HOLD (Maintain)

CMP: **INR 2,230** Target Price: **INR 2,100** ▼ -6%

ICICI Securities

04 August 2026

India | Equity Research | Results Update

Glenmark Pharmaceuticals

Pharma

Growth accelerates across regions; profitability yet to catch up

Glenmark Pharmaceuticals (Glenmark)'s Q1FY27 revenue was better our estimates, although EBITDA and profits lagged expectations. Strong growth across India (+15.5% YoY), US (+8.5% YoY) and emerging markets (+27.7% YoY) drove the revenue outperformance. Robust traction in new launches is boosting growth in India, while the recent launch of gFlovent and a few products from its Monroe plant has lifted growth in US. Gross/EBITDA margins (adjusting for out-licensing income) have weakened by 122bps/119bps. While revenue traction across geographies will likely be strong in the near term, management anticipates EBITDA margins to scale up to 21–22% in FY27. IND application for ISB 2301 is slated to be filed in CY26 and trials may begin in CY27; out-licensing of this drug is a key near-term trigger. Maintain **HOLD** and TP to INR 2,100, based on 20x FY28E EPS and an NPV of INR 225 for NCE products.

Revenue trajectory healthy; margins continue to be weak

Adjusting for its USD 17.5mn of licensing income from Abbvie, revenues grew a strong 18% YoY (+6.6% QoQ) to INR 38.5bn (I-Sec: INR 35.8bn) driven by growth across India, US and emerging markets (EMs). Gross margins contracted 122bps YoY (+9bps QoQ) to 67.7% due to raw material cost pressure. Rise in overheads restricted EBITDA growth to 10.1% YoY to INR 6.4bn (I-Sec: INR 6.6bn) and EBITDA margin shrank 119bps YoY to 16.6% (I-Sec: 18.4%). Other income stood higher at INR 658mn vs. INR 264mn last year. Adjusted PAT grew 17.9% YoY (-18.5% QoQ) to INR 3.7bn (I-Sec: INR 4.7bn).

Traction across India and US building up

India business revenue grew 15.5%YoY (+40.4% QoQ) to INR 14.3bn led by strong momentum in dermatology, respiratory, cardiology and oncology. Primary sales for the consumer care portfolio grew 28% YoY. We expect India sales to expand at a 21.8% CAGR over FY26–28E. Adj. US sales grew by 8.5% YoY (+17.3% QoQ) to USD 99mn. Management expects growth to accelerate further with additional respiratory launches and differentiated injectables, while Monroe's injectable portfolio is expected to contribute meaningfully from FY28. We expect the US business to accelerate at a 15.3% CAGR over FY26–28E. Europe sales grew by 11.9% YoY (-16.1% QoQ) to INR 7.5bn; however, constant currency growth remained modest at 1.2%. RoW markets' revenue grew a strong 27.7% YoY (-18.7% QoQ) to INR 7.3bn, mainly led by continued outperformance in dermatology segment in Russia and healthy secondary sales growth in LATAM and MEA.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	1,33,217	1,30,008	1,58,748	1,72,686
EBITDA	23,734	10,722	29,080	34,548
EBITDA Margin (%)	17.8	8.2	18.3	20.0
Net Profit	13,894	5,104	21,056	25,845
EPS (INR)	49.2	18.1	74.6	91.6
EPS % Chg YoY	128.0	(63.3)	312.5	22.7
P/E (x)	60.1	46.2	28.4	24.3
EV/EBITDA (x)	26.7	57.6	20.6	16.7
RoCE (%)	16.9	6.8	21.1	21.3
RoE (%)	16.6	5.3	18.2	18.7

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Market Data

Market Cap (INR)	629bn
Market Cap (USD)	6,601mn
Bloomberg Code	GNP IN
Reuters Code	GLEN.BO
52-week Range (INR)	2,474 /1,793
Free Float (%)	53.0
ADTV-3M (mn) (USD)	16.5

Price Performance (%)	3m	6m	12m
Absolute	(7.3)	14.1	7.8
Relative to Sensex	(9.6)	20.2	10.3

ESG Score	2024	2025	Change
ESG score	**67.5**	**71.1**	**3.6**
Environment	65.9	70.1	4.2
Social	57.4	59.7	2.3
Governance	78.1	82.6	4.5

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	5.5	7.3
EBITDA	1.9	2.8
EPS	(4.9)	(3.4)

Previous Reports

01-06-2026: Q4FY26 results review

03-02-2026: Q3FY26 results review

Valuation and risks

Glenmark's Q1FY27 performance was elevated by strong traction in India and a swift pickup in its US revenues. In India, growth was driven by strong traction across key therapies of dermatology, cardiology, respiratory and oncology therapies.

The newly launched oncology brands – Tevimbra and Brukinsa – have picked up well; both brands are touching annualised sales of INR 1bn. Consumer healthcare also continues to grow at a robust pace (28% YoY in Q1). Management expects India to sustain 12–15% annual growth supported by healthy volume growth, new product launches and pricing. The US business continues to show early signs of a structural turnaround.

The quarter benefited from the FTF launch of gFlovent, relaunches from the Monroe facility and a few other new launches. Additionally, respiratory launches (incl. fluticasone) and differentiated injectables from Monroe plant are expected to support growth in the near term.

Glenmark intends to file IND application for ISB 2301 in CY26. This molecule may be next in-line to get out licensed by the company and can help the company replicate the success similar to the prior deal for ISB 2001 with Abbvie.

While the revenue tailwind is strong, elevated API prices, logistics disruptions and higher operating expenses may dent margins in the near term. Management has reiterated its 21–22% EBITDA margin guidance for FY27, expecting improvement through a better product mix and operating leverage over the remaining quarters.

The stock currently trades at valuations of 28.4x FY27E and 24.3x FY28E earnings, and EV/EBITDA multiples of 20.6x FY27E and 16.7x FY28E, respectively. We raise our FY27/28E EPS by ~4–5%, factoring in higher interest costs. Enhanced free cash generation and maintaining a prudent balance sheet are essential avenues to watch in the quarters ahead. We expect 15.3%/79.5%/125% revenue/EBITDA/PAT CAGRs over FY26–28E, with an EBITDA margin of 20% in FY28E. We maintain **HOLD** with an unchanged TP of INR 2,100, based on 20x FY28E EPS and an NPV of INR 225 for NCE products (unchanged).

Key upside risks: Healthy launches; and faster recovery in the US.

Key downside risks: Delay in ramp up of key products; and higher-than-expected cash burn in IGI.

Q1FY27 conference call: Highlights

India

- India formulation business' secondary sales growth stood at 18.1% YoY vs. the overall market at 12.2% in Q1FY27. Growth was led by better traction in newly launched respiratory and oncology products.
- Sustained strong growth momentum in core therapies of dermatology, respiratory and cardiology.
- Oncology brands Tevimbra (tislelizumab) and Brukinsa (zanubrutinib) witnessed strong uptake and their momentum is likely to accelerate ahead.
- Glenmark's strong growth in the chronic respiratory segment was led by recent differentiated first-in-market launches of Nebzmart GFB Smartules and Airz FB Smartules.
- Glenmark's consumer care segment grew 28%, led by double-digit growth across its flagship brands.
- Candid recorded revenue growth of >30% across all its variants and the La Shield portfolio delivered mid-single-digit growth in Q1FY27. Scalpe and other skin brands recorded strong growth in Q1.
- Glipiq (generic semaglutide) is not likely to be a large opportunity for the company (annualised sales of INR 200-250mn); however, it is likely to help offset the drag of teneligliptin and remogliflozin in the diabetes portfolio.
- Company is focussing on field-force expansion for upcoming launches. It currently has MR strength of 5,600 and it continues to add 400-500 MRs every year.

US

- Ex out-licensing income, US business reported growth of 19.8% YoY.
- Launched nine products in Q1.
- Received first generic approval of FloVent HFA 44mcg, with 180-day CGT exclusivity.
- Launched fluticasone nasal spray (OTC) in US was among the three respiratory ANDAs filed earlier.
- Glenmark has initiated end-to-end commercialisation and would directly lead brand strategy, market access, and customer engagement for Ryaltris in US.
- Re-launched Fulvestrant injection from Monroe plant in Q1.
- It plans to launch 2-3 respiratory products in H2FY27.
- Revenue contribution of differentiated injectables products from Monroe plant will likely start from FY28.
- The company has settled and made provisions for all the current litigation and incremental impact of litigations is unlikely to be significant on P&L.

Europe

- Ryaltris continued to gain market share across all countries.
- Overall regional growth was muted in the quarter; however, the branded portfolio business recorded good growth across markets.
- Winlevi is witnessing a strong uptick in the UK; additionally, it has been launched in select EU markets.

- Branded is 30% of the total revenue and the company aims to scale it up to ~60% of revenue over the years.
- Respiratory and derma products likely to drive high single-digit growth, ahead while branded likely to drive strong double-digit growth.

EMs

- LATAM and MEA regions recorded very strong growth.
- Glenmark plans to launch Ryaltris in Brazil in H2FY27.

Ryaltris and QiNHAYO

- Ryaltris is commercialised in 57 countries and is expected to be launched in 10 more countries in the near term.
- The company has filed QiNHAYO MA applications in 24 countries, with the commercial launch expected in FY28.
- In Q3FY26, Glenmark entered into an exclusive license, collaboration and distribution agreement with Hansoh for Aumolertinib. MA applications have been submitted in 13 countries, with the first commercial launch anticipated in H2FY27.

IGI

- ISB 2001 is currently in Phase-1 Part-2 (Dose Expansion) clinical study for relapsed/refractory multiple myeloma (TRIgnite-1 study).
- Plans to file an IND application for ISB 2301 by end-CY26.
- ISB 2302 and ISB 2501 are in the early preclinical development stage.

Guidance

- Reiterated EBITDA margin guidance of ~21-22% in FY27.
- Working capital is expected to be below ~115 days.
- R&D will likely be ~7-8% of sales in FY27.

Q1FY27

- Better product and geographical mix helped contain the impact of higher costs on gross margins. Cost inflation may weigh on margins in the quarters ahead.
- Gross interest cost was higher due to higher lease expense, arbitrage charges and bank commitments.
- Working capital days stood below 115 days.
- The company continues to be debt free.
- R&D spend in Q1 was INR 2.89bn.
- The incremental income led by working capital initiatives through interest rate arbitrage is clubbed under other income.

Exhibit 1: Quarter review

Y/E Mar (INR mn)	Q1FY27	Q1FY26	YoY(%)	Q4FY26	QoQ (%)	FY26	FY25	YoY(%)
Net Sales	38,531	32,644	18.0	36,161	6.6	1,30,008	1,33,217	(2.4)
Gross Profit	26,073	22,489	15.9	24,438	6.7	82,533	89,684	(8.0)
Gross margins (%)	67.7	68.9	-122bps	67.6	9bps	63.5	67.3	-384bps
R&D	2,494	2,285	9.1	2,250	10.8	10,561	9,305	13.5
R&D (% of sales)	6.5	7.0	-53bps	6.2	25bps	8.1	7.0	114bps
EBITDA	6,394	5,805	10.1	6,081	5.1	10,722	23,734	(54.8)
EBITDA Margins (%)	16.6	17.8	-119bps	16.8	-22bps	8.2	17.8	-957bps
Other Income	658	264	148.7	1,891	(65.2)	4,606	1,137	305.0
Interest	540	582	(7.3)	426	26.7	2,087	2,071	0.8
Depreciation	1,732	1,299	33.3	1,479	17.1	5,735	4,860	18.0
EO income	1,654	(3,232)	-	(2,189)	-	12,341	(3,948)	-
PBT	6,434	956	573.2	3,878	65.9	19,847	13,992	41.8
Tax	1,606	486	230.3	864	85.7	6,228	3,521	76.9
Tax Rate (%)	25.0	50.9	-2590bps	22.3	266bps	31.4	25.2	622bps
PAT (after minority)	4,829	469	930.3	3,014	60.2	13,618	10,471	30.1
Adj. PAT	3,688	3,129	17.9	4,525	(18.5)	5,104	13,894	(63.3)
NPM (%)	9.6	9.6	-1bps	12.5	-294bps	3.9	10.4	-650bps

Source: Company data, I-Sec research

Exhibit 2: Business mix

(INR mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	% YoY	% QoQ
Formulations	32,435	34,137	33,238	31,809	32,578	23,651	37,201	35,790	38,417	17.9	7.3
US	7,808	7,405	7,813	7,146	7,780	7,956	8,133	7,703	9,320	19.8	21.0
India	11,962	12,817	10,637	9,430	12,399	1,650	12,986	10,201	14,321	15.5	40.4
RoW	5,708	7,041	7,491	7,898	5,721	6,585	8,119	8,979	7,304	27.7	(18.7)
EU	6,957	6,874	7,297	7,335	6,678	7,460	7,963	8,907	7,472	11.9	(16.1)
Total	32,435	34,137	33,238	31,809	32,578	23,651	37,201	35,790	38,417	17.9	7.3
US sales (USD)	94	88	93	82	91	91	91	84	99	8.5	17.3

Source: Company data, I-Sec research

Exhibit 3: Key growth drivers of domestic business in Q1FY27

Brands (INR mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	MAT Jun'26	MAT Jun'25	YoY (%)
TELMA	1,795	1,492	20.3	1,672	7.4	6,540	5,454	19.9
TELMA-H	1,282	1,186	8.1	1,168	9.8	4,713	4,182	12.7
TELMA-AM	1,276	1,086	17.5	1,129	13.0	4,481	3,938	13.8
ASCORIL-LS	560	501	11.6	894	-37.4	3,200	2,762	15.9
CANDID	1,020	821	24.3	528	93.4	2,653	2,409	10.1
CANDID-B	477	423	12.6	421	13.2	1,850	1,726	7.2
MILIBACT	425	341	24.5	341	24.7	1,564	1,252	24.9
ALEX	260	268	-3.0	399	-34.7	1,416	1,337	5.9
ASCORIL +	242	228	6.4	358	-32.3	1,298	1,265	2.6
TELMA CT	364	299	21.7	327	11.5	1,292	1,109	16.4

Source: IQVIA

Exhibit 4: Growth profile of key therapies in India

Therapies (INR mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	MAT Jun'26	MAT Jun'25	YoY (%)
CARDIAC	5,720	4,814	18.8	5,199	10.0	20,554	17,475	17.6
DERMA	3,938	3,479	13.2	3,338	18.0	14,272	13,126	8.7
RESPIRATORY	2,552	2,218	15.0	3,429	-25.6	12,464	10,895	14.4
ANTI-INFECTIVES	1,601	1,120	42.9	1,365	17.3	5,654	4,567	23.8
ANTI DIABETIC	595	616	-3.4	573	3.9	2,349	2,459	-4.5
ANTINEOPLAST/IMMUNOMODULATOR	232	176	32.1	209	10.9	922	569	62.2
STOMATOLOGICALS	217	167	29.9	179	21.4	765	674	13.6
GYNAEC.	168	137	23.2	146	15.6	633	540	17.1
OPHTHAL / OTOLOGICALS	143	126	14.1	131	9.6	592	544	8.9
GASTRO INTESTINAL	78	62	25.4	66	18.8	273	231	18.4

Source: IQVIA

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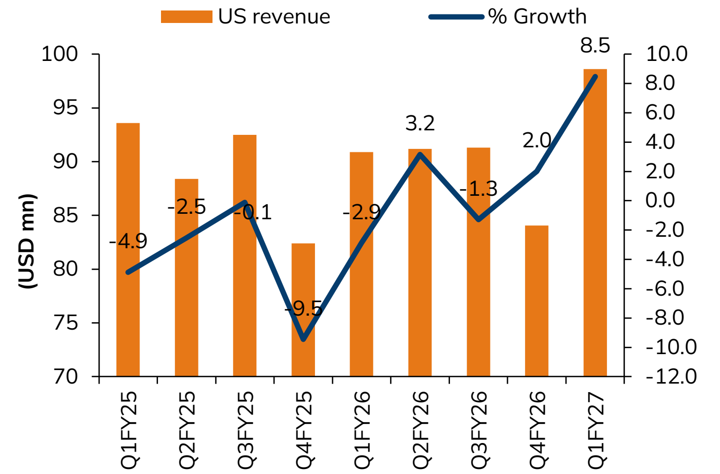
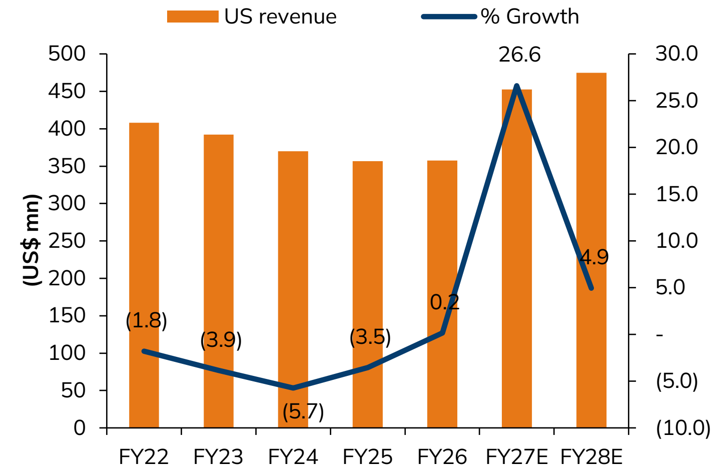
Exhibit 5: US revenue growth led by new launches



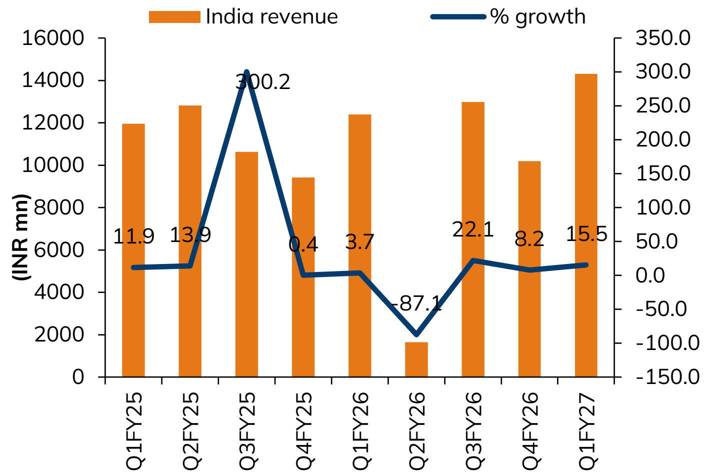
Source: Company data, I-Sec research

Exhibit 6: Respiratory and injectable launches to improve US traction



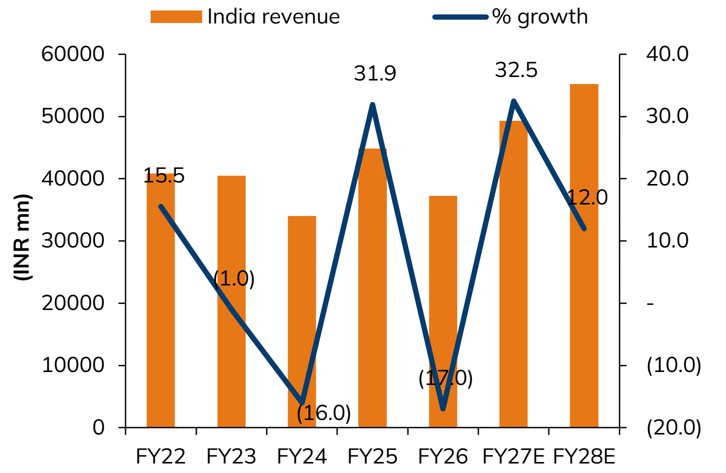
Source: Company data, I-Sec research

Exhibit 7: Growth driven by strong traction across key therapies coupled with recent oncology launches



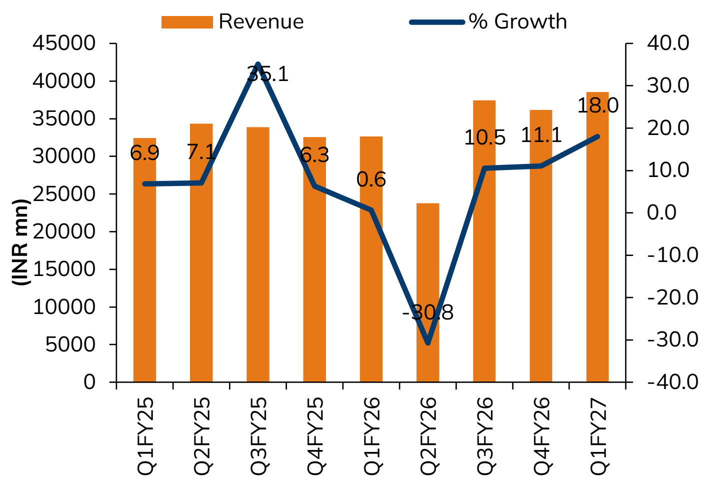
Source: Company data, I-Sec research

Exhibit 8: India business to register a ~22% CAGR over FY26-28E



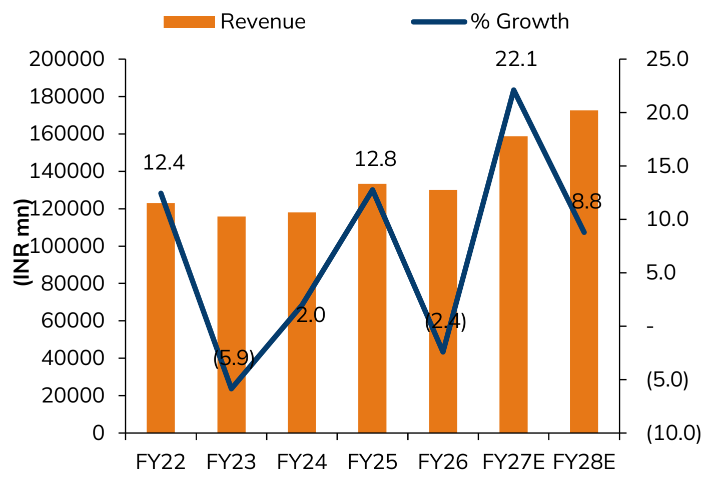
Source: Company data, I-Sec research

Exhibit 9: Revenue growth was mainly led by India, US and Ems



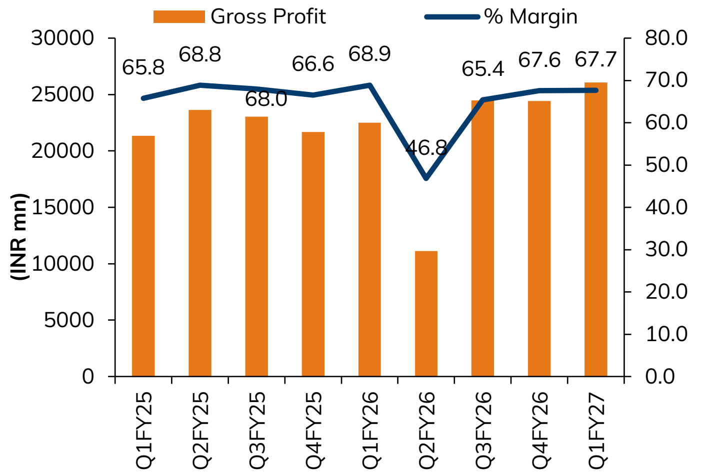
Source: Company data, I-Sec research

Exhibit 10: Revenue to grow at 15.3% CAGR over FY26-28E



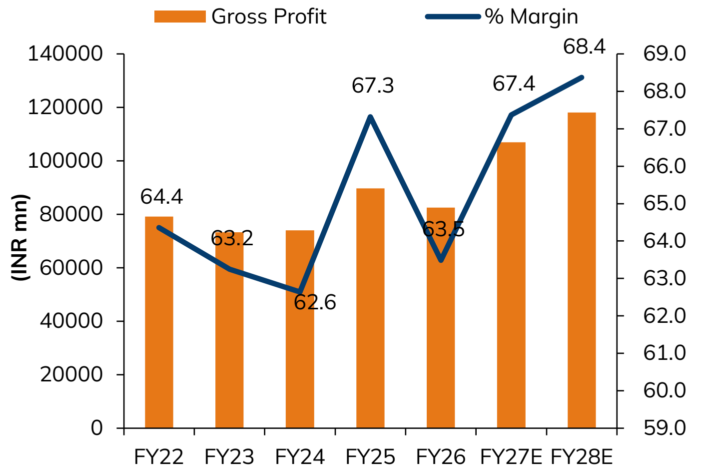
Source: Company data, I-Sec research

Exhibit 11: Gross margin contracted due to RM cost pressure



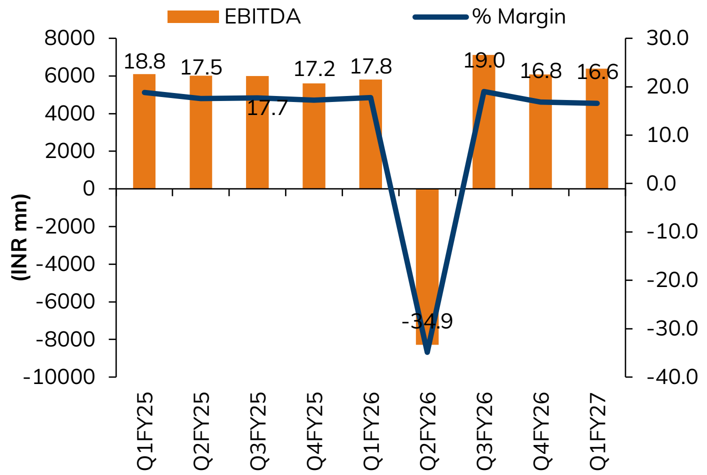
Source: Company data, I-Sec research

Exhibit 12: Gross margin may rise to ~68% in FY28E



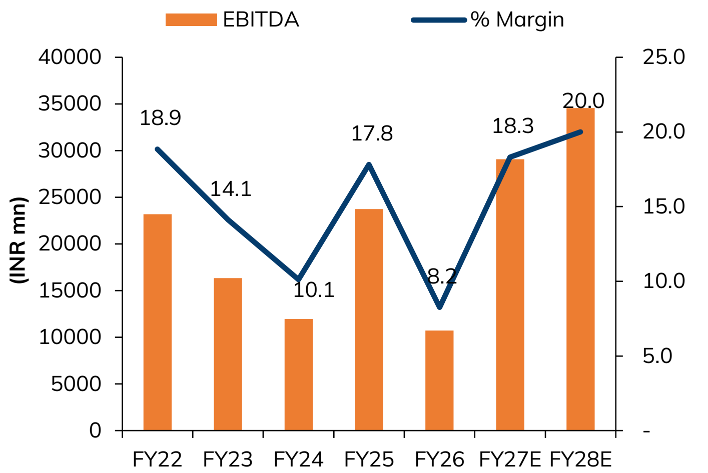
Source: Company data, I-Sec research

Exhibit 13: EBITDA margin contracted ~120bps YoY



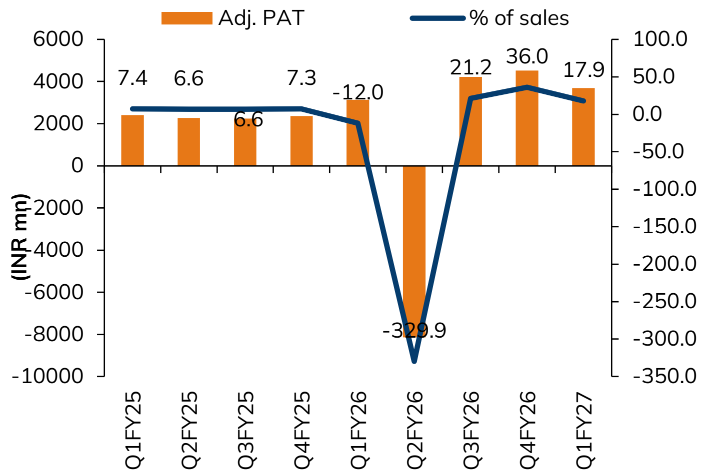
Source: Company data, I-Sec research

Exhibit 14: Better traction in the US to aid recovery in EBITDA margin



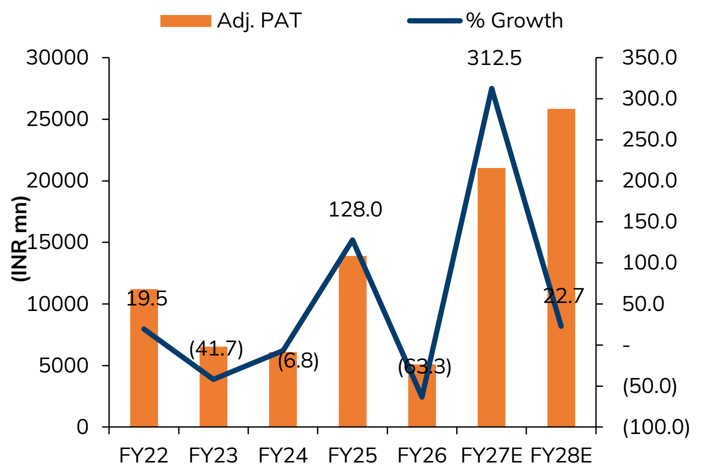
Source: Company data, I-Sec research

Exhibit 15: Adj. PAT grew 17.9% YoY



Source: Company data, I-Sec research

Exhibit 16: On a low base, adj. PAT to grow at a CAGR of ~125% over FY26-28E



Source: Company data, I-Sec research

Exhibit 17: Shareholding pattern

%	Dec'25	Mar'26	Jun'26
Promoters	46.7	46.7	46.7
Institutional investors	39.3	39.6	39.4
MFs and others	17.9	16.8	16.8
FIs/Banks	1.2	1.5	0.7
Insurance	1.0	1.0	1.0
FIIs	19.2	20.3	20.9
Others	14.0	13.7	13.9

Source: Bloomberg

Exhibit 18: Price chart

Source: Bloomberg

Financial Summary

Exhibit 19: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Net Sales	1,33,217	1,30,008	1,58,748	1,72,686
Operating Expenses	**1,09,484**	**1,19,286**	**1,29,668**	**1,38,138**
EBITDA	23,734	10,722	29,080	34,548
EBITDA Margin (%)	**17.8**	**8.2**	**18.3**	**20.0**
Depreciation & Amortization	4,860	5,735	7,119	7,422
EBIT	18,874	4,987	21,961	27,127
Interest expenditure	2,071	2,087	1,044	1,044
Other Non-operating Income	1,137	4,606	5,527	6,633
Recurring PBT	17,940	7,506	26,445	32,716
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	**3,521**	**6,228**	**5,901**	**6,870**
PAT	10,471	13,619	22,198	25,846
Less: Minority Interest	0	1	1	1
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	10,471	13,618	22,197	25,845
Net Income (Adjusted)	**13,894**	**5,104**	**21,056**	**25,845**

Source Company data, I-Sec research

Exhibit 20: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	92,955	1,12,997	1,53,330	1,87,320
of which cash & cash eqv.	17,052	11,763	29,716	52,852
Total Current Liabilities & Provisions	42,855	63,764	77,651	84,386
Net Current Assets	**50,099**	**49,233**	**75,678**	**1,02,934**
Investments	564	424	424	424
Net Fixed Assets	30,762	33,441	37,204	36,268
ROU Assets	2,432	5,455	3,197	3,087
Capital Work-in-Progress	8,348	9,091	9,091	9,091
Total Intangible Assets	11,675	20,250	18,626	19,250
Other assets	2,520	4,955	5,616	5,936
Deferred Tax Assets	11,241	12,466	12,466	12,466
Total Assets	**1,17,640**	**1,35,315**	**1,62,301**	**1,89,455**
Liabilities				
Borrowings	**21,942**	**-**	**-**	**-**
Deferred Tax Liability	**586**	**12**	**12**	**12**
provisions	-	1,766	1,766	1,766
other Liabilities	6,622	28,418	34,700	37,747
Equity Share Capital	282	282	282	282
Reserves & Surplus	88,212	1,04,839	1,25,542	1,49,648
Total Net Worth	**88,494**	**1,05,121**	**1,25,825**	**1,49,931**
Minority Interest	(4)	(3)	(2)	(1)
Total Liabilities	**1,17,640**	**1,35,315**	**1,62,301**	**1,89,455**

Source Company data, I-Sec research

Exhibit 21: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	**(4,359)**	**33,002**	**21,963**	**26,286**
Working Capital Changes	24,269	(16,704)	2,870	1,392
Capital Commitments	9,356	20,755	7,000	7,000
Free Cashflow	**(13,715)**	**12,247**	**14,963**	**19,286**
Other investing cashflow	**(7,333)**	**(140)**	**-**	**-**
Cashflow from Investing Activities	(2,023)	(20,615)	(7,000)	(7,000)
Issue of Share Capital	-	0	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	12,036	(21,942)	-	-
Dividend paid	(704)	(916)	(1,493)	(1,739)
Others	(543)	5,181	4,484	5,589
Cash flow from Financing Activities	10,788	(17,677)	2,991	3,851
Chg. in Cash & Bank balance	**4,406**	**(5,290)**	**17,953**	**23,137**
Closing cash & balance	21,001	11,763	29,716	52,852

Source Company data, I-Sec research

Exhibit 22: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	37.1	48.3	78.7	91.6
Adjusted EPS (Diluted)	49.2	18.1	74.6	91.6
Cash EPS	66.5	38.4	99.8	117.9
Dividend per share (DPS)	2.5	3.2	5.3	6.2
Book Value per share (BV)	313.6	372.5	445.9	531.3
Dividend Payout (%)	6.7	6.7	6.7	6.7
Growth (%)				
Net Sales	12.8	(2.4)	22.1	8.8
EBITDA	98.6	(54.8)	171.2	18.8
EPS (INR)	128.0	(63.3)	312.5	22.7
Valuation Ratios (x)				
P/E	60.1	46.2	28.4	24.3
P/CEPS	33.6	58.1	22.3	18.9
P/BV	7.1	6.0	5.0	4.2
EV / EBITDA	26.7	57.6	20.6	16.7
P / Sales	4.7	4.8	4.0	3.6
Dividend Yield (%)	0.1	0.1	0.2	0.3
Operating Ratios				
Gross Profit Margins (%)	67.3	63.5	67.4	68.4
EBITDA Margins (%)	17.8	8.2	18.3	20.0
Effective Tax Rate (%)	25.2	31.4	21.0	21.0
Net Profit Margins (%)	10.4	3.9	13.3	15.0
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	0.0	(0.1)	(0.2)	(0.4)
Net Debt / EBITDA (x)	0.2	(1.1)	(1.0)	(1.5)
Profitability Ratios				
RoCE (%)	16.9	6.8	21.1	21.3
RoE (%)	16.6	5.3	18.2	18.7
RoIC (%)	19.4	27.1	34.8	39.9
Fixed Asset Turnover (x)	4.4	4.0	4.5	4.7
Inventory Turnover Days	88	95	106	100
Receivables Days	97	138	153	145
Payables Days	89	104	116	110

Source Company data, I-Sec research

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