


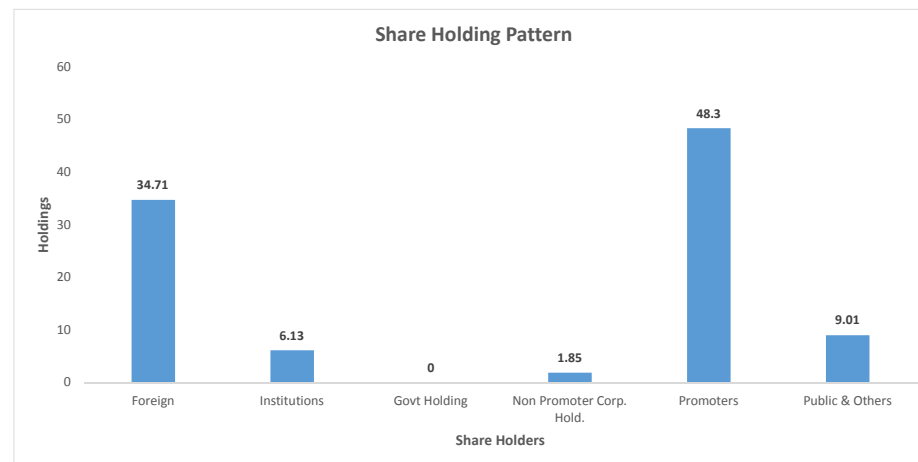
<h2 style="text-align: center;">Research Report</h2>	 <p style="text-align: center;">Spearhead FinServe PRIVATE LIMITED <small>A subsidiary of Spearhead Services Pvt Ltd</small></p>																
<h2 style="text-align: center;">Glenmark Pharma Ltd</h2>	<table> <tr> <td>Recommendation</td><td>Accumulate</td></tr> <tr> <td>Current Market Price</td><td>989</td></tr> <tr> <td>Target</td><td>1192.00</td></tr> <tr> <td>Accumulation Price Band</td><td>989-1000</td></tr> <tr> <td>Time Frame</td><td>6 Months</td></tr> <tr> <td>Derivative Segment</td><td>Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	989	Target	1192.00	Accumulation Price Band	989-1000	Time Frame	6 Months	Derivative Segment	Yes				
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<h3 style="text-align: center;">Industry :Healthcare</h3>	<h4>Quick Glance</h4> <table> <tr> <td>Share Capital (Rs Cr)</td><td>27.12</td></tr> <tr> <td>Market Cap (Rs Cr)</td><td>27,777.90</td></tr> <tr> <td>Enterprise Value (Rs Cr)</td><td>30,559.88</td></tr> <tr> <td>Face Value (in Rs)</td><td>1.00</td></tr> <tr> <td>52 Week High/ Low (in Rs)</td><td>1004/530.55</td></tr> </table>	Share Capital (Rs Cr)	27.12	Market Cap (Rs Cr)	27,777.90	Enterprise Value (Rs Cr)	30,559.88	Face Value (in Rs)	1.00	52 Week High/ Low (in Rs)	1004/530.55						
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<h4>Company Overview</h4> <ul style="list-style-type: none"> •Incorporated in the year 1977, Glenmark Pharmaceuticals Ltd (GPL) is a research-driven, global, fully integrated pharmaceutical company with a leadership position in the Indian drug discovery space. •Glenmark's US pipeline for approvals in FY16-18E comprises of limited competition drugs, FTF opportunities and branded generics with market potential of US\$240m revenue potential in FY17E. •The ROW market contributes about 32% of revenues, and Glenmark has the second most diversified presence in ROW markets, spanning across Latam, Russia/CIS, Africa and Asia. 	<h4>Financials</h4> <table> <tr> <td>EPS (Rs)</td><td>20.12</td></tr> <tr> <td>Book Value (Rs)</td><td>103.04</td></tr> <tr> <td>P/E</td><td>27.57</td></tr> <tr> <td>P/BV</td><td>9.56</td></tr> <tr> <td>ROE</td><td>18.28</td></tr> <tr> <td>ROCE (%)</td><td>14.06</td></tr> <tr> <td>Dividend Yield (%)</td><td>0.20</td></tr> <tr> <td>Debt - Equity</td><td>1.10</td></tr> </table>	EPS (Rs)	20.12	Book Value (Rs)	103.04	P/E	27.57	P/BV	9.56	ROE	18.28	ROCE (%)	14.06	Dividend Yield (%)	0.20	Debt - Equity	1.10
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<h4>Industry Overview</h4> <ul style="list-style-type: none"> •The global pharmaceutical market is estimated to be worth USD 1 trillion in 2013 is expected to be worth more than USD 1 trillion in 2014. It is expected to grow at a CAGR of 6% to reach USD 1.2 trillion by 2016 .This growth will be largely contributed by what is called the 'pharmerging' markets, generics and the biologics space. • However, The Indian Pharma Industry witnessed a slowdown in the last year due to implementation of new pricing policy and trade issues related thereto, but are expected to bounce back provided the macro-economic factors remain favorable. •The Indian Pharmaceuticals posted another healthy quarter driven by US and ROW markets, accompanied by growth in the sector supported by revival of domestic formulation market. •The US market continues to grow robustly as Indian pharmaceuticals players focus on niche launches and limited competition product portfolio. •The generic market in Japan is expected to grow by 30% - 35% by volumes till 2017 due to Government push for generics, with an expected \$7 bn opportunity creation for generic companies over next 3 years 	<h4>Highlights</h4> <table> <tr> <td>Debt (Rs Cr)</td><td>3,266.98</td></tr> <tr> <td>Reserves (Rs Crs)</td><td>2,956.16</td></tr> <tr> <td>FII Holdings (%)</td><td>34.71</td></tr> <tr> <td>MF Holdings (%)</td><td>2.27</td></tr> <tr> <td>Free Float Market Capitalization (Rs Cr)</td><td>14,412.45</td></tr> <tr> <td>Beta</td><td>0.23</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td>1,024,396</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td>16,763,116</td></tr> </table>	Debt (Rs Cr)	3,266.98	Reserves (Rs Crs)	2,956.16	FII Holdings (%)	34.71	MF Holdings (%)	2.27	Free Float Market Capitalization (Rs Cr)	14,412.45	Beta	0.23	Avg Volume Per day (no. of shares)	1,024,396	Avg Volume Per Month (no. of shares)	16,763,116
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<h4>Key Highlights</h4> <ul style="list-style-type: none"> •Glenmark has received final approval from USFDA for its oral contraceptive Levonorgestrel tablets, the generic version of Teva's Seasonale drug used for prevention of pregnancy in women. •The USFDA inspected the company's Baddi facilities and made 5 minor observations with no data integrity issues and serious deviations. 																	
<h4>Key Risks</h4> <ul style="list-style-type: none"> •Increase in competition in India and other markets could lead to pricing pressure driving down the margins. •Delay in product launches in US due to regulatory, competitive or other factors likely to negatively affect the earnings and profitability 																	

Financial Highlights

Income Statement (Annual)					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Net Sales	6,005.20	5,012.34	4,020.64	2,949.07	2,480.46
Operating Profit	1,090.77	1,009.99	714.35	592.28	619.56
Operating Profit Margin	18.16	20.15	17.77	20.08	24.98
Depreciation	216.8	127.01	97.88	94.68	120.61
Interest	181.95	155.75	137.66	160.46	164.02
Other Income	4.84	6.49	9.26	19.49	48.96
PBT	696.86	733.72	488.07	356.63	383.89
APAT	545.6	623	464.31	457.83	331.03
PAT Margin (%)	9.09	12.43	11.55	15.52	13.35
Earnings Per Share	20.12	23	17.16	16.94	12.27

Balance Sheet					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Equity Share Capital	27.12	27.09	27.05	27.03	26.98
Reserves and Surplus	2,956.16	2,735.94	1,598.96	1,238.12	2,328.25
Net Worth	2,983.28	2,763.03	2,401.63	2,037.24	2,355.23
Deferred Tax Liability :	-	-	-	-	-
Long Term Debt	2,781.98	2,288.12	1,999.93	620.25	241.41
Short Term Debt	485	0	0	0	1,627.98
Total Debt	3,266.98	2,288.12	1,999.93	620.25	1,869.39
Current Liabilities	874.61	982.44	436.56	241.67	228.41
Total Provisions	95.64	71.08	70.36	19.8	17.39
Total Liabilities	3,259.34	2,832.03	2,662.15	3,122.86	2,527.82
Gross Block	601.9	404.54	337.49	362.69	308.63
Net Fixed Assets	3,095.89	2,828.58	2,485.62	2,212.32	1,787.31
Investments	0	0	0	0	18.12
Current Assets	3,889.89	3,090.89	2,356.63	2,136.45	1,893.76
Deferred Tax Asset :	-	-	-	-	-
Receivables	2,156.34	1,640.05	1,243.61	1,130.81	1,078.28
Inventories	932.88	843.53	787.67	807.01	708.46
Cash	800.67	607.31	325.35	198.63	107.02
Total Assets	6,263.54	5,075.52	4,426.57	2,684.18	4,237.64

Income Statement (Quarterly)								
Particulars (Rs Cr)	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	1,753.79	1,692.11	1,671.53	1,477.82	1,681.74	1,601.22	1,463.01	1,237.88
Operating Profit	194.92	191.01	261.04	268.13	299.50	303.34	254.79	212.55
Operating Profit Margin	11.11	11.29	15.62	18.14	17.81	18.94	17.42	17.17
Depreciation	64.46	65.45	65.00	65.07	60.30	61.10	60.52	34.87
Interest	39.68	51.33	51.03	48.12	46.43	47.27	48.46	46.44
Other Income	0.33	2.13	0.97	3.46	(12.07)	5.08	13.40	3.34
PBT	177.59	151.01	220.16	232.61	262.82	261.68	220.10	169.80
APAT	10.59	114.76	165.00	184.90	43.41	214.33	157.30	130.56
PAT Margin (%)	0.60	6.78	9.87	12.51	2.58	13.39	10.75	10.55
Earnings Per Share	0.39	4.23	6.09	6.82	1.59	7.98	5.69	4.75

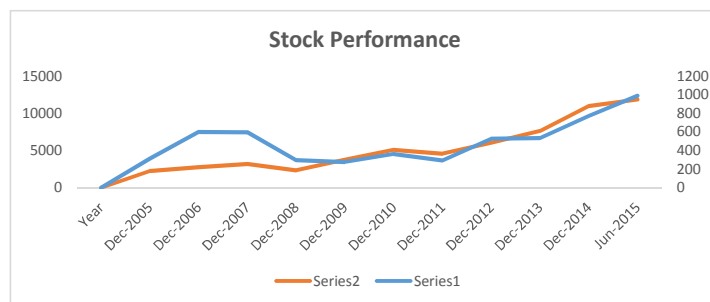


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	6,005.20	5,012.34	4,020.64	2,949.07	2,480.46
EBITDA Margins	%	18.16	20.15	17.77	20.08	24.98
PAT	Crs	545.60	623.00	464.31	457.83	331.03
PAT Margins	%	9.09	12.43	11.55	15.52	13.35
Revenue Growth	%	19.81	24.67	36.34	18.89	15.60
Operating Profit Growth	%	8.00	41.39	20.61	(4.40)	27.62
PAT Growth	%	(12.42)	34.18	1.42	38.30	71.10
Gearing	times	1.1	0.83	1.23	0.49	0.79
ROCE	%	14.06	17.6	14.22	24.15	12.96
ROE	%	18.28	22.54	28.31	36.18	13.77

Peer Comparison				
Particulars	Units	Glenmark	Divi's Labs	Lupin
Revenue	Rs Cr	6,005.20	2,532.25	8,939.38
EBITDA Margins	%	18.16	43.58	36.89
PAT	Rs Cr	545.60	719.72	2,331.18
PAT Margins	%	9.09	31.27	25.77
Gearing	%	1.10	0.01	0.07
EPS	Rs / Share	20.12	59.14	65.29
PE	times	27.57	28.59	34.09
P/BV	times	9.56	6.24	11.71
ROCE	%	14.06	35.84	49.36
ROE	%	18.28	23.72	33.40
EV/EBITDA	times	28.33	22.34	26.37

Stock Performance vis-a-vis Index

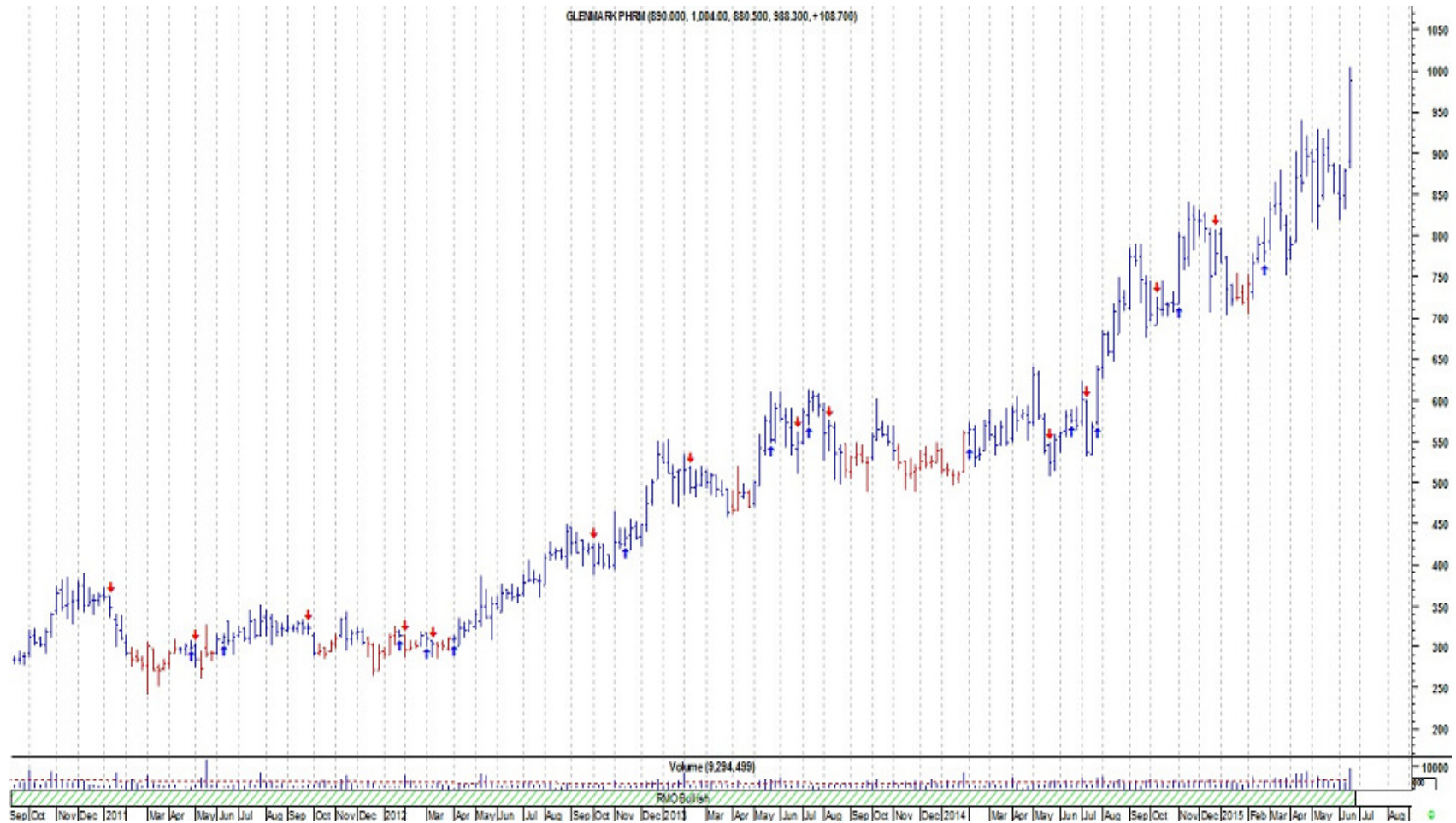
Particulars	Return	
	YTD	QTD
Glenmark Pharma	28%	25%
CNX Pharma	8%	-10%



Valuation Chart



Technical Outlook



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