Emkay Research

17 March 2008

Glenmark Pharmaceuticals Ltd.

Initiating Coverage

Setting new benchmarks

BUY

Price	Target Price
Rs 449	**Rs 608**

Sensex - 14,809

Strong and productive R&D, increasing presence in the US generic markets and consistent out performance in the domestic formulations market have made Glenmark Pharma a cut above the rest. In order to further hone its focus, Glenmark recently announced a re-alignment of its business into two separate entities- Glenmark Pharma and Glenmark Generic. Glenmark Pharma is a play on innovative R&D, strong core business and potential value unlocking by re-organising the generic business and listing it separately. Well armed with 11 molecules in a short span of 6 years, Glenmark has surpassed its larger Indian peers in terms of delivery. Core revenues and PAT (excluding R&D income) grew by 43% and 88% over FY04-07 on the back of robust performance of its international formulation business. We expect Glenmark to report a 30% CAGR in revenues and 38.5% CAGR in earnings, driven by 31.3% CAGR in its core business (excluding R&D income). We initiate coverage on Glenmark with a BUY rating and a price target of Rs608, an upside of 35%.

Price Performance

(%)	1M	3M	6M	12M
Absolute	(10)	(22)	18	56
Rel. to Sensex	10	2	23	31

Source: Capitaline

Stock Details

Sector	Pharmaceuticals
Reuters	GLEN.BO
Bloomberg	GNP@IN
Equity Capital (Rs mn)	249
Face Value (Rs)	1
52 Week H/L (Rs)	624/285
Market Cap(Rs bn)	111.8
Daily Avg Volume (No of shares)	440949
Daily Avg Turnover (US$mn)	5.7

Shareholding Pattern (%)

Promoters	52.5
FII/NRI	27.3
Institutions	4.2
Private Corp.	2.3
Public	13.7

(31st Dec.'07)

Source: Capitaline

Manoj Garg
Research Analyst-Pharma
manoj.garg@emkayshare.com
+91-22-66121257

Restructuring to enhance focus

In order to ensure future growth momentum, Glenmark has decided to re-align its business into two different divisions ensuring greater focus on each division. In GPL, Glenmark's major focus would be to establish itself as a research based global specialty company while in GGL, the focus would be to become a global integrated generic company. To achieve this, the company plans to focus on building the required scale and size, concentrate on niche segments and expand the generic footprints in newer markets. We believe this initiative will allow Glenmark to take both the businesses to the next level of growth.

R&D efforts- Highly productive

Glenmark is the best play on innovative R&D, boasting of a highly productive molecule pipeline. In a short span of 6 years, the company has built up an interesting pipeline of 11 molecules (6 NCEs and 5 NBEs) along with one in-licensing molecule from Napo Pharma. On a $40mn R&D spend, Glenmark has already signed deals worth $831mn in fees, milestone payments and royalties on sales for three molecules i.e. Oglemilast, GRC 8200 and GRC 6211. Successful out-licensing of these molecules have resulted in significant cash flows ($117mn) as well as de-risked its R&D to some extent. Going forward, out-licensing deal for GRC 3886 for European markets, re-negotiation of GRC 8200 and one more NCE out-licensing deal can be the potential catalysts for the stock.

Strong traction in the core business

Glenmark has built up its core business aggressively, both in the regulated markets as well as semi-regulated markets on the back of aggressive filing of niche/ differentiated products. Glenmark's three pronged strategy of filing products through own, acquired or products under partnership has enabled its international business to grow at a CAGR of 135% over FY04-07. Going forward, we believe its core business (ex R&D income) to grow at a CAGR of 31.3% over FY07-10E on the back of 46.5% CAGR growth in GGL and 21.5% CAGR growth in its branded formulation business.

Valuation

We have valued the core business (excluding R&D business) on PE multiple, in view of it's healthy earning growth. At 17xFY10E EPS of Rs26.1, we value the core business at Rs444/share. We have used probability adjusted DCF method to value its three out-licensing molecules, as we believe that this is the best way to capture the increasing probability of success of the molecules as they progress. NPV of these three molecules works out to Rs164/ share, assuming 30-40% success rate. This takes the total valuation of the company to Rs608/share.

Financials

Year End	Net Sales (Rs mn)	EBIDTA Core	EBIDTA (%)	PAT (Rs mn)	EPS (Rs)	ROE (%)	P/E (x)	EV/ EBIDTA (X)	P/BV (x)	Div. Yld (%)
FY07	12220	4262	34.9	3083	12.2	58.3	38.9	19.4	16.6	0.08
FY08E	18484	7357	39.8	5548	21.9	48.1	21.6	17.2	7.4	0.08
FY09E	22399	8601	38.4	6606	26.1	34.0	18.1	14.5	5.3	0.08
FY10E	27019	10159	37.6	8195	32.4	30.7	14.6	12.0	3.9	0.08

Company Overview

Glenmark's R&D efforts have been extremely productive

Glenmark Pharmaceuticals is one of the most successful research focused pharmaceutical companies, with a business model spanning drug discovery research, APIs and formulations in the domestic and international markets. Glenmark's R&D efforts have been extremely productive. With a modest investment of approximately. $40mn cumulative in R&D since 2002, Glenmark has received $117mn as license fees for three out-licensing molecules. Royalties on sales will be additional if the molecule is commercially successful. Similarly, even though Glenmark was a late entrant into the US market as compared to its peers, it has ramped up its US generic business very aggressively. Within four years of its operations in the US markets, Glenmark is well set to cross the $100mn milestone on the back of aggressive filing and strategic partnership route for niche products. Currently, the international business contributes 60% of sales, while domestic contributes 40% of sales.

Glenmark has recently re-aligned its businesses to hone its focus

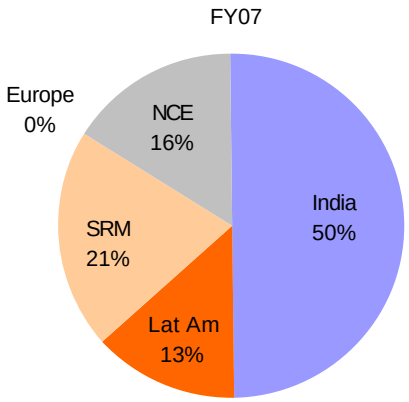
In order to ensure better focus and scale up both the businesses (generic as well as specialty), Glenmark has recently re-organised its business into two separate entities-

Glenmark Pharma Ltd - For NCE and Branded Generic Business

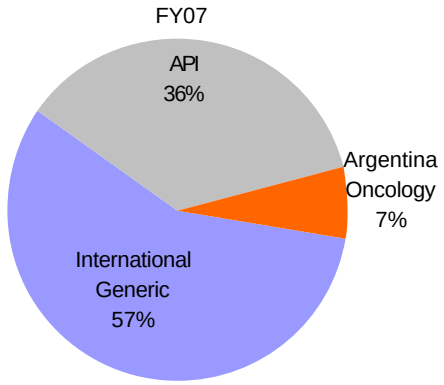
Glenmark Generic Limited (a 100% subsidiary) - for non branded generic business - planning to list in Q1FY09 - will not dilute more than 30% through a fresh issue

Revenue Break up

Glenmark Pharma



Glenmark Generic



Source: Emkay research ,Company

Key financials (Rs Mn) - GPL

Rs Mn	2007	2008E	2009E	2010E	CAGR (07-10E)
Sales	8636	11959	13565	15255	21%
EBIDTA	2720	4348	4855	5463	26%
EBIDTA%	31%	36%	36%	36%	
PAT	1978	3395	3820	4458	31%
PAT (%)	23%	28%	28%	29%	

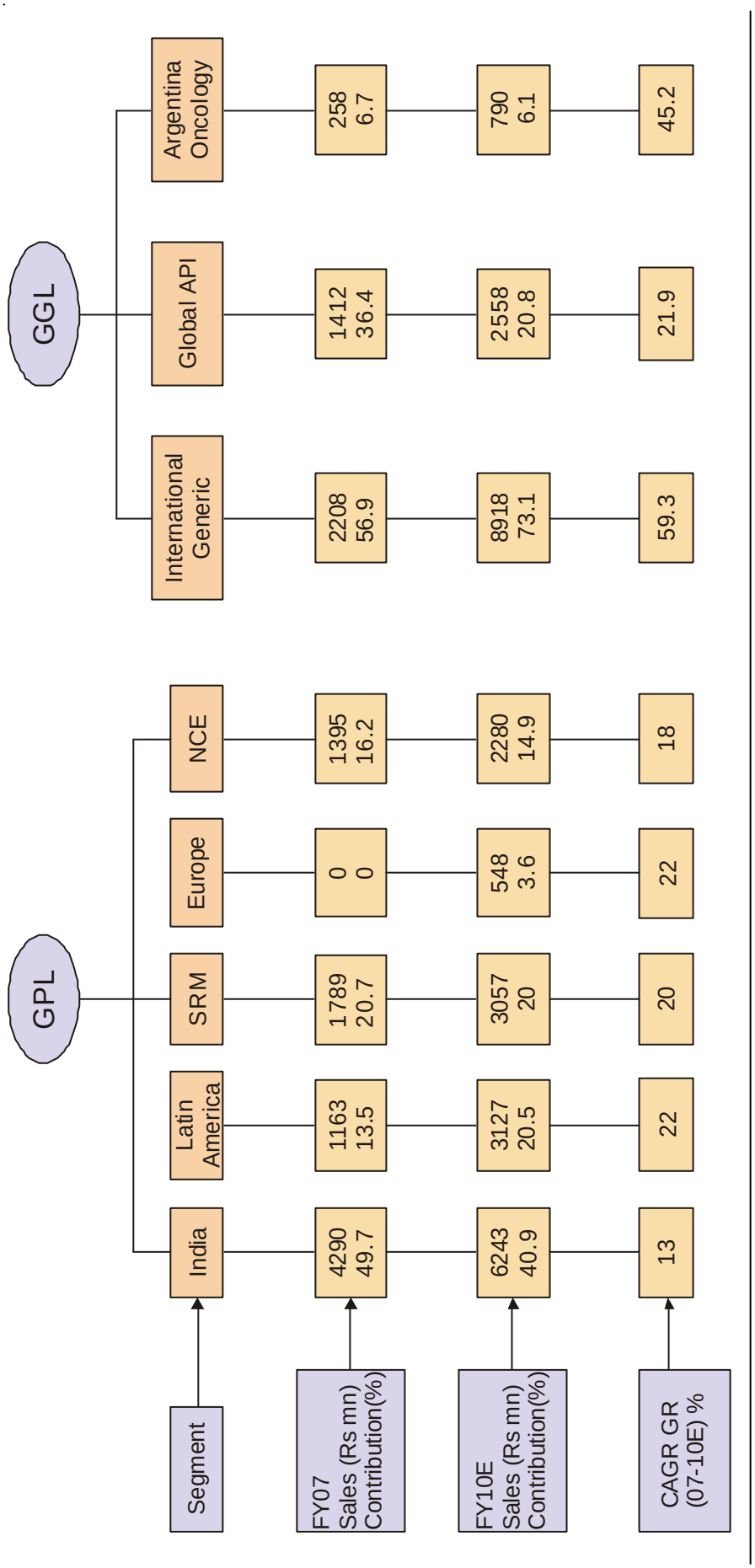
Source: Emkay research

Key financials (Rs Mn) - GGL

Rs Mn	2007	2008E	2009E	2010E	CAGR (07-10E)
Sales	3878	6891	9275	12265	47%
EBIDTA	1542	3008	3747	4696	45%
EBIDTA%	40%	44%	41%	39%	
PAT	1104	2153	2786	3737	50%
PAT (%)	28%	31%	30%	31%	

Source: Emkay research

Business Flow Chart



Source: Emkay research

Investment Argument

Innovative split - strategically sound

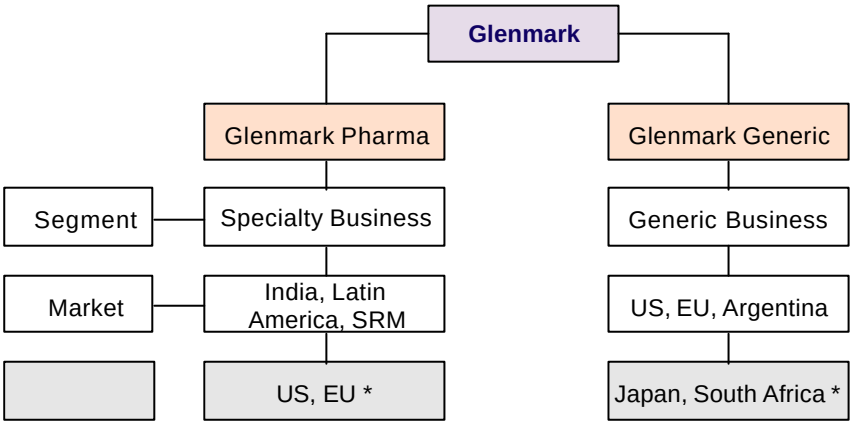
We believe the re-alignment will enhance the intrinsic business value

Glenmark has re-aligned its business into two segments ~ specialty (NCE R&D/ Branded formulations) and Generic (non branded formulations and APIs), in order to ensure better focus on both areas. Glenmark Pharma (GPL) will have the Specialty portfolio and Glenmark Generic (GGL) will have the generic business of US, EU and oncology business of Argentina as well as APIs division. We believe this innovative split is likely to result in a sharper focus on both the businesses- which have attained critical mass and are completely diverse in nature. We believe that this realignment of its core business into two separate entities is likely to ensure greater focus and freedom to each division, ensuring faster growth. We expect this to further enhance the intrinsic business value and subsequently, the market value for the stakeholders.

Glenmark has chalked out a detailed plan to aggressively develop both the businesses

Glenmark has chalked out a detailed plan to aggressively develop both its businesses. In GPL, Glenmark's major focus would be to establish itself as a research based global specialty company, develop and license NCEs and biologics, build and acquire front end marketing capabilities in both regulated as well as in semi regulated markets. For this, the company plans to bring at least 2 proprietary molecules in the market by 2015 and also acquire/ in-license late stage novel pipeline for the regulated markets. However in GGL, its major focus would be to build scale, focus on niche/ differentiated generics and expand generic footprint into newer markets of Japan and South Africa.

Business Re-organisation



Source: Emkay research

** Yet to Start*

Growth Plan

Glenmark Pharma Limited	Glenmark Generics Limited
❖ Develop & license NCE and Biologics ❖ Bring 2 novel drugs into clinics annually ❖ Establish front end marketing capabilities across the globe through organic and in-organic initiatives ❖ Focus on niche/ differentiated branded generics for short-medium growth	❖ Develop & launch >25 ANDAs, >10 MAAs and >20 APIs ❖ Expand generic presence in the key markets of Japan & South Africa ❖ Launch of niche generics in derma/ controlled substances ❖ Acquisition to build scale ❖ File XRs & Para IVs (2-3 every year)

Glenmark Pharma Ltd- a specialty play

R&D efforts- Potential value driver

Despite a modest investment of $40mn, Glenmark has surpassed its Indian peers in terms of delivery

Right from 2001, Glenmark has focused aggressively on drug discovery research, which has resulted in a strong pipeline of 11 molecules (three in phase II), ~ 6 NCEs and 5 NBEs (Biological molecule). Asthma, diabetes/ obesity, inflammatory conditions and central nervous system (CNS) are the most focused areas of research. Despite a modest $40mn cumulative R&D spends, Glenmark has surpassed its larger Indian peers in terms of delivery. So far, Glenmark has signed deals worth $831mn in fees, milestone payments and royalties on sales for three molecules (Oglemilast, GRC 8200 & GRC 6211). However one of its partners, Merck Serono, to whom it had out-licensed GRC 8200 for $238mn, recently announced its plan to curtail focus on diabetes, resulting in the molecule being returned back to Glenmark. The company has said categorically that it will not affect the long term development plan for the molecule and they will soon find another partner for future development.

In our view, the management's focused approach to this high risk activity and its ability to extract maximum value from its intellectual assets set Glenmark apart from other Indian companies in the drug discovery space.

We are highly impressed by Glenmark's R&D progress in a short span of 6 years. We believe that the knowledge and skills that Glenmark has acquired over all these years in NCE research will reap huge dividends going forward, irrespective of the fate of the individual molecule.

Oglemilast: NPV - Rs 80.1/Per Share

Oglemilast is one of the key molecules for Glenmark. In 2004, Glenmark had out-licensed this molecule to Forest Labs for further development and launch in the US market for a total consideration of $190mn milestone payment and 15% royalty on sales. Oglemilast has completed Ph IIA trials and we expect Forest Labs to initiate Phase IIb clinical trials following the complete clearance (approval) of all major FDA queries. Glenmark has recently received $15mn as milestone payment from Forest Labs, which was delayed on account of the queries raised by FDA to its partner Forest Labs. This approval enhances the probability of a successful launch. We have built in a 40% probability of launch into our risk adjusted discounted cash flow model for valuing this opportunity. We value Oglemilast at Rs80.1/share.

a) Glenmark has licensed Oglemilast to Forest Labs for $190mn (For US market) on staggered milestone in Sep-04. So far it has received $35mn from Forest Labs; Royalty will be 15% of sales in the US market.

b) It has entered into a similar agreement with Teijin Pharma for the Japanese markets in a deal worth $53mn. It has received $6mn so far. Royalty will be 25% of sales in Japan market.

c) Possible out licensing deal for European market over the next 12 months (approx. deal size- $150mn).

GRC 8200: NPV - Rs 27.4/Per Share

Glenmark had out-licensed this molecule to Merck KGaA (Merck Serono) of Germany in Oct 06 to develop, register and commercialise in US, Europe and Japan. The total deal size was Euro190mn ($238mn) and it received Euro25mn ($31mn) as an up-front payment. However, Merck decided to return the above molecule back to Glenmark, post their decision to curtail focus on diabetes. Glenmark management has confirmed that this will

not affect the long term development program for the molecule and they are evaluating various options for the same. We expect the deal to undergo renegotiation with another partner at a better price than Merck, because now the drug is in an advanced stage of development. The drug has entered advanced Phase II clinical trials and we expect the tentative date for launch of GRC 8200 somewhere in 2012/13. Assuming that the product completes Phase II trials successfully over the next year, we estimate NPV impact of Rs27.4/ share for Glenmark (assuming global peak sales of $900mn in 2017, 30% probability)

GRC 6211: NPV - Rs 56.6/Per Share

Glenmark out-licensed this molecule to Eli Lilly. The deal size was $350mn and it received an up-front payment of $45mn. As per the deal, Lilly will have marketing rights for North America, Europe and Japan. Glenmark has retained the marketing rights for the rest of the world, including the co-promotion rights for the US market. The molecule is currently in Phase II trials and Lilly will bear the cost of further development and clinical trials. The risk adjusted NPV of this molecule is Rs56.6/ per share.

NPV of R&D assets

Molecule	Peak Sales ($mn)	Probability	Estimated year of Launch	NPV $mn
Oglemilast (GRC 3886)	2000	40%	2013	519
Melogliptin (GRC 8200)	900	30%	2013	177
GRC 6211	2000	40%	2013	367
Total				**1063**

Biologics Research: The future building block

Biological markets are growing at a much faster pace within total pharmaceutical market

Biological drugs currently account for 10% ($60bn) of the total global pharmaceutical markets and are growing at a much faster pace within the total pharmaceutical market. Many big pharmaceutical companies are now focusing on bio-pharmaceuticals for future growth, as the NCE pipeline for these companies is getting weaker. In order to diversify its research program, Glenmark set-up a dedicated research centre in Switzerland in 2004. Currently, 25 scientists are working in this facility. Moreover, to speed up the process of biological research, Glenmark entered into an agreement with Dyax in March 2007. As per the agreement, Dyax will do the funded research on three targets provided by Glenmark in the areas of oncology and inflammation. Glenmark will own the products and marketing rights while Dyax will receive technology license fees and full time employment payment from Glenmark for the funded research. Dyax will also receive clinical milestone payments and royalties on sales, resulting from Glenmark's development and commercialization of antibodies from Dyax's libraries.

Glenmark expects three NBEs to come out of this collaboration. Glenmark expects first lead to enter clinics by 2009 and the other two in 2010. Glenmark has also in-licensed Napo Pharma's NCE, Crofelemer for which it has got exclusive development, manufacturing and marketing rights for 140 countries including India.

Key Triggers to watch for Glenmark R&D

- Out-licensing of GRC 3886 for the EU territory
- Outcome of GRC 3886 Phase IIb results
- Re-negotiation for out-licensing of GRC 8200
- Potential out-licensing deal for one more NCE

Snapshot of Glenmark's Research Pipeline

Lead	Phase	Target	Therapeutic area	Status	Remark
GRC 3886 (Oglemilast)	II	PDE IV	Asthma, COPD	Completed Phase II A trials. Recently, USFDA has given a favorable response to Forest Labs (Glenmark's partner for GRC 3886) to conduct additional Ph IIb trials in COPD, which is expected to be initiated shortly by Forest Labs. Received $35mn milestone from Forest; $6mn from Teijin Pharma for Japan market. Possible out-licensing deal for EU region in next 10-12 months	Asthma/ COPD market will increase by 35% to over $18bn by 2011. As per WHO, COPD will be the third leading cause of death in the world (fifth leading at present) by 2020. PDE IV inhibitors are a major focus area for global pharma R&D. It's important to note that this is a class where big pharma companies, like GSK (Cilomilast) and Pfizer (Roflumilast), have failed till date and that too, in the later stages of development. We believe that the Phase II trial result would be an important trigger for the stock. We see 40% probability of success of this molecule as it has shown excellent safety and tolerability (did not induce nausea at high doses) - a side effect that has impacted other agents in this class.
GRC 8200 Melogliptin	II	DPP IV	Type-2 diabetes	Phase II clinical trials in progress. Merck has recently announced plans to curtail focus on diabetes. Management has indicated that it will not affect the long term development plan of the molecule & the company is evaluating various options for the same. We expect re-negotiation of the deal with another partner over the next 12 months	The current market size for Type-2 diabetes drugs globally is $21bn (2006). While the therapeutic segment is very attractive and exciting, there is stiff competition in this area with many big pharma companies. Merck's Januvia, (Sitagliptin) has recorded revenues of $668mn in 2007 (first year of launch) and is expected to touch $2bn by 2011. Novartis' Galvus (Vildagliptin) has received approval status from USFDA in Feb'07 but it has not been approved yet. BMS & AstraZeneca are working on Saxagliptin which is in Phase III trials. Recently, Takeda has also submitted a NDA to the USFDA for Alogliptin belonging to the same class. Thus, there could be a number of DPP-IV inhibitors out in the market much before Glenmark's GRC 8200. Keeping this in mind, we have estimated global peak sale of $900mn in FY17E + 15% royalty on sales - Probability of launch ~ 30%.
GRC 6211	II	VR I	Osteoarthritis Dental Pain Incontinence Neuropathic Pain	Recently out-licensed to Eli Lilly for a total consideration of $260mn as development and milestone payment + royalty on successful commercialization and $90mn additional milestone for successful development of other indications. Lilly will have marketing rights for NA, EU & Japan, while Glenmark will have co-promotion rights in the US apart from the marketing rights in ROW.	Exciting target - huge potential. Currently, Merck's licensed compound Neurogen (Ph II) and Pfizer's in-licensed compound Renovis (Pre-clinical stage) are the only two molecules in this category. Glenmark molecule would be an early launch in this class. Global peak sales of $2bn in FY2018. Probability of launch ~ 40%
GRC 4039	I	PDE IV	Rheumatoid Arthritis (RA), Inflammation, Multiple Sclerosis	Void exists in RA treatment after COX-2s withdrawal. Potential block buster candidate	
GRC 10693	Ph I planned in Q1FY09	CB 2	Neuropathic Pain, RA, Osteoarthritis	Exciting target; Glenmark could be an early launcher with an oral CB2 agonist. Currently, Pharmos has an iv compound in Ph II and GSK has an oral compound in Ph II. Potential out-licensing candidate. Currently, in discussion with several big pharma companies for potential licensing.	
GRC 10801	Ph I planned in Q1FY09	CB 1	Obesity	Glenmark's lead target profile will differentiate it out on aspects of safety and drug metabolism from Rimonabant (Sanofi-Aventis) - which is already approved in EU.	
Biologics Programs					
Five Biologics Programs		Biologics	Acute Multiple Sclerosis; acute stroke/ coronary syndrome	First lead in clinics in FY2009. Three compounds at discovery stage undergoing development at Dyax Corporation.	

Snapshot of Glenmark's Research Pipeline (Contd...)

Lead	Phase	Target	Therapeutic area	Status	Remark
In- Licensing from Napo Pharma					
Crofelemer	Ph III/ Ph II		AIDS diarrhea, infectious diarrhea and pediatric diarrhea	Development, commercialization rights. Glenmark will manufacture and market in 140 countries including India. Glenmark will pay royalty in early teens on sales. Company expects this molecule to be launched in India by FY09E.	

Source: Emkay research, Industry, Company

Core branded business- gaining traction

Domestic formulation: Steady growth ahead

We expect domestic formulation revenues to grow at a CAGR of 13% over FY07-10E

In branded formulation segment, India is a key market for Glenmark. In FY07, revenues from the domestic formulation business were 56% of the total branded formulation revenues and grew by 22% vs. 15.8% of Pharma industry growth (ORG-IMS Feb-07). Currently, it has 9 marketing divisions with a total field force of over 2000. 60% of the domestic formulation revenues come from dermatology, respiratory and anti-infective segments.

Glenmark is among the top three companies in the dermatology segment and has started focusing on chronic therapeutic areas to tap the growing demand. In order to further strengthen its presence in the domestic market, the company is focusing on launching of 35+ differentiated branded generics and in-licensing opportunities to market niche products exclusively. It is planning to launch 2 new specialty divisions to strengthen its presence in the chronic segment. We believe all these initiatives will result in a 13% CAGR growth over FY07-10E to Rs6243mn in FY10E.

Latin America: Formulation business- CAGR of 39% over FY07-10E

In FY07, Latin American markets grew by 52%

Glenmark has built strong franchises in the $7bn Brazilian market through organic and inorganic initiatives. In FY07, it recorded sales of Rs1163mn with a growth of 52.1%. Right from the beginning, Glenmark has expanded its operations very aggressively with focus on building brands in the therapeutic areas of dermatology, gynecology & respiratory. Currently, it markets 37 products through a field force of 150 people and has filed 94 dossiers. Going forward, its focus would be to consolidate its presence in 10 high growth markets and build focus brands. We expect the company to report Rs3127mn in FY10E, with a CAGR of 39% over FY07-10E.

Semi- regulated markets: gaining momentum

Focus would be to build key priority brands in the Semi Regulated Markets

In 9MFY08, Glenmark reported sales of Rs1513mn, a growth of 13.4% over 9MFY07, driven by strong growth in Russia and Africa. In FY07, SRM markets grew by 69.4% to Rs1789mn. Glenmark has a very strong pipeline of more than 100 products and approval of over 500 products across 50 markets covering CIS, SE Asia and African continents. These markets offer good margins because the focus is on branded formulations, where margins are relatively high. Glenmark has a strong field force of over 300 people, whose focus is to build brands in key therapeutic areas. Going forward, the company has decided to consolidate its position in the key markets of Russia and South Africa through building key brands. We expect sales to grow at a CAGR of 20% over FY07-10E to Rs3057mn in FY10E.

Regulated markets- To build front end to market specialty products

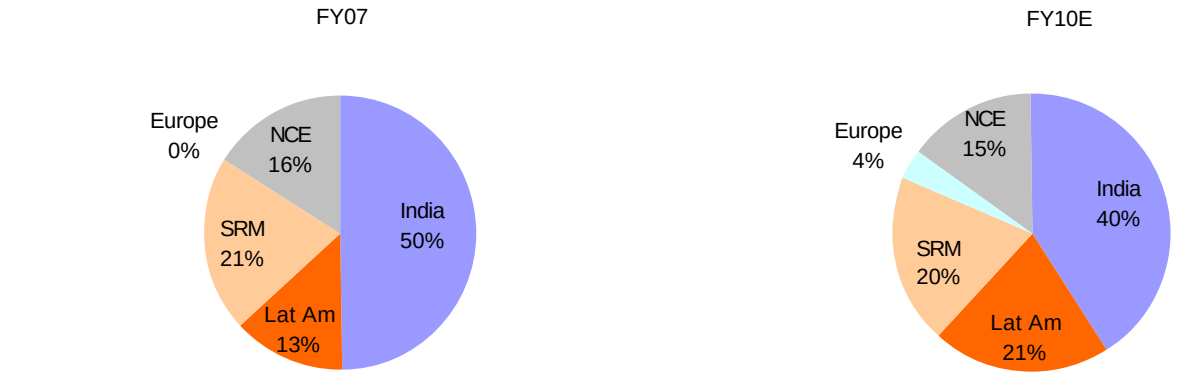
Going forward, focus will be to build or acquire front end marketing capabilities for specialty products

In order to establish itself as a global specialty company, Glenmark has chalked out a detailed action plan for long term growth. By 2015, the company is planning to launch two proprietary drugs globally. The management has also indicated that they will actively look for in-licensing opportunities to build late stage pipelines in order to establish specialty business in the US market. Glenmark will also develop its front end marketing capabili-

ties in the regulated markets through organic and in-organic initiatives. We have not factored any revenue from its US specialty business (Branded formulation) as we believe that these initiatives will take some time before they start contributing (beyond FY10).

In Europe, Glenmark has acquired Medicament, a manufacturing and marketing company in Czech Republic. In 9MFY08, it has recorded revenues of Rs285mn. Management has indicated that they will acquire 2-3 small companies in EU region in order to build front end marketing capabilities. In the medium term, Glenmark plans to focus on niche products to build up scale in Europe. We expect its EU business to grow at a CAGR of 22% FY08-10E to Rs548mn.

Glenmark Pharma - Revenue Break up



Source: Emkay research ,Company

Glenmark Generic - a pure generic play

Glenmark's generic business has been growing in leaps and bounds

Glenmark's generic business has been growing in leaps and bounds esp. in the US market. Glenmark has reported a significant growth in revenues from non branded generic business. For FY07, its generic business grew by 149.7% to Rs3878mn. Going forward; we expect this business to grow at a CAGR of 46.5% over FY07-10E on the back of strong growth in the US generic business, entry into the European markets and building the oncology business out of Argentina operations. Moreover, its generic business with 28.5% NPM margins, is the highest amongst global generic companies.

US operations- Key growth driver

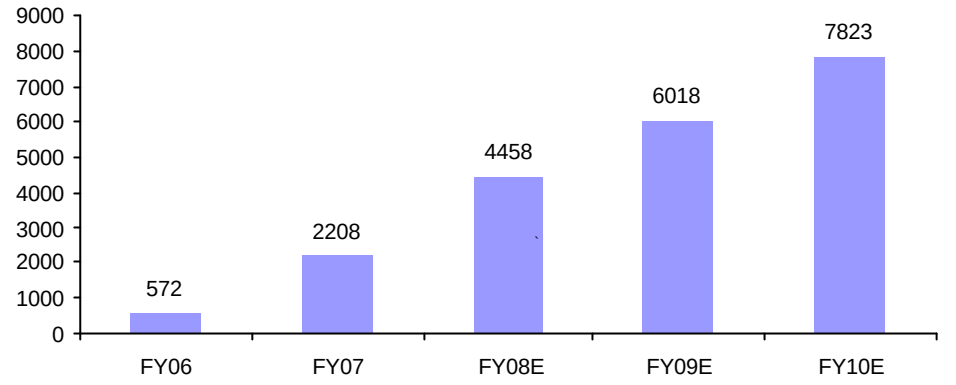
Glenmark has adopted a three pronged strategy to build its US business.

Glenmark has built a very strong business in the US market and achieved the $100mn sales milestone within 4 years of operation. Glenmark has adopted a three-pronged strategy- own products, acquired products and products under partnership- to garner pace and size in the US generic business.

Glenmark's US business has grown five fold over FY05-07 and we expect this business to grow at a CAGR of 52.5% over FY07-10E to Rs7823mn in FY10E. This is likely to be driven by the launch of 35 ANDAs pending approval, 6 in-licensed controlled substance products and impact of 20+ additional filings with Shasun and Invagen.

Glenmark has ramped up its US business very aggressively

US sales progress



Source: Emkay research

Strategic partnership details

Company	No of Products	Glenmark's role	Patner's role	Market size	Date of agreement	Launch date
Lehigh Valley Technologies (LVT)	7(controlled substances)	Market in US	Develop, Manufacture	$2.8bn*	Dec-06	CY 2007
Shasun & Invagen	20	Market in US	Develop, Manufacture	$8bn	Mar/ Dec'05	Mar 06
Paul Capital partners**	16 (dermatology)	Develop manufacture and market in US	Fund product development	$1bn*	June 06	CY 2007- first launch
Aspen/ LVT	5(controlled substances)	Market in US	Develop, Manufacture	$90mn*	May 06	Aug 06

* *Limited competition*

** *Paul will Invest $27mn in two years; Glenmark will pay royalty on net sales to Paul; All 16 molecules are expected to be launched over the next 5 years*

Going forward, focus would be to launch differentiated products in the market

Focus on differentiated products

In order to further scale up its business in the US, Glenmark is focusing on the niche generic space such as FTFs, XRs, dermatology, controlled substance & NDDS products. We believe these initiatives will enable Glenmark to protect its margins in the highly competitive US market. The company aims to file additional 100 products by FY10E (vs 39 filings in FY07) , out of which 93 products would be differentiated products compared to 10 in FY07.

Glenmark has FTF position on three ANDAs- Zetia (ezetimibe), Strattera (atmoxitine) and Clarinex (disloratidine).

Interesting pipeline for US market

Products	Till FY07	FY08E	FY09E	FY10E	Total
Para IV (First to File)	3	3	3	3	12
XRs	1	5	10	10	26
Dermatology	2	8	8	8	26
Controlled Substances	4	0	4	4	12
Other Niche Generics		3	7	7	17
Other Generic Fillings	29	3	4	4	40
Total	39	22	36	36	133

Foray into European markets- just the beginning

Glenmark is replicating its successful US strategy in the European Markets too

Glenmark is replicating its successful US strategy for the European markets too. In 2006, Glenmark signed a joint development and marketing deal with Mylan (Merck generics) for eight dermatology products for the European market. The current market size for these products is about $225mn. Glenmark has also signed 5 supply deals with leading EU companies. Currently, it has filed 4 dossiers (MAAs) in Europe and plans to file 30 products by 2010, mainly in the niche generic space. Moreover post realignment, Glenmark generic will focus on acquiring small generic companies in Western Europe to develop the front end marketing capabilities. We believe that though European business size is small, it offers attractive opportunities for the company, going ahead. We expect this business to grow at a CAGR of 84.9% over FY08-10E to Rs1094mn.

Argentina: an oncology hub

Argentina is likely to be an oncology hub for the company

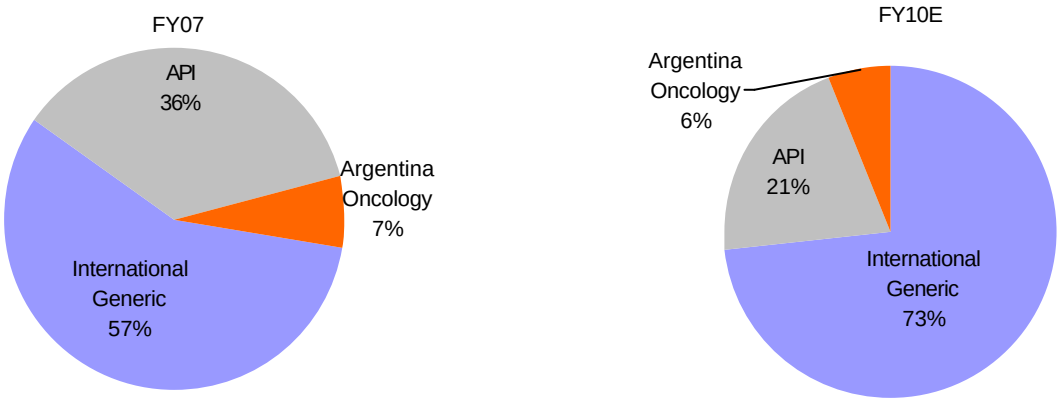
Glenmark acquired Servycal in Argentina in Oct 2005 (for an undisclosed sum) for expanding its presence in the South American markets. Servycal's focus is on the oncology segment and under the new structure; Glenmark has decided to use Argentina as a hub to spread its oncology business across the globe. In 2007, the company received its oncology products approval in 15 countries across Latin America, CIS, South Africa and Asia Pacific region. Glenmark is also planning to initiate oncology filing through this division in the regulated markets. In 2007, this division has contributed Rs258mn and going forward, we expect it to grow at a CAGR of 42% over FY08-10E to Rs739mn in FY10E.

API: Regulated markets - The key to growth

In order to build its API business, Glenmark is focusing on the regulated markets

Glenmark's focus on regulated markets and aggressive filings of DMFs in US and EU has led to a 43% growth for its API division in 9MFY08. Currently, export contributes around 54% of its total API revenues (FY07) and the company has planned to file 12-14 US DMFs in 2008. Going forward, the major focus of the company would be to develop and file 15 APIs annually for the regulated markets. In order to protect margins in the highly competitive generic market, the company's focus would be to file ANDAs backed by their own raw material. We expect this division to grow at a CAGR of 21.6% to Rs2541mn in FY10E.

Glenmark Generic - Revenue Break up



Source: Emkay research ,Company

SWOT Analysis of Glenmark Pharmaceuticals

Strength

- Extremely productive R&D efforts. Strong NCE pipeline with three compounds in Phase II clinical trials
- Received licensing fees of $117mn for three molecules
- Built-up skills in NCE research over last 6 years
- One of the fastest growing companies in the sector (CAGR growth 31% over FY04-07 vs. 22% for the sector)
- RoCE and RoE in excess of 30%
- Built-up strong franchises in the US generic market in a short duration
- Strong pipeline of ANDAs with focus on niche therapies

Weakness

- Negative free cash flow of about Rs7bn from FY04-07, primarily because of aggressive capex between 2005-07 (Rs7.8bn)
- Currency appreciation as export contributes 55% of Glenmark's revenues (excluding license fees)
- Negligible presence in the European markets
- High margin and fast growing life style segment contributes just 1/5 of its total domestic revenues

Glenmark Pharmaceuticals Ltd.

Opportunity

- Innovative restructuring will enable Glenmark to build both the businesses
- Likely out-licensing deal for Oglemilast for European markets
- Re-negotiation of GRC-8200 with another partners
- Focus on Biologics research ~ huge potential going forward
- A pipeline of 11 compounds comprising of 6 NCEs and 5 NBEs
- Entry into the regulated markets through R&D products can provide huge upside going forward

Threat

- Risk of failure/ delays in NCE research
- Acquisition and integration risk
- Pricing pressure in the regulated generic markets
- Execution risk in the base business

Source: Emkay research

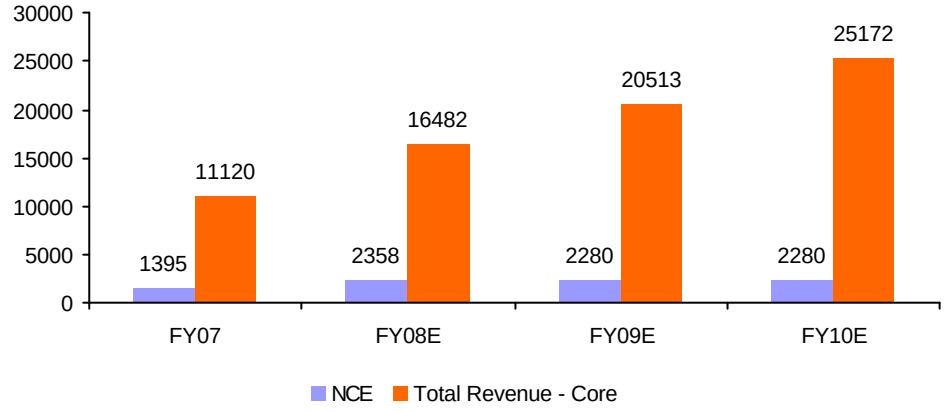
Financial Performance

We expect revenues and earnings to grow at a CAGR of 30% and 38.5% respectively over FY07-10E

We expect a 30.3% CAGR in Glenmark's revenues and a 38.5% CAGR in earnings over FY07-10E, driven by 46.5% CAGR growth in its generic business (GGL) and 21% CAGR growth in specialty business (including NCE research). The growth in GGL is driven by strong momentum in its US generic business, which we expect to grow at a CAGR of 52.5% to Rs7823mn in FY10E. Core branded business (ex- NCE research) is expected to grow at a CAGR of 21.5% over FY07-10E on the back of increased tractions in Latin American markets and consistent growth in Domestic formulation (CAGR growth 13%) segment. We have factored out-licensing revenue at $60mn (15% discount to managements guidance) each for FY08E, FY09E and FY10E respectively.

Core EBIDTA margins are expected to expand by 520 bps to 32.9% on the back of superior margins in its US generic business (because of 180 days exclusivity in FY08) and increased margins from the specialty business. We expect the company's core NPM to expand by 530bps to 29.9% by FY10E. We expect return ratios for Glenmark in excess of 30% despite increase in net worth. We expect Glenmark to report a free cash flow of Rs1195mn in FY08E.

Consistent Revenue Growth



Source: Emkay research

Strong 9MFY08 result

Glenmark has reported robust numbers for 9MFY08

Glenmark has reported a strong set of 9MFY08 numbers. Revenues grew by 62% to Rs14.05bn. In the first 9M of FY08, its generic business grew by 105% to Rs5.29bn, driven by 162% growth in its US generic business. During the 3rd quarter, it enjoyed 180 days shared exclusivity for oxcarbazepine, where it has captured 50% market share (Rs1150mn contribution in 3 months). Its specialty business (ex-NCE income) grew by 45% to Rs7.19bn, on the back of 178% growth in Latin American markets. EBIDTA margins during the period expanded by 350 bps to 41.2% because of higher margin in the US market. PAT grew by 66.3% to Rs4.12bn. NPM improved by 150 bps to 29.3% in 9MFY08. FDEPS for 9MFY08 was Rs16 (growth of 66.3%).

Quaterly income statement

Income Statement Rs mn	Q308	Q307	Gr (YoY)	Q207	Gr (QoQ)	9MFY08	9MFY07	Gr
Cons. Sales	6794	4380	55.1%	3749	81.2%	14,056	8,679	62.0%
NCE	1640	1364		0		1793	1395	28.5%
Core Sales	5154	3016	70.9%	3749		12,264	7,284	68.4%
Total Expenditure	3205	2052	56.2%	2565	25.0%	8,259	5,409	52.7%
Ebidta- Cons.	3589	2328	54.2%	1184	203.1%	5798	3270	77.3%
Ebidta margins (%)	52.8	53.1	(50) bps	31.6		41.2	37.7	350 bps
Interest	175	100	74.7%	158	10.9%	477	257	85.5%
Depreciation	169	119	42.4%	162	4.1%	474	303	56.6%
Other Income	27	31	-11.1%	53	-48.4%	105	84	24.8%
PBT	3272	2140	52.9%	969	237.6%	4,951	2,794	77.2%
Tax	472	250	88.8%	165	185.6%	828	316	162.5%
Tax- %	14.4	11.7	23.5%	17.0	-15.4%	16.7	11.3	48.1%
Reported Profit After Tax	2800	1890	48.2%	751	272.7%	4123	2479	66.3%
Adjusted PAT- Cons	2800	1890	48.2%	751	272.7%	4123	2479	66.3%

Source: Emkay research

We expect core business to grow by 30.3% driven by 46.5% CAGR in GGL and 21% CAGR in GPL.

Robust sales growth

We expect a 30.3% CAGR in Glenmark's consolidated revenues over FY07-10E to Rs27.01bn. We expect its core business (ex-NCE income) to grow at a CAGR of 31.3% over FY07-10E driven by 46.5% CAGR growth in its generic business and 21.5% CAGR growth in its specialty business (ex- NCE income). We expect licensing income of $60mn in FY08E, FY09E and FY10E respectively.

We expect a 46.5% CAGR in its generic business on the back of strong growth in the US generic business, entry into the European market and building oncology business out of Argentina operations. The growth in US generic business will be driven by aggressive filing of niche/ differentiated products (93 products filing till FY10E), which will be developed by own R&D as well as through partnership routes.

Specialty business (ex NCE income) currently contributing 65% to total core revenues, is expected to grow at a CAGR of 21.5% over FY07-10E, driven by strong growth in Latin America (39% CAGR) as well as SRM markets and steady growth in the domestic formulation market. The major focus of the company in these markets is to build brands in key therapeutic areas by introducing products in high growth segments.

Expect all round revenue growth

Revenue breakup (Rs mn)	FY07	FY08E	FY09E	FY10E	CAGR
International Generic	2208	4778	6626	8918	59.3%
API	1412	1763	2109	2541	21.6%
Argentina Oncology	258	340	493	739	42.0%
GGL	**3878**	**6881**	**9228**	**12197**	**46.5%**
Growth	*149.7%*	*77.4%*	*34.1%*	*32.2%*	
% of Core Rev.	*34.9%*	*41.7%*	*45.0%*	*48.5%*	
% of Total Rev.	*31.0%*	*36.5%*	*40.5%*	*44.4%*	
India	4290	5113	5675	6243	13%
Lat Am	1163	2085	2606	3127	39%
SRM	1789	2038	2548	3057	20%
Europe	0	365	456	548	22%
Specialty- Total	7241	9601	11285	12975	21%
Growth	*25.8%*	*32.6%*	*17.5%*	*15.0%*	
% of Core Rev.	*65.1%*	*58.3%*	*55.0%*	*51.5%*	
% of Total Rev.	*57.9%*	*51.0%*	*49.5%*	*47.3%*	
NCE	1395	2358	2280	2280	18%
GPL	**8636**	**11959**	**13565**	**15255**	**21%**
Growth	*43.4%*	*38.5%*	*13.4%*	*12.5%*	
Total Revenue (Core)	**11120**	**16482**	**20513**	**25172**	**31%**
Growth	*52.1%*	*48.2%*	*24.5%*	*22.7%*	
Total Revenue (Cons.)	**12515**	**18840**	**22793**	**27452**	**30%**
Growth	*65.2%*	*50.5%*	*21.0%*	*20.4%*	

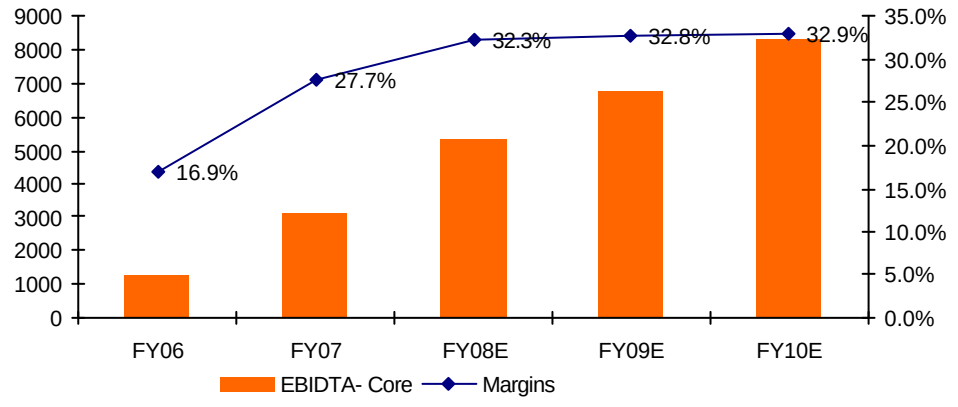
Source: Emkay research

Expect Core EBIDTA margins to improve by 520 bps

We expect EBIDTA margins to expand by 520 bps

We expect core EBIDTA margins to expand by 520bps to 32.9% in FY10E, on the back of increased contribution of high margin US generic business and expansion of margins (630) in its core branded business. In FY08, Glenmark's generic business will record an EBIDTA margin of 43.7% because of 180 days exclusivity of oxcarbazepine, which has higher margins. However, in FY09E and FY10E, we expect EBIDTA margins for generic business to be in the range of 38-40%.

EBIDTA Margin- Core



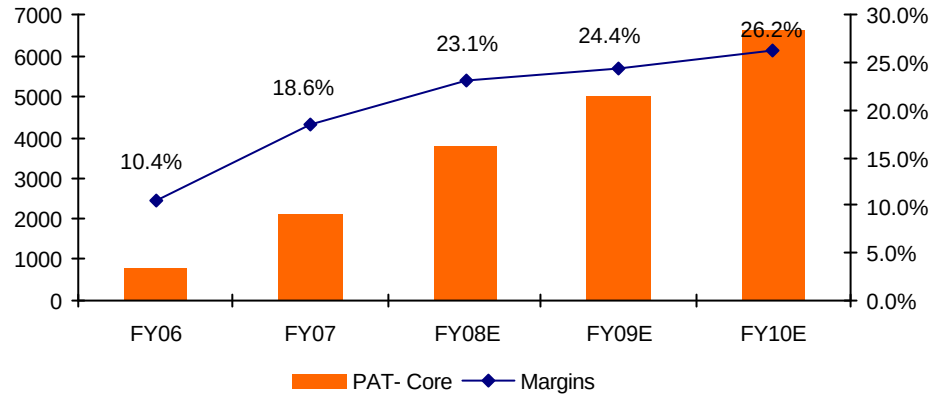
Source: Emkay research

Earnings CAGR of 38.5% estimated over FY07-10E

We expect PAT to witness 38.5% CAGR over FY07-10E

We expect consolidated net profit to grow at a 38.5% CAGR over FY07-10E to Rs8195mn, driven by strong revenue growth and expansion in operating margins. Core NPM is expected to expand by 530bps. Robust operational leverages and changing business mix enable Glenmark's profitability to keep pace with topline growth. With strong sales momentum and expansion in margins, we expect EPS to increase at a CAGR of 38.5% over FY07-10E on fully diluted equity of 252.78mn.

PAT Margin- Core



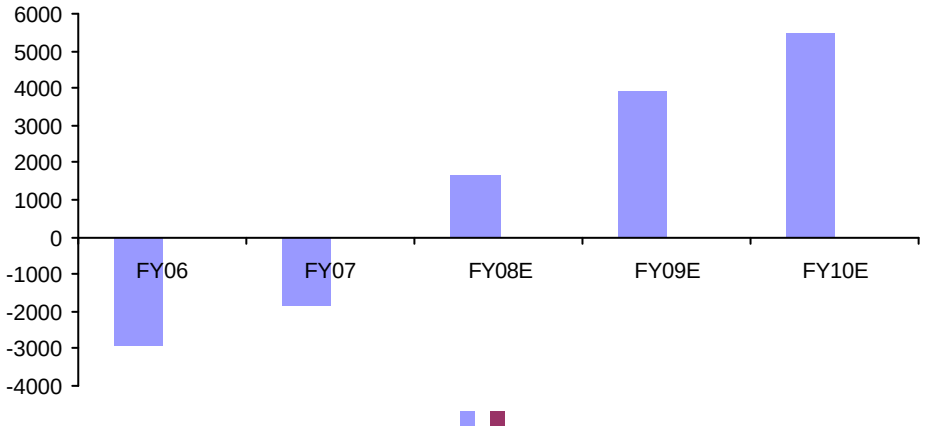
Source: Emkay research

Cash flow positive from FY08 onwards

We expect cash flow to be positive from FY08E onwards

We expect Glenmark to report positive cash flow of Rs 1195mn from FY08E onwards. In the last four years, Glenmark has reported a negative cash flow of Rs7bn (FY04-07) on the back of aggressive capex plan during the same period (Rs7.8bn in the last 4 years ~ manufacturing facilities of Goa & Baddi). Moreover, Glenmark's working capital cycle exceeds over 200 days because of higher debtors days. The increase in debtor days is primarily on account of aggressive ramp-up in its international generic business.

Positive cash flow from FY08E onwards



Source: Emkay research

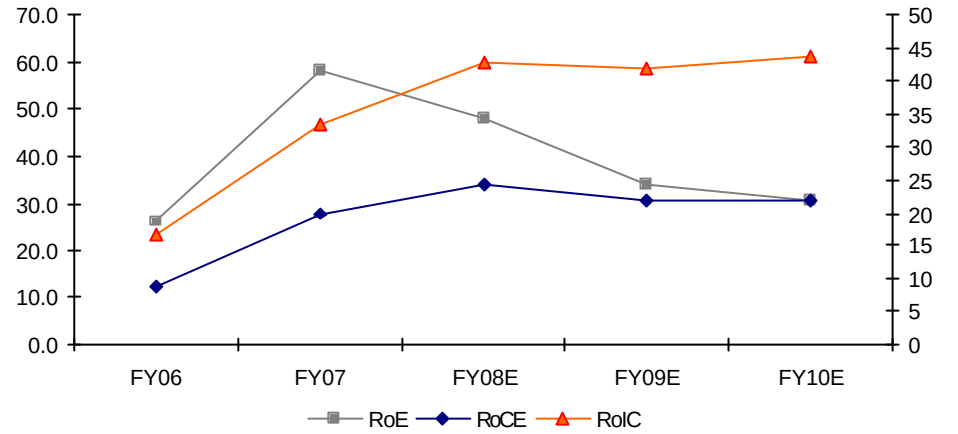
We expect RoE and RoCE in excess of 30%

Strong Financial ratios

Strong topline growth momentum, margin uptrend and improving asset turnover have enabled Glenmark to maintain strong return ratios even despite increase in the net worth. We have assumed the conversion of three pending FCCBs of $88.5mn in FY08E estimates, leading to an equity dilution of 12.7mn shares. The consequent increase in share capital as a result of conversions would be about Rs12.7mn (face value Rs.1 per share) and share premium would accordingly be increased by Rs3890mn.

We expect RoE to come down to 30.7% in FY10E because of increase in net worth. However, we expect RoCE to improve from 27.1% in FY07 to 30.8% in FY10E.

Return ratios in excess of 30%



Source: Emkay research

Valuation

We have valued Glenmark using a sum-of-the-parts (SOTP) valuation based on its

a) Core business (Branded and generic formulations), excluding the R&D business

b) The R&D business

Glenmark- Valuation ~ SOTP	Value (Rs/per share)
Core Business- Ex NCE	
FY10E EPS (Rs)	26.1
PE multiple	17x
FY10E Price (Rs/share)- Core	**444**
R&D	
Oglemilast	80.1
GRC 8200	27.4
GRC 6211	56.6
FY10E Price- R&D (Rs/ share)	**164**
FY10E Price target- Total (Rs/ share)	**608**

Valuation of the core business

Assigned PE multiple at par with leading Indian pharma companies

We have valued the core business on PE multiple basis, in view of the healthy growth expected in earnings. On a PE basis, Glenmark is currently trading at a discount to its peers. The discount increases further, if we adjust for the R&D value. Adjusting for the value of R&D, Glenmark is currently trading at 10.9x FY10E core EPS of Rs26.1 against its peer's average of 17.6 x. We have assigned it the multiple commanded by the big Indian Pharma companies on FY10E earnings (17.6x FY10E). Given core earning CAGR of 31.3% over FY07-10E, and return ratios (RoE, RoCE) in excess of 30%, we believe that the valuation is justified.

At 17xFY10E EPS of Rs26.1, the core business is valued at Rs444/share. At our price target, the core business would be trading at 3xFY10E EV/ Sales and 9.7xFY10E EV/ Core EBIDTA.

Peer comparison

Rs mn	CMP	Net Sales			PAT			EPS			CAGR
		FY08	FY09	FY10	FY08	FY09	FY10	FY08	FY09	FY10	(07-10E)
Ranbaxy*	**451**	75363	86411	105552	7608	8978	14840	19.1	22.7	34.7	36%
Sun	**1280**	28265	35116	39519	10540	13388	13968	51.8	65.3	68.6	18%
DRL	**580**	49915	56938	62625	5307	6194	7188	31.4	36.9	43.0	-11%
Cipla	**205**	41354	48663	55651	8407	9856	10179	8.6	9.9	11.1	9%
Glenmark	**449**	**18484**	**22399**	**27019**	**5548**	**6606**	**8195**	**21.9**	**26.1**	**32.4**	**39%**

	PE			EV/ EBIDTA			RoE		
	FY08	FY09	FY10	FY08	FY09	FY10	FY08	FY09	FY10
Ranbaxy**	23.6	19.9	13.0	16.8	14.2	9.1	22.9	24.9	38.9
Sun Pharma*	24.8	19.6	18.7	22.7	17.9	17.4	30.8	29.1	23.9
DRL*	18.5	15.7	13.5	12.9	10.2	9.0	10.7	13.3	14.3
Cipla*	23.8	20.7	18.4	14.6	13.8	13.5	25.3	25.3	21.1
Average		**19.9**	**17.6**		**14.7**	**13.5**		**22.7**	**21.1**
Glenmark	**20.5**	**17.5**	**13.8**	**16.4**	**13.8**	**11.4**	**48.1**	**34.0**	**30.7**

***Ranbaxy ~ FY09E= CY09E *Bloomberg estimate (14/03/2008)*

We have used probability adjusted DCF method to value its three out-licensing molecules

Valuation of R&D business

We have valued the innovative R&D business separately. We have used probability adjusted DCF method to value its three out-licensing molecules (Oglemilast, GRC-8200 and GRC-6211), because we believe that this is the best way to capture the increasing probability of success as the molecules progress during the development stage. The NPV of these three moleculess works out to Rs41476 mn or Rs164/share assuming a 30-40% success rate.

Key assumption for NCE pipeline valuation (DCF based risk adjusted model)

	Oglemilast	GRC 8200	GRC 6211
Potential Launch	2013	2013	2013
Milestone received	$41mn	$31mn	$45mn
Milestone expected	$352mn	$250mn	$265mn
Estimated Annual Sales at peak ($bn)	$2**	$0.9**	$2**
Royalty on sales	15%*	15%	15%
Probabilty of success	40%	30%	40%
Discount rate	11%	11%	11%
Tax Rate	15%	15%	15%
NPV- (Rs mn)	20239	6922	14310
Per share value (Rs)	80.1	27.4	56.6

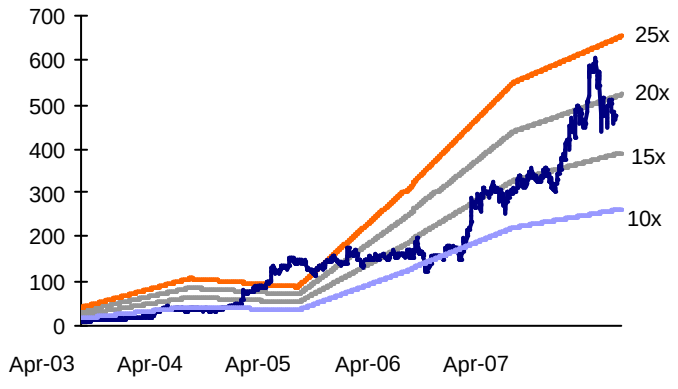
** 25% Royallty for Japanese Market*

*** We have not assumed any further sale post patent expiry as we expect drastic fall post expiry*

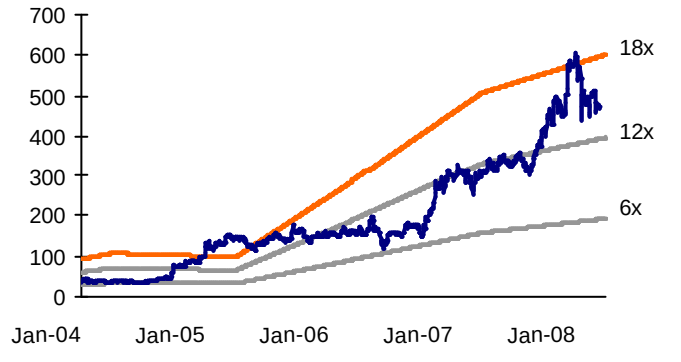
Source: Emkay research

This takes the total valuation of the company to Rs608/share. Our core earning estimates are in line with consensus and at 20% discount to the management estimates. However, our valuation on NCE pipeline is conservative as compared to the street.

Glenmark - 1yr Fwd-PE Band



Glenmark - 1yr Fwd-EV/EBITDA Band



Source: Emkay research

Income Statement

Y/E,Mar (Rs. m)	FY06	FY07	FY08E	FY09E	FY10E
Net Sales	**7020**	**12220**	**18484**	**22399**	**27019**
Growth (%)	23	74	51	21	21
Expenses	5648	7958	11127	13798	16860
Growth (%)	37	41	40	24	22
Raw Materials	2455	3164	4676	5645	6782
% of sales	35	26	25	25	25
Employee cost	773	1215	1848	2464	3080
% of sales	11	10	10	11	11
Manufacturing exps	727	1052	1368	1590	1891
% of sales	10	9	7	7	7
SG&A	1430	2095	2588	3091	3702
% of sales	20	17	14	14	14
R&D	263	433	647	1,008	1,405
EBIDTA	1372	4262	7357	8601	10159
Growth (%)	-12	211	73	17	18
EBIDTA %- Cons.	20	34.9	39.8	38.4	37.6
EBIDTA-Core	16.9	27.7	32.3	32.8	32.9
Other income	128	157	112	62	62
Interest	147	384	399	223	-130
Depreciation	232	423	581	714	766
PBT	1120	3613	6489	7726	9585
Total Tax	241	512	941	1120	1390
Effective tax rate (%)	21	14	15	15	15
PAT	880	3100	5548	6606	8195
E/O items	-1	9	0	0	0
RPAT	880	3100	5548	6606	8195
E/O Inc.		8.1	0.0		
APAT- Cons.	880	3083	5548	6606	8195
Growth (%)	(18)	250	80	19	24
APAT- CORE	759	2071	3808	4998	6588
Net Margin (%)-Cons.	12.5	25.2	30.0	29.5	30.3
Net Marg- Core	10.4	18.6	23.1	24.4	26.2

Source: Company, Emkay research

Balance Sheet

Y/E, Mar (Rs. mn)	FY06	FY07	FY08E	FY09E	FY10E
Equity share capital	238	240	253	253	253
Share Premium	517	797	4687	4687	4687
Other Reserves	2977	5826	11256	17743	25820
Networth	3731	6864	16195	22683	30760
Deferred tax liability	420	720	720	720	720
Secured Loans	2252	4493	5493	3993	2493
Unsecured Loans	665	1023	1523	1023	23
FCCB	4438	3852	0	0	0
Pref. Share	200	0	0	0	0
Loan Funds	7554	9367	7016	5016	2516
Total Liabilities	11705	16951	23931	28419	33995
Gross Block	5300	7096	10769	12269	13269
Less: Depreciation	768	1165	1746	2460	3226
Net current assets	4531	5930	9024	9809	10043
Capital WIP	1273	2174	0	0	0
Investment	197	187	287	287	287
Current Assets	7415	11054	18122	22658	28929
Inventories	1575	2697	3903	4837	5875
Sundry debtors	3816	5712	8164	9800	11708
Cash & bank balance	1056	1058	4023	5781	8644
Loans & advances	968	1588	2033	2240	2702
Current liabilities	1728	2395	3502	4336	5264
Current liab.	1720	2329	3317	4112	4994
Provisions	8	67	185	224	270
Net current assets	5687	8659	14620	18322	23665
Miscllaneous exp.	16	0	0	0	0
Total Assets	11705	16951	23931	28419	33995

Source: Company, Emkay research

Cash Flow Statement

Y/E, Mar (Rs. mn)	FY06	FY07	FY08E	FY09E	FY10E
Pre-tax profit	**1120**	**3613**	**6489**	**7726**	**9585**
Depreciation	232	423	581	714	766
Pre-operative exp.	0	0	0	0	0
Chg in working cap	(1605)	(2970)	(2996)	(1943)	(2480)
Tax paid	(139)	(209)	(941)	(1120)	(1390)
Operating cash flow	-392	856	3132	5377	6481
Capital expenditure	(2534)	(2722)	(1500)	(1500)	(1000)
Free Cash Flow	(2926)	(1866)	1632	3877	5481
Investments	(45)	10	(100)	0	0
Equity Capital Raised	-242	483	3902	0	0
Loans Taken/(Repaid)	2979	2013	-2352	-2000	-2500
Pref. Share	0	(200)	0	0	0
Min. Interset	0	0	0	0	0
Dividend (incl tax)	(95)	(112)	(118)	(118)	(118)
Others	114	-310	0	0	0
Increase in Msc Exp	(4)	(16)	0	0	0
Net chg in cash	(217)	2	2965	1758	2863
Opening cash position	1273	1056	1058	4023	5781
Closing cash position	1056	1058	4023	5781	8644

Source: Company, Emkay research

Key Ratios (%)

Mar end	FY06	FY07	FY08E	FY09E	FY10E
Profitability (%)					
EBIDTA margin- Cons	19.5	34.9	39.8	38.4	37.6
EBIDTA margins- core	16.9	27.7	32.3	32.8	32.9
PAT margin- cons.	12.3	25.2	30.0	29.5	30.3
PAT margin- core.	10.4	18.6	23.1	24.4	26.2
ROCE	12.0	27.9	34.4	31.0	30.8
ROE	25.9	58.3	48.1	34.0	30.7
Per share data (Rs.)					
FDEPS (Consolidated)	3.4	12.2	21.9	26.1	32.4
FDEPS- CORE	3.0	8.2	15.1	19.8	26.1
CEPS	4.7	14.6	24.2	29.0	35.5
BVPS	15.6	28.6	64.1	89.7	121.7
DPS (Rs)	0.4	0.4	0.4	0.4	0.4
Valuations					
P/E	138.6	38.9	21.6	18.1	14.6
Cash PE	101.2	32.5	19.5	16.4	13.4
P/BV	30.3	16.6	7.4	5.3	3.9
EV / Net Sales	6.4	6.8	6.9	5.6	4.5
EV / EBITDA	32.7	19.4	17.2	14.5	12.0
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1
Turnover (x) Days					
Debtors T/O	198.4	168.3	159.0	157.5	156.0
Inventory T/O	97.8	115.9	120.0	120.0	120.0
Gearing Ratio					
Net debt/ Equity (x)	1.7	1.2	0.2	0.0	-0.2
Total Debt/Equity (x)	2.0	1.4	0.4	0.2	0.1

Source: Company, Emkay research

Institutional equities team			
Anish Damania	**Business Head**	**anish.damania@emkayshare.com**	**91-22-66121203**
Research Team			
Ajay Parmar	Head Research	ajay.parmar@emkayshare.com	91-22-66121258
Ajit Motwani	Cement & Capital Goods	ajit.motwani@emkayshare.com	91-22-66121255
Amit Adesara	Logistics, Engines,Real Estate	amit.adesara@emkayshare.com	91-22-66121241
Chirag Shah	Auto, Auto Ancillaries	chirag.shah@emkayshare.com	91-22-66121252
Kashyap Jhaveri	Banks	kashyap.jhaveri@emkayshare.com	91-22-66121249
Manik Taneja	IT	manik.taneja@emkayshare.com	91-22-66121253
Manoj Garg	Pharma	manoj.garg@emkayshare.com	91-22-66121257
Mehul Mukati	Power & Power Equipment	mehul.mukati@emkayshare.com	91-22-66121250
Naveen Jain	Construction, Real Estate	naveen.jain@emkayshare.com	91-22-66121289
Pritesh Chheda, CFA	FMCG, Engineering, Mid -Caps	pritesh.chheda@emkayshare.com	91-22-66121273
Rohan Gupta	Paper, Fertilisers, Real Estate	rohan.gupta@emkayshare.com	91-22-66121248
Sumit Modi	Telecom	sumit.modi@emkayshare.com	91-22-66121288
Vishal Chandak	Metals	vishal.chandak@emkayshare.com	91-22-66121251
Chirag Dhaifule	Research Associate	chirag.dhaifule@emkayshare.com	91-22-66121238
Chirag Khasgiwala	Research Associate	chirag.khasgiwala@emkayshare.com	91-22-66121254
Pradeep Agrawal	Research Associate	pradeep.agrawal@emkayshare.com	91-22-66121340
Prerna Jhavar	Research Associate	prerna.jhavar@emkayshare.com	91-22-66121337
Vani Chandna	Research Associate	vani.chandna@emkayshare.com	91-22-66121272
Meenal Bhagwat	Database Analyst	meenal.bhagwat@emkayshare.com	91-22-66121322
Sales Team			
K.N.Sreenivasan	Asia Sales Desk	kn.sreenivasan@emkayshare.com	91-22-66121264
Meenakshi Pai	India / UK Sales Desk	meenakshi.pai@emkayshare.com	91-22-66121235
Rajesh Chougule	Institutional -Manager Sales	rajesh.chougule@emkayshare.com	91-22-66121295
Falguni Doshi	Institutional Equity Sales	falguni.doshi@emkayshare.com	91-22-66121236
Palak Shah	Institutional Equity Sales	palak.shah@emkayshare.com	91-22-66121277
Ashok Agarwal	Associate Inst.Equity Sales	ashok.agarwal@emkayshare.com	91-22-66121262
Roshan Nagpal	Associate Inst.Equity Sales	roshan.nagpal@emkayshare.com	91-22-66121262
Dealing Team			
Kalpesh Parekh	Senior Dealer	kalpesh.parekh@emkayshare.com	91-22-66121230
Ajit Nerkar	Dealer	ajit.nerkar@emkayshare.com	91-22-66121237
Dharmesh Mehta	Dealer	dharmesh.mehta@emkayshare.com	91-22-66121232
Ilesh Savla	Dealer	ilesh.savla@emkayshare.com	91-22-66121231
Ketan Mehta	Dealer	ketan.mehta@emkayshare.com	91-22-66121233
Derivatives Team			
Sandeep Singal	Co Head Institutions - Derivatives	sandeep.singal@emkayshare.com	91-22-66121355
Nupur Dhamani	Institutional Trader Derivatives	nupur.dhamani@emkayshare.com	91-22-66121222
Manish Somani	Sales Trader	manish.somani@emkayshare.com	91-22-66121221
Faraaz Khan	Sales Trader	faraaz.khan@emkayshare.com	91-22-66121213
Manjiri Mazumdar	Sales Trader	manjiri.mazumdar@emkayshare.com	91-22-66121224
Pradnya Kulkarni	Dealer	pradnya.kulkarni@emkayshare.com	91-22-66121223
Sameer Desai	Dealer	sameer.desai@emkayshare.com	91-22-66121220
Nishant Singhania	Dealer	nishant.singhania@emkayshare.com	91-22-66121218
Trupti Dhanani	Dealer	trupti.dhanani@emkayshare.com	91-22-66121215
Kalpesh Hirpara	Dealer	kalpesh.hirpara@emkayshare.com	91-22-66121214
Manish Bangera	Dealer	manish.bangera@emkayshare.com	91-22-66121218
Vishal Thakker	Dealer	vishal.thakker@emkayshare.com	91-22-66121227
Nirav Vira	Dealer	nirav.vira@emkayshare.com	91-22-66121225
Venugopal Swamy	Dealer	venugopal.swamy@emkayshare.com	91-22-66121214
Devendra Vora	Dealer	devendra.vora@emkayshare.com	91-22-66121226
Technicals Research Team			
Manas Jaiswal	Technical Analyst	manas.jaiswal@emkayshare.com	91-22-66121274
Suruchi Kapoor	Jr.Technical Analyst	suruchi.kapoor@emkayshare.com	91-22-66121275
Derivatives Research Team			
Sameer Shetye	Associate Analyst	sameer.shetye@emkayshare.com	91-22-66121276

Emkay Rating Distribution

BUY	Expected total return (%) of stock price appreciation and dividend yield) of over 25% within the next 12-18 months.
ACCUMULATE	Expected total return (%) of stock price appreciation and dividend yield) of over 10% within the next 12-18 months.
REDUCE	Expected total return (%) of stock price appreciation and dividend yield) of below 10% within the next 12-18 months.
SELL	The stock is believed to under perform the broad market indices or its related universe within the next 12-18 months.
NEUTRAL	Analyst has no investment opinion on the stock under review.