

**CMP - 1880**

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## About the Company

Established in Hyderabad, India in 1978, Gland Pharma has grown over the years from a contract manufacturer of small volume liquid parenteral products, to become one of the largest and fastest growing injectable-focused companies, with a global footprint across 60 countries, including the United States, Europe, Canada, Australia, India and other markets. We operate primarily under a business to business (B2B) model and have an excellent track record in the development, manufacturing and marketing of complex injectables. This presence across the value chain has helped us witness exponential growth. We are promoted by Shanghai Fosun Pharma, a global pharmaceutical major.

## Recent Quarter Highlights

- **Revenue:** INR 11,737 million, driven by volume growth in key injectables and new product launches.
- **Gross margin:** Improved to 56% due to better product mix.
- **EBITDA:** INR 4,306 million, benefiting from high operating leverage.
- **R&D expenses:** INR 436 million (3.7% of revenue). Regulatory filings: 4 ANDAs filed, 6 ANDAs approved.

## Management view and key highlights

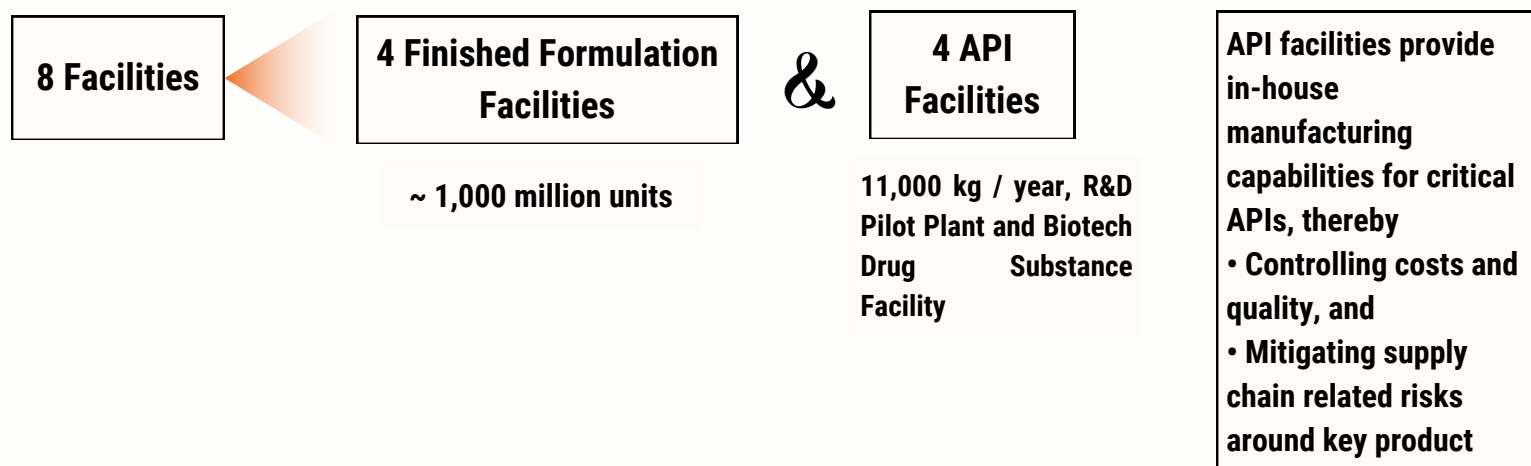
The management commentary for Gland Pharma in Q4 2024 highlights several key aspects:

- **Specialization in Injectables:** Gland Pharma is a leader in injectables, focusing on critical care, oncology, and other therapeutic areas, giving it a competitive edge globally.
- **Strong Research and Development:** The company invests significantly in R&D to develop new drugs and technologies, expanding its product portfolio and staying ahead of competitors.
- **Quality Manufacturing:** Gland Pharma's state-of-the-art facilities comply with international quality standards like USFDA, EMA, and WHO, ensuring high-quality pharmaceutical products globally.
- **Strong Distribution Network:** With a presence in over 60 countries and partnerships with leading pharmaceutical companies, Gland Pharma has a robust distribution network and a strong brand reputation.
- **Business Performance:** In FY 2022-23, Gland Pharma performed well in the US injectables market, which experienced significant growth, particularly due to an aging population and the rising prevalence of chronic diseases.

Sources: Company's profile

### SERVICE PORTFOLIO

Extensive and Vertically Integrated Manufacturing Capabilities With Consistent Compliance Track Record



#### Dundigal, Hyderabad

#### Pashamylaram, Hyderabad

#### Vishakhapatnam

#### Genome Valley, Hyderabad

- Sterile Injectables Facility (Flagship)
- API Facility

- Sterile Injectables Facility
- Penems Facility

- Oncology Facility
- 2 API Facilities

- Biotech Drug Substance Facility

### Extensive Portfolio of Complex Products

Present in sterile injectables, oncology and ophthalmics, and focus on complex injectables, NCE-1s, First-to-File products and 505(b)(2) filings

#### Delivery Systems:

- Liquid vials
- Lyophilized vials
- Pre-filled syringes
- Ampoules
- Bags
- Drops
- Pens
- Cartridges

#### Therapeutic Areas:

- Anti-diabetic
- Anti-infectives
- Anti-malarials
- Anti-neoplastics (Oncology)
- Blood-related
- Cardiac
- Gastro-intestinal
- Hormones
- Neurological and Central Nervous System
- Ophthalmics and Otologicals
- Pain, neuro-muscular blocking agents & analgesics
- Respiratory
- Vitamins, minerals & nutrients

### Internal R&D & Regulatory Capabilities

**Centralized R&D Laboratory** located at Dundigal, Hyderabad facility, with supporting personnel at each manufacturing facility

- ~276 personnel team including PhDs, pharmacy post graduates and chemists
- **New R&D building at Pashamylaram, Hyderabad**
- R&D expertise supports regulatory filings globally

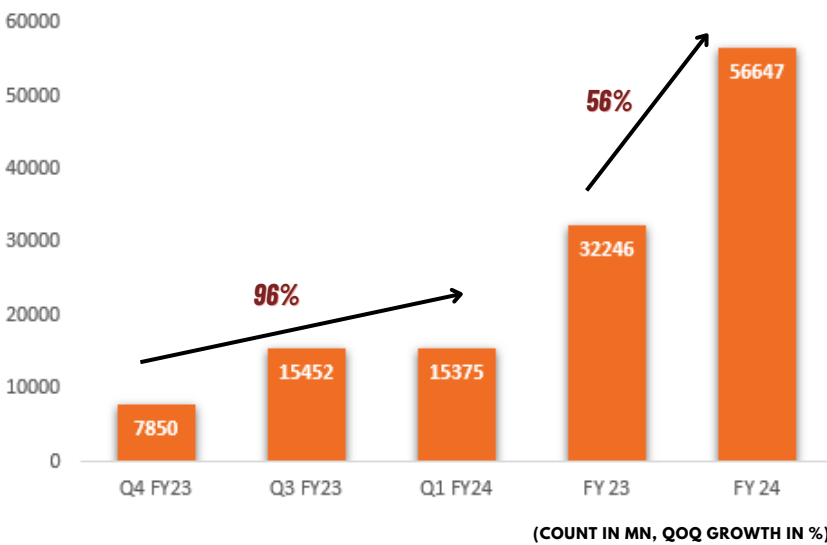
#### Regulatory Track Record

- 349 ANDA Filings in US – 286 approved; 63 pending <sup>(1)</sup>
  - Of 349, 165 owned by Gland Pharma out of which 129 are approved and 36 are pending approval
  - 258 for sterile injectables, 54 for oncology and 37 for ophthalmics related products
- 1,667 product registrations globally, of which 473 in United States, Europe, Canada, Australia and New Zealand, 73 in India and 1,121 in Rest of the world <sup>(1)</sup>

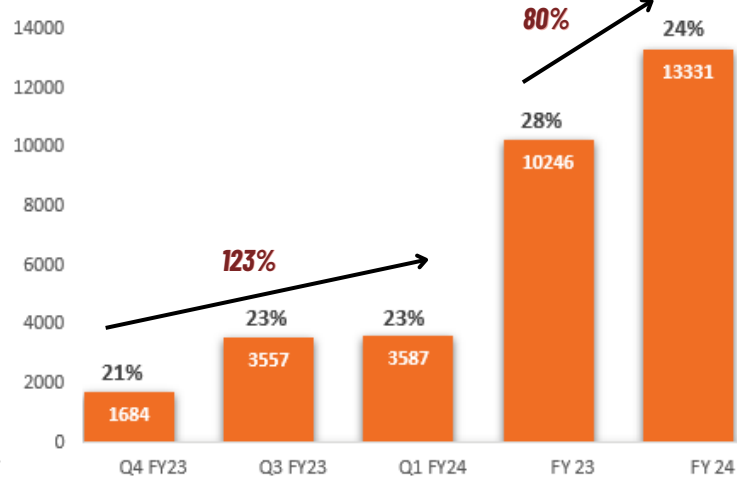
Sources: Company's profile



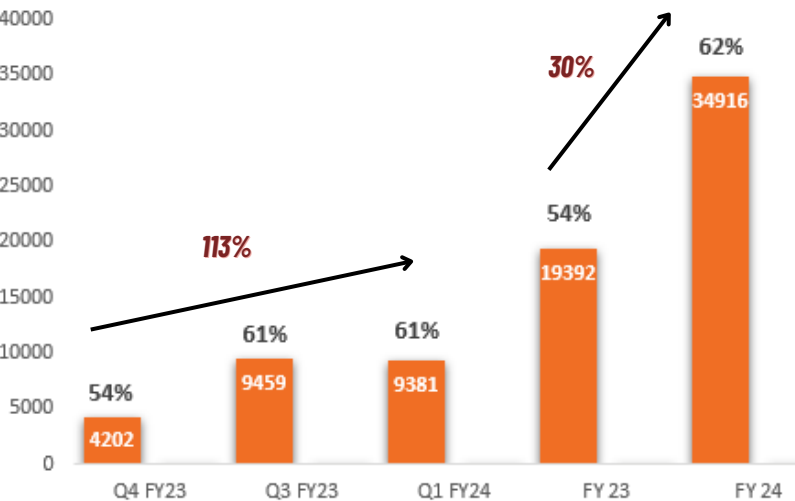
### REVENUE FROM OPERATIONS



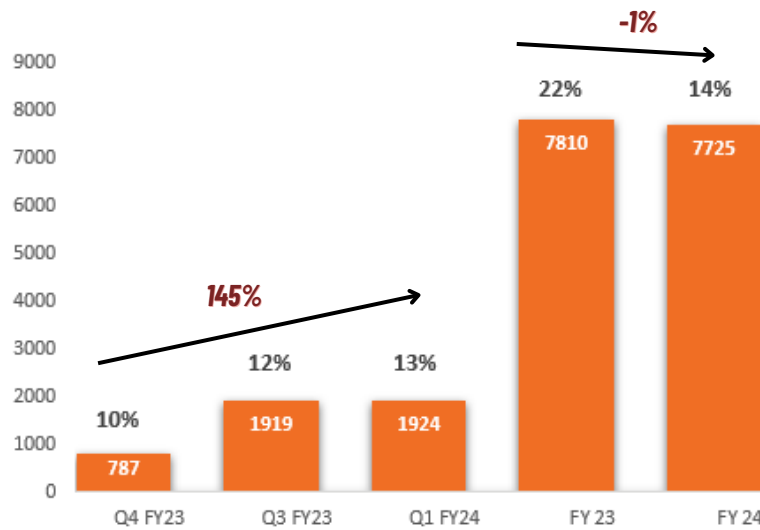
### GROSS PROFIT VS GROSS PROFIT MARGIN



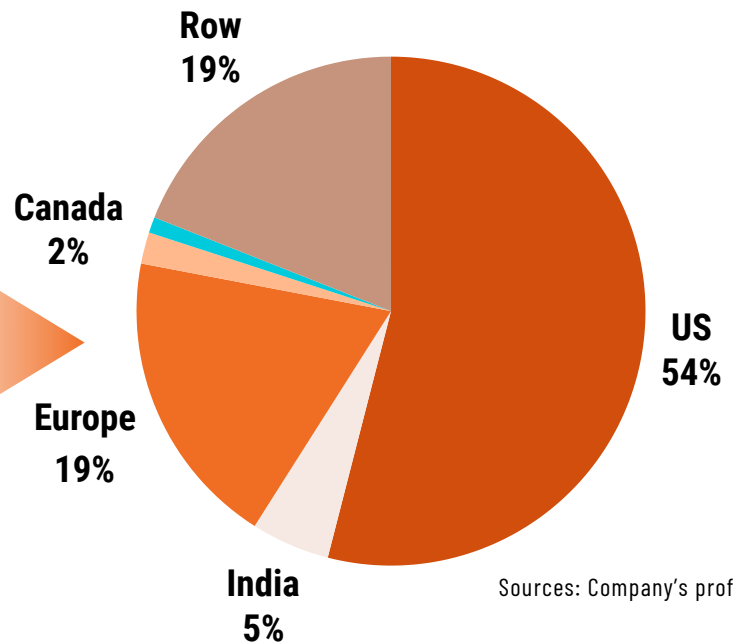
### EBITDA VS EBITDA MARGIN



### PAT VS PAT MARGIN

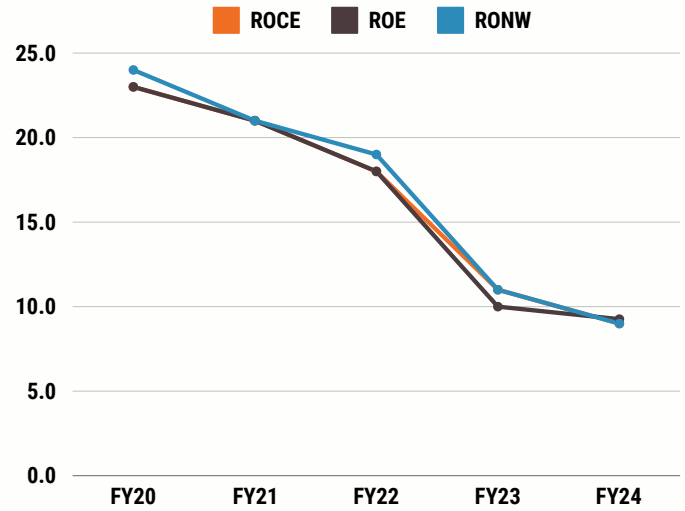
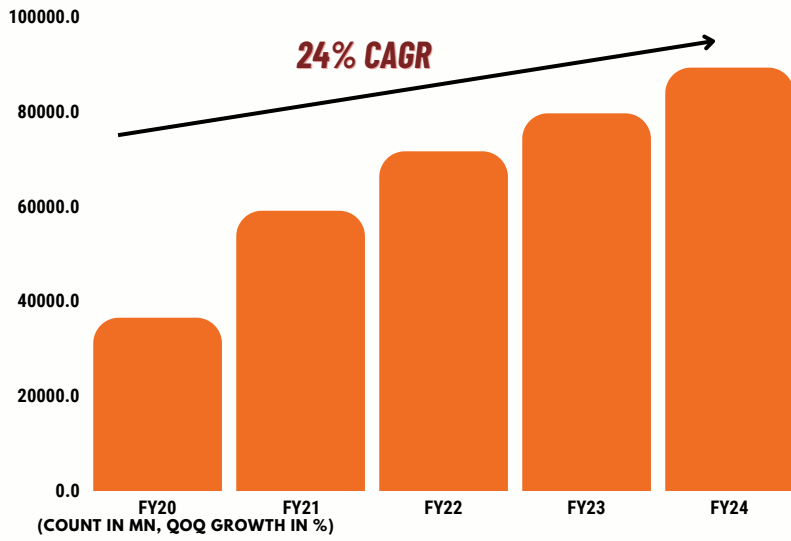


### GEOGRAPHIC BREAKDOWN (GROUP REVENUE : FY24)

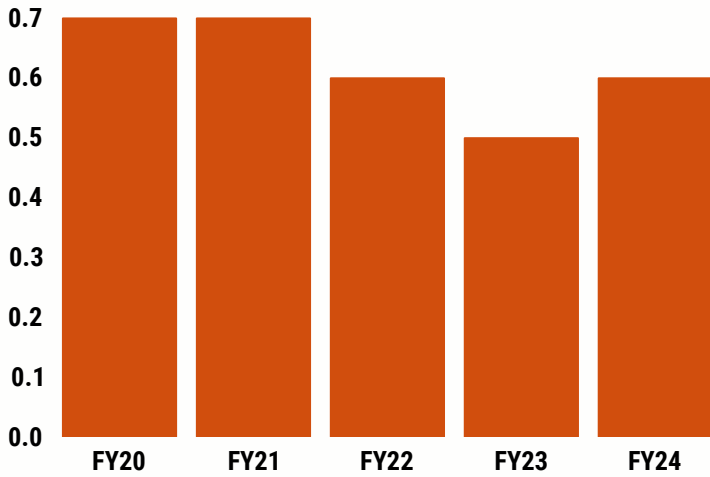




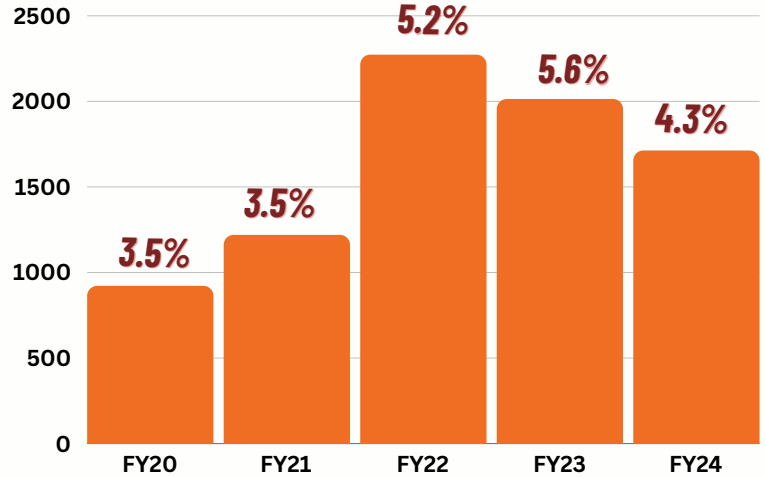
### NET WORTH



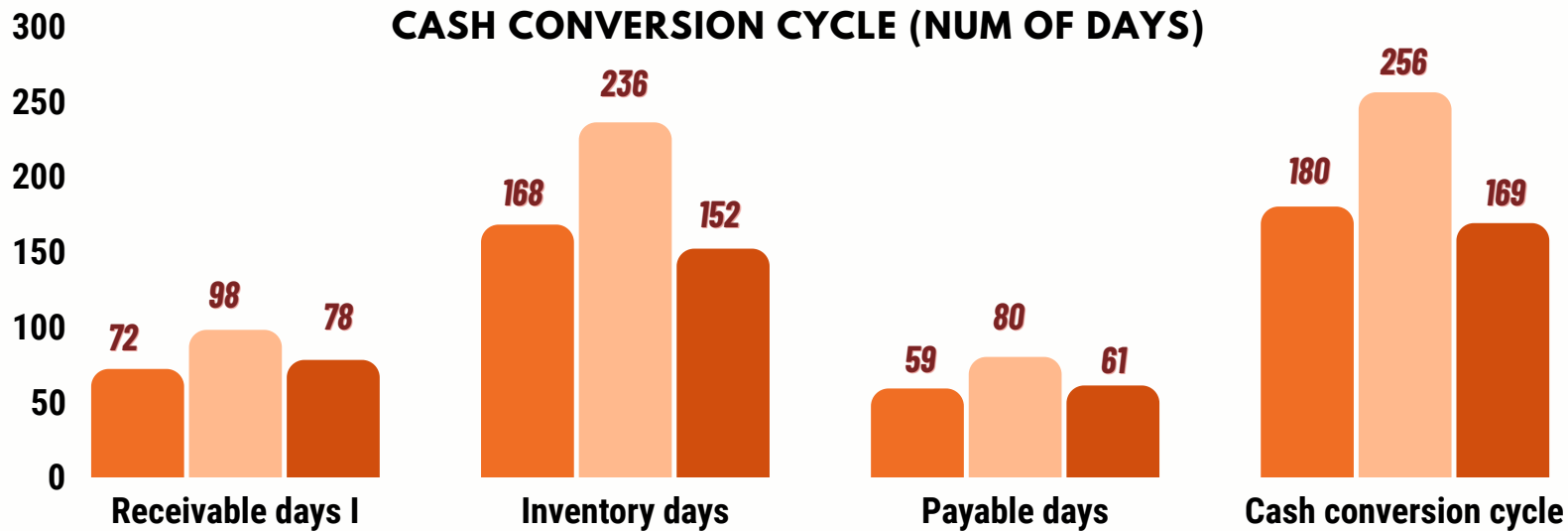
### ASSET TURNOVER RATIO



### R&D EXPENSES / (R&D % OF REVENUE)



### CASH CONVERSION CYCLE (NUM OF DAYS)



Sources: Company's profile

### Quarterly Result

PARTICULARS	Mar-23		Jun-23		Sep-23		Dec-23		Mar-24	
Net Sales	₹ 785.4	100.00%	₹ 884.1	100.00%	₹ 1010.7	100.00%	₹ 1097.9	100.00%	₹ 1174.8	100.00%
Total Expenditure	₹ 616.3	78.46%	₹ 624.7	70.66%	₹ 663.6	65.66%	₹ 728.4	66.34%	₹ 742.0	63.16%
Operating Profit	₹ 169.2	21.54%	₹ 259.4	29.34%	₹ 347.1	34.34%	₹ 369.5	33.66%	₹ 432.0	36.77%
Other Income	₹ 38.9	4.96%	₹ 35.2	3.98%	₹ 41.1	4.07%	₹ 43.4	3.95%	₹ 47.0	4.00%
Interest	₹ 2.2	0.28%	₹ 1.6	0.18%	₹ 0.9	0.09%	₹ 0.8	0.07%	₹ 4.5	0.39%
Depreciation	₹ 37.5	4.78%	₹ 39.0	4.41%	₹ 40.2	3.98%	₹ 40.3	3.67%	₹ 42.6	3.62%
Exceptional Items	-₹ 56.5	-7.19%	₹ 0.0	0.00%	₹ 0.0	0.00%	₹ 0.0	0.00%	₹ 0.0	0.00%
Profit Before Tax	₹ 111.9	14.25%	₹ 254.0	28.73%	₹ 347.1	34.34%	₹ 371.8	33.86%	₹ 432.7	36.83%
Tax	₹ 32.7	4.16%	₹ 66.4	7.51%	₹ 89.5	8.86%	₹ 95.0	8.65%	₹ 111.3	9.47%
Profit After Tax	₹ 79.2	10.09%	₹ 187.6	21.22%	₹ 257.5	25.48%	₹ 276.8	25.21%	₹ 321.4	27.36%
Adjusted EPS (Rs)	₹ 4.8		₹ 11.4		₹ 15.6		₹ 16.8		₹ 19.5	

### Profit and Loss Statement

Years	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25 E	Mar-26 E	LTM
<b>Income Statement</b>								
Sales	₹ 2,633.2	₹ 3,462.9	₹ 4,400.7	₹ 3,624.6	₹ 5,664.7	₹ 5,825.4	₹ 6,392.3	₹ 5,664.7
Sales Growth	#DIV/0!	31.51%	27.08%	-17.64%	56.29%	2.84%	9.73%	0.00%
COGS	₹ 1,560.4	₹ 2,008.7	₹ 2,680.0	₹ 2,367.4	₹ 3,660.0	₹ 3,823.1	₹ 4,290.4	₹ 4,331.6
COGS % Sales	59.26%	58.01%	60.90%	65.31%	64.61%	65.63%	67.12%	76.47%
Gross Profit	₹ 1,072.82	₹ 1,454.22	₹ 1,720.68	₹ 1,257.23	₹ 2,004.74	₹ 2,002.22	₹ 2,101.90	₹ 1,333.08
Gross Margins	40.74%	41.99%	39.10%	34.69%	35.39%	34.37%	32.88%	23.53%
Selling & General Expenses	₹ 117.36	₹ 152.00	₹ 210.35	₹ 232.38	₹ 671.67	₹ 633.6	₹ 807.4	
S&G Exp % Sales	4.46%	4.39%	4.78%	6.41%	11.86%	10.88%	12.63%	0.00%
EBITDA	₹ 955.46	₹ 1,302.22	₹ 1,510.33	₹ 1,024.85	₹ 1,333.07	₹ 1,368.58	₹ 1,294.53	₹ 1,503.32
EBITDA Margins	36.28%	37.61%	34.32%	28.27%	23.53%	23.49%	20.25%	26.54%
Interest	₹ 7.18	₹ 3.41	₹ 5.24	₹ 7.45	₹ 26.20	₹ 26.20	₹ 26.20	₹ 26.21
Interest % Sales	0.27%	0.10%	0.12%	0.21%	0.46%			0.46%
Depreciation	₹ 94.59	₹ 98.78	₹ 110.30	₹ 146.74	₹ 344.57	₹ 344.57	₹ 344.57	₹ 344.57
Depreciation % Sales	3.59%	2.85%	2.51%	4.05%	6.08%			6.08%
Earnings Before Tax	₹ 853.69	₹ 1,200.0	₹ 1,394.8	₹ 870.7	₹ 962.3	₹ 997.8	₹ 923.8	₹ 1,132.5
EBT % Sales	32.42%	34.65%	31.69%	24.02%	16.99%	17.13%	14.45%	19.99%
Tax	₹ 220.0	₹ 337.9	₹ 406.9	₹ 273.5	₹ 360.1	₹ 360.1	₹ 360.1	₹ 360.1
Effective Tax Rate	25.77%	28.15%	29.17%	31.42%	37.42%			31.79%
Net Profit	₹ 633.7	₹ 862.2	₹ 987.9	₹ 597.1	₹ 602.2	₹ 637.7	₹ 563.7	₹ 772.5
Net Margins	24.06%	24.90%	22.45%	16.47%	10.63%			13.64%
No of Equity Shares	15.49	16.36	16.43	16.47	16.47	16.47	16.47	16.47
Earnings per Share	₹ 40.91	₹ 52.70	₹ 60.13	₹ 36.26	₹ 36.56	₹ 38.72	₹ 34.22	₹ 46.90
EPS Growth %	0.00%	28.82%	14.09%	-39.70%	0.85%			28.27%
Dividend per Share	-	-	-	-	₹ 20.0	-	-	-
Dividend payout ratio	0.00%	0.00%	0.00%	0.00%	54.70%	0.00%	0.00%	0.00%
Retained Earnings	100.00%	100.00%	100.00%	100.00%	45.30%	100.00%	100.00%	100.00%

### Balance Sheet

Years	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	₹ 15.5	₹ 16.4	₹ 16.4	₹ 16.5	₹ 16.5
Reserves	₹ 3,630.7	₹ 5,886.9	₹ 7,141.2	₹ 7,942.3	₹ 8,707.4
Borrowings	₹ 5.0	₹ 5.0	₹ 4.7	₹ 4.5	₹ 372.2
Other Liabilities	₹ 434.8	₹ 587.8	₹ 671.3	₹ 814.4	₹ 1,565.2
<b>Total Liabilities</b>	<b>₹ 4,086.0</b>	<b>₹ 6,496.1</b>	<b>₹ 7,833.6</b>	<b>₹ 8,777.5</b>	<b>₹ 10,661.3</b>
Fixed Assets Net Block	₹ 968.1	₹ 954.2	₹ 1,502.2	₹ 1,570.6	₹ 3,946.8
Capital Work in Progress	₹ 188.5	₹ 337.8	₹ 190.8	₹ 177.2	₹ 237.9
Investments	-	-	₹ 154.9	-	-
Other Assets	₹ 246.2	₹ 252.2	₹ 631.9	₹ 442.4	₹ 1,423.3
<b>Total Non Current Assets</b>	<b>₹ 1,402.8</b>	<b>₹ 1,544.2</b>	<b>₹ 2,479.7</b>	<b>₹ 2,190.2</b>	<b>₹ 5,607.9</b>
Receivables	₹ 601.8	₹ 671.0	₹ 1,074.8	₹ 871.4	₹ 1,558.7
Inventory	₹ 756.3	₹ 1,275.2	₹ 1,185.7	₹ 1,945.3	₹ 1,655.2
Cash & Bank	₹ 1,325.2	₹ 3,005.8	₹ 3,093.4	₹ 3,770.7	₹ 1,839.4
<b>Total Current Assets</b>	<b>₹ 2,683.3</b>	<b>₹ 4,951.9</b>	<b>₹ 5,353.9</b>	<b>₹ 6,587.4</b>	<b>₹ 5,053.4</b>
<b>Total Assets</b>	<b>₹ 4,086.0</b>	<b>₹ 6,496.1</b>	<b>₹ 7,833.6</b>	<b>₹ 8,777.5</b>	<b>₹ 10,661.3</b>

### Cash Flow Statement

PARTICULARS	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Profit from operations	₹ 686.4	₹ 992.9	₹ 1334.9	₹ 1619.0	₹ 1048.4
Adjustment	₹ 76.1	₹ 32.2	₹ 17.3	-₹ 28.2	₹ 37.4
Changes in Assets & Liabilities	-₹ 354.0	-₹ 79.9	-₹ 435.8	-₹ 393.1	-₹ 407.0
Tax Paid	-₹ 223.5	-₹ 244.1	-₹ 311.4	-₹ 406.5	-₹ 310.9
Operating Cash Flow	₹ 185.1	₹ 700.9	₹ 604.9	₹ 791.3	₹ 367.9
Investing Cash Flow	-₹ 318.6	-₹ 761.0	-₹ 1521.0	-₹ 1006.9	₹ 1211.2
Financing Cash Flow	-₹ 2.9	-₹ 6.9	₹ 1238.5	₹ 34.9	₹ 14.9
<b>Net Cash Flow</b>	<b>-₹ 136.4</b>	<b>-₹ 66.9</b>	<b>₹ 322.4</b>	<b>-₹ 180.7</b>	<b>₹ 1594.0</b>

## WHAT SHOULD INVESTORS DO?

Gland Pharma's Q4 revenue surged 96% to ₹5,665 crore, driven by a 50% growth in the base business to ₹1,173.7 crore and contributions from Cenexi, despite disruptions at the acquired company.

Key highlights:

- US revenue grew 83% to ₹878 crore.
- Europe revenue increased 7x to ₹269 crore thanks to Cenexi.
- Other markets saw 58-64% growth.

Gland Pharma is expanding into complex injectables and entering emerging markets to diversify revenue while maintaining profitability. The company operates in over 60 countries with successful B2B and B2C models.

US launches in FY24:

- 9 product SKUs (5 molecules) by Q4.
- 89 product SKUs (52 molecules, including 31 relaunches).

As of March 2024, Gland Pharma had 349 ANDA filings, with 286 approved and 63 pending.

Based on a projected 12% EPS growth and a P/E of 28, the company is valued at **₹2,090-2,100** per share.




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