Glenmark Pharma.

Glenmark Pharmaceuticals Limited (Glenmark) is engaged in discovery of new molecules both new chemical entities (NCEs) and new biological entities (NBEs). The Company earns mainly from three segments viz Formulations,Active Pharmaceuticals Ingredient (API) and Out licensing.

Glenmark's 3QF13 results were better than expectations on both revenues as well as net profit front, driven by strong underlying growth in domestic speciality business as well as overseas generics business. The dampener however has emerged from reported failure of Phase II results of Revamilast for treating Arthritis. This NCE molecule had potential peak sales of USD 2 Bn. The results of Revamilast Phase II for treating Arthritis are anyways not expected before Q2FY14. The core business shows healthy traction for now, as well as recent approvals of Crofemeler and Mupirocin Calcium Cream shows NCE/NBE initiatives yielding some results.

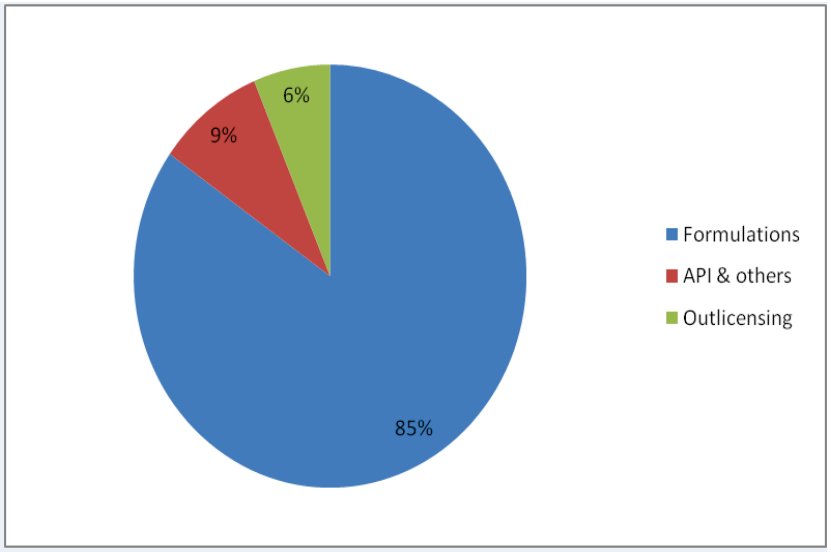
Company posted Q3FY13 consolidated revenues at Rs 1381 Cr up 34.3 % YoY.Company have recevied out licence income of Rs 49 Cr. Excluding out-licensing income received in the third quarter consolidated revenue for the third quarter grew by 32.24 %.Revenue from generic business came at Rs 580 Cr a growth of 33 % YoY.Speciality business grow by 34% YoY and its revenue for the quarter came at Rs 785 Cr.API which included under generic business has grown by 19 % YoY in this quarter to Rs 99 Cr. Operating EBITDA came at Rs 322 Cr for the quarter.The OPM came at 23.3 % which is up by more than 300 bps.The net profit for 3QFY13 came at Rs 215 Cr which is 62 % up YoY. The NPM for the company came at 16% for the quarter.

In the 3QFY13, Glenmark was granted approval of 2 ANDAs, comprised of one final, and one tentative approval. Final approval was granted for Rizatriptan benzoate immediate release tablets and tentative approval was granted for Telmisartan Tablets. The Company filed 5 ANDAs with the U.S. FDA in the third quarter. The total ANDAs filed with the USFDA for the first nine months is now 11.

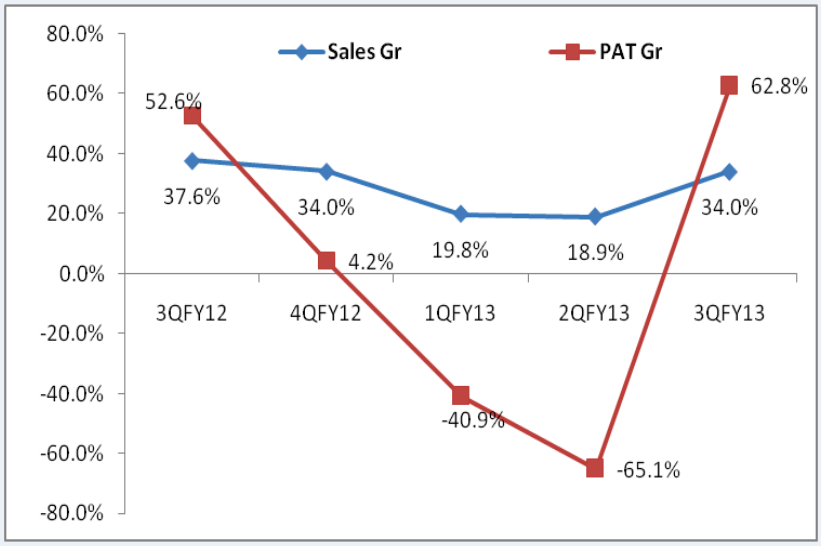
Glenmark's marketing portfolio through December 31, 2012 consists of 83 generic products authorized for distribution in the U.S. market. The Company currently has 46 applications pending in various stages of the approval process with the US FDA of which 18 are Paragraph IV applications.

Possible risks for the stock in near term could be data released on failure of Phase II results of Revamilast apart from forex loss on ECB. NCE and NBE failures can impact on investors return.

In wake of strong pipeline which can have strong earning capability along with optimistic management guidance and improving operating metrics company have good earning potential in mid to long term.At CMP of Rs 505, Glenamrk quotes at 19.5x FY14EPS, and we belive the risk-reward scenario is slightly unfavorable, considering its leveraged balance sheet. We turn NEUTRAL.



(Source: Company/Eastwind)



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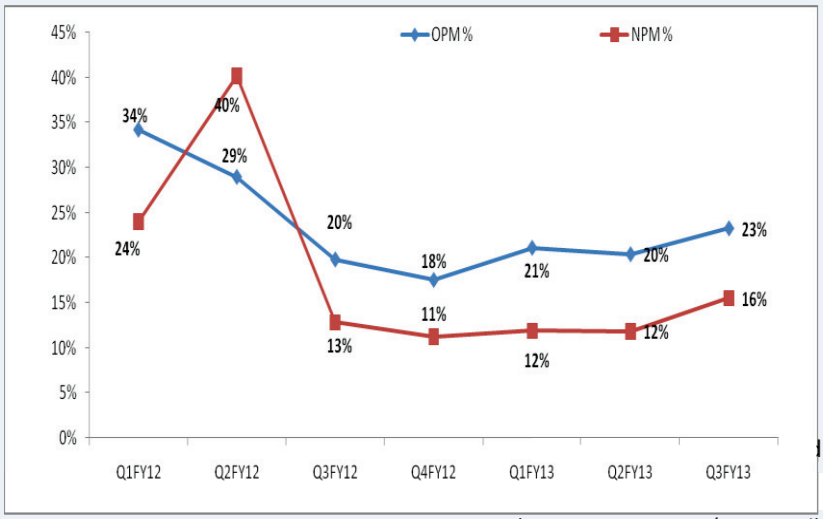

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