

Glenmark Pharmaceuticals

Price (Rs.)	290
Market Cap (Rs.Crs.)	7802.21
52 High / Low (Rs.)	389.78/230
Mcap/Sales	3.42
Book Value (Rs.)	65.61
BSE	532296
NSE	GLENMARK

Key Financials

(in Cr.)	201003	200903	% Chg
Revenues	2480.46	2086.48	18.88
Net Profit	331.03	193.47	71.10
EPS	12.2	7.66	59.27
Cash EPS	12.2	7.66	59.27
Equity	26.98	25.05	7.70
FV	1	1	0.00
PE	23.77	37.86	-37.21

Latest Quarterly

(in Cr.)	201012	201009	% Chg
Revenues	750.82	724.26	3.67
Net Profit	109.56	111.63	-1.85
EPS	3.99	4.06	-1.72
Cash EPS	5.33	5.41	-1.48
Equity	27.02	26.97	0.19
FV	1	1	0.00

Share Holding Pattern

	2010-Dec	2010-Sep	% Chg
Promoters	48.32	48.34	-0.04
Institutional investors	37.92	36.38	4.23
Public	10.83	11.7	-7.44
Others	2.93	3.58	-18.16



CMP:290 SL:275 TGT:330 HORIZON: 1-30 Days
Investment Rationale

Glenmark is a research driven, global, fully integrated pharma company.

Glenmark has received the final USFDA approval for generics Atovaquone and Proguanil. The drug is a generic equivalent of GSK's Malarone and is used for the treatment of malaria.

Glanmark has also made a para-IV filing for Malarone. After the out of the court settlement with GSK it will launch this drug in Q2FY12 and will also be able to enjoy the limited competition for a longer period as there are no other ANDA filing on this drug.

Company had got approvals for 19 new products last year and they will begin contributing significantly from coming quarters now.

The final decision on the generic version of Tarka is still pending, the major revenue contributor for the company last year. As the first to challenge the patent, Glenmark was expected to receive 6 months FTF-exclusivity if the judgment was favourable which will further strengthen the market share and add to the top line.

Demand from US is expected to grow going forward on the recovery and growth pick up in coming quarters given the recent product approvals (received 5 final and two tentative approvals in Q3FY11).

The improving business prospects and outlook for the company due to various ANDA and niche launches such as Oxycodone, Malarone and strong NCE pipeline expected in next 12 months is giving significant potential for growth.

Foreign institutions have increased their stake in the Dec'10 Quarter, shows confidence in the company.

Risks

Failure in development of NCEs and US recovery are the key concerns.

Technical Comments

The stock has formed a strong base by consolidating for the last 11 trading session around 280-295 levels. The stock looks very attractive in terms of risk reward calculation. On weekly chart it has taken strong support on the lower band of the channel indicating strong pullback from these levels is expected in near term. One can initiate long position with stop of 275 and target of 330 levels in coming days.