

Glenmark Life Sciences (GLS) - BUY

Result Update

Current Market Price (CMP) Rs. 828	Fair Value (FV) Rs. 900
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Rationale:

- Supply disruptions overshadow steadfast progress.
- A muted Q4FY24 even as underlying demand stays intact.
- GLSs' underlying demand remains healthy across generic APIs and CDMO.
- GLS is well poised to grow at a healthy pace over the medium term.
- We value GLS at 18X FY26E P/E, which captures GLS' healthy growth profile.
- We reinstate coverage on GLS with a BUY rating and FV of Rs900.

Q4FY24 Result Update:

Positives:

- GLS continues to witness 10-11% yoy volume growth in its existing portfolio.
- In FY25E, GLS expects to grow its overall sales by low-to-mid teens.
- With the acquisition by Nirma, GLS expects higher availability of capital for investments.
- GLS aims to increase its capacity by ~2X over FY24-26E.
- Due to elevated demand, investing in brownfield capacity at Ankleshwar & Dahej.

Negative:

- FY25E gross margins to be impacted by 100-150 bps due to loss of PLI income.

(API-Active Pharmaceutical Ingredient, CDMO-Contract Development & Manufacturing Organization, EPS – Earnings per Share; PE – Price to Earnings; PLI – Production Link Income)

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For detailed report dated 26 April 2024. Note: CMP & valuation may differ due to difference in dates



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Holding Period: 12 Months; Disclaimer: <http://bit.ly/2n5AxIE>