GLENMARK PHARMACEUTICALS LIMITED

Company Background

Glenmark Pharmaceuticals Limited (Glenmark) is a leading pharmaceutical company headquartered in Mumbai, India. The company was incorporated in 1977 by Gracias Saldanha. Glenmark manufactures and markets generic formulation products and active pharmaceutical ingredients (API), both in the domestic and international markets. In the formulation business, its business spans segments such as Dermatology, Internal Medicine, Paediatrics, Gynaecology, ENT and Diabetes. The company also invests in New Chemical Entity (NCE) research and has in pipeline two drug candidates in phase II trials and four drug candidates that are expected to commence phase I trial in the near future.

Glenmark has four manufacturing facilities for formulations and additional three facilities for APIs. These manufacturing facilities are located in the states of Goa, Himachal Pradesh, Gujrat and Maharashtra in India. The company also owns a manufacturing facility in Sao Polo, Brazil. The company registered sales of nearly EUR 141 million in the financial year ending 31 March 2006, which was 30 per cent higher than the previous year. The net profit of the company in FY 2006 stood at EUR 16.38 million.

Glenmark's operations are spread across more than 80 markets for formulations business. It supplies APIs to over 45 markets.3 The company has presence in the highly regulated markets of the USA and Europe. It has incorporated subsidiaries in the UK, Switzerland, the USA and Brazil.

International business contributed nearly 42 per cent to the company's total revenues in FY 2006.

Glenmark Pharmaceuticals in the European Union (EU)

Glenmark made a foray into the EU in 2004. Europe, contributing nearly 30 per cent in value terms to the global pharmaceutical market is the key region for the company's international ambitions. The company eyes the generics market which is set to increase in the coming years.

Glenmark Pharmaceuticals in the UK

Glenmark operates in the UK through its subsidiary, Glenmark Pharmaceuticals (UK) Ltd. that was established in 2004. With an easy access to markets in London, the rest of the UK and the EU, this subsidiary caters to the European API and formulations market. Glenmark is developing generics products for the European market.

Glenmark's UK subsidiary is also exploring opportunities for inorganic growth in various European countries. It recently entered into an agreement with Generics UK, a unit of Merck KgaA, Germany, for joint-development, filing and marketing of eight generic dermatological products in Europe.

Success Factors

Cost Advantage

Glenmark has laid significant emphasis on process

research in API. The company has six well-equipped and modern API laboratories at its dedicated process research centre in Mumbai. The API team comprises 50 scientists and process chemists working on a variety of processes ranging from chiral and heterocyclic to resolution and carbohydrate chemistry. The process research department has helped the company in commercialising over 50 products in the last five years. Glenmark has filed 20 DMFs till date and is targeting several additional filings in the near-term.

The manufacturing of API by Glenmark helps it to achieve backward integration for its formulation business. This helps the company to rationalize cost, improve time to market and hone its competitive edge. Glenmark also sells its API products to other Generic manufacturers in both domestic and international markets and has leveraged the advantage offered by its API division to make its formulations business increasingly competitive in the EU and other geographies. Going forward this will prove a competitive edge for its penetration into the EU.

The company also has over 150 scientists focused on formulation development and a USFDA approved (and EU approvable) plant in India and has recently commissioned another plant that is EU and USFDA approvable.

Future Plans

Targeting the Generics Sector

Glenmark is planning to establish itself in the top markets of the EU. With the branded industry relying on blockbuster drugs and the patents of many top brands set to expire in the near term, the generics market in the EU presents a huge opportunity. There is an increasing pressure to reduce costs, and healthcare companies in the EU are likely to shift towards generics. Currently, generics account for nearly 50 per cent of all prescriptions and are set to reach 75 per cent by 2007 providing a good opportunity for generic players such as Glenmark.

Growth through Partnerships and Acquisitions

Glenmark has emerged as an international player with business presence in over 80 nations. The European market is a key focus area for the company's growth plans. Glenmark is targeting acquisitions and strategic partnerships in Europe for foraying into the European generics market. It is ready with country-specific strategies for this proposed foray. The company will consider acquiring select front end generic players in some of the European markets going forward.

Partnering its Pipeline of Novel Drugs

Glenmark also has the richest pipeline of New Chemical Entities among its Indian peers and works in the broad areas of inflammation and metabolic disorders. Two of the company's NCEs, Oglemilast a PDE4 inhibitor for Asthma/COPD and GRC 8200 a DPPIV inhibitor for Diabetes (type II) are currently in Phase II. The company licensed out Oglemilast to Forest Laboratories for North America in a landmark deal involving USD 190 Mn in upfront and milestones and mid-teen royalties. Oglemilast has also been licensed to Teijin Pharma for Japan. The company retains rights to Europe for the molecule.

The company has a pipeline of four drugs in pre-clinicals for various inflammatory conditions and Obesity. Of these, three have entered phase I testing by March 2006 and the fourth will start a phase I trial early next year. The company intends licensing its compounds to players for North America, Europe and Japan with the partners investing in drug development and marketing upon approval.

www.glenmarkpharma.com