1,17,640	1,33,113	1,52,201

Source Company data, I-Sec research

Exhibit 21: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	41,775	(4,359)	18,932	21,753
Working Capital Changes	(40,977)	24,269	3,368	4,261
Capital Commitments	(11,575)	9,356	7,000	7,000
Free Cashflow	53,350	(13,715)	11,932	14,752
Other investing cashflow	7,451	(7,333)	-	-
Cashflow from Investing Activities	4,124	(2,023)	(7,000)	(7,000)
Issue of Share Capital	0	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(33,571)	12,036	-	-
Dividend paid	(1,178)	(1,031)	(1,620)	(1,996)
Others	2,851	(217)	(592)	(149)
Cash flow from Financing Activities	(31,898)	10,788	(2,212)	(2,145)
Chg. in Cash & Bank balance	14,001	4,406	9,719	12,607
Closing cash & balance	25,604	21,001	26,772	39,379

Source Company data, I-Sec research

Exhibit 22: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	(67.3)	37.1	58.3	71.9
Adjusted EPS (Diluted)	21.6	49.2	58.3	71.9
Cash EPS	42.2	66.5	76.9	91.7
Dividend per share (DPS)	4.2	3.7	5.7	7.1
Book Value per share (BV)	278.1	313.6	366.2	431.0
Dividend Payout (%)	(6.2)	9.8	9.8	9.8
Growth (%)				
Net Sales	2.0	12.8	9.6	11.1
EBITDA	(26.9)	98.6	12.4	17.7
EPS (INR)	(6.8)	128.0	18.5	23.2
Valuation Ratios (x)				
P/E	(20.7)	37.5	23.8	19.3
P/CEPS	32.9	20.9	18.1	15.2
P/BV	5.0	4.4	3.8	3.2
EV / EBITDA	31.6	16.7	14.5	11.9
P / Sales	3.3	2.9	2.7	2.4
Dividend Yield (%)	0.3	0.3	0.4	0.5
Operating Ratios				
Gross Profit Margins (%)	62.6	67.3	67.4	67.9
EBITDA Margins (%)	10.1	17.8	18.3	19.4
Effective Tax Rate (%)	5,116.7	25.2	21.0	21.0
Net Profit Margins (%)	5.2	10.4	11.3	12.5
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	(0.2)	0.0	(0.1)	(0.1)
Net Debt / EBITDA (x)	(1.2)	0.2	(0.2)	(0.6)
Profitability Ratios				
RoCE (%)	(723.0)	16.9	16.9	17.7
RoE (%)	7.0	16.6	17.2	18.0
RoIC (%)	9.0	19.4	26.1	29.7
Fixed Asset Turnover (x)	4.1	4.4	4.7	5.2
Inventory Turnover Days	78	88	87	87
Receivables Days	58	97	96	96
Payables Days	79	75	74	74

Source Company data, I-Sec research

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