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STOCK BROKING PVT. LTD.

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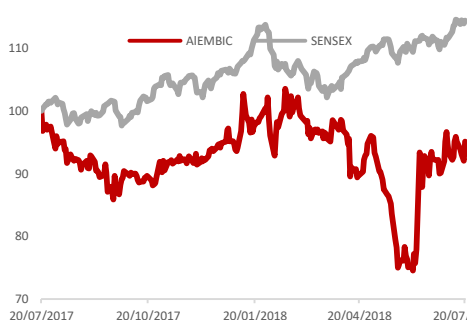
## BUY

Current Price	592
Target Price	<b>700</b>
Upside/Downside	18%
52 Week Range	613/412

## Key Share Data

Market Cap (Rs.bn)	94.82
Market Cap (US\$ mn)	1382.87
No of o/s shares (mn)	188.51
Face Value	2.0
Monthly Avg. vol (BSE+NSE) Nos'000	
BSE Code	533573
NSE Code	ALEMBICLTD
Bloomberg	NARH:IN

## Price performance



% Shareholding	Jun-18	Mar-18
Promoters	72.93	72.68
FII	9.16	10.46
DII	5.16	3.88
Others	12.75	12.98
Total	100	100

**Alembic Pharmaceuticals Ltd. (APL)** is a medium sized player with a balance of domestic and exports. After the day 1 US launch of gABILIFY in FY16, and regulatory + structural headwinds in the Indian market, APL is now set to return to growth track. We expect growth in domestic business through new specialty launches with a sharper focus on chronic therapies and a better business environment. In the international business (mainly US), we believe APL will succeed due to its large base of 61 ANDA filings pending USFDA approval and 10+ launches in the US. Being into matured generics in neurology, cardiology, pain management we expect APL to benefit from the withdrawal of generics by larger players like Teva and Sandoz. We initiate coverage on APL and recommend investors to BUY with a target price of Rs 700.

### Domestic business to grow through new specialty launches

We expect APL to grow faster than the Indian Pharmaceutical Market (IPM) with a revamped domestic portfolio and new launches in specialty chronic therapies. We expect domestic business to grow at 13% CAGR to Rs 17 bn by FY20.

### Niche product launches to augment US exports

Post gains from gABILIFY in FY16; APL has ramped up its ANDA filings base with 61 ANDAs pending approval. With USFDA compliance across manufacturing facilities, APL is now set for 10+ launches in the US. APL's JV in dermatology has also filed 3 ANDAs in FY18. The company is incurring capex to set up plants for injectables and oncology formulations to be commissioned by FY19. We expect international business to grow at 9% CAGR to Rs 19.7 bn by FY20 and at a higher rate thereafter.

### Investment in Oncology formulations facility to reap fruits beyond FY20

APL is setting up manufacturing facilities for injectables, oncology formulations, oral solids and dermatology to be commissioned over FY19 and FY20. The company has planned for capex of Rs 12-13 bn to be financed through long-term debt and internal accruals.

### Financials

We believe APL's revenues will grow at 11% CAGR to Rs 38 bn by FY20. We expect EBITDA to grow at 16% CAGR to Rs 8.7 bn, with a 200 bps improvement in EBITDA margins by FY20. In view of the higher interest cost PAT will grow at 10% CAGR to Rs 5 bn by FY20. We expect EPS to grow from Rs 21.9 in FY18 to Rs 27.6 in FY20.

### Outlook & Valuation

We believe APL is set to grow in both its domestic as well as international business, with an improvement in profitability. Being in the capex phase in FY19, we expect a higher earnings growth beyond FY20. We strongly believe investment in APL will yield good returns in the long term. At CMP of Rs 592, APL trades at 22x FY20E EPS of Rs 27.6. **We initiate coverage on APL and recommend investors to BUY the stock with a target price of Rs 700, indicating an upside of 18%.**

## Key Financials

Year	Net sales	% Growth	EBIDTA	OPM (%)	PAT	% Growth	EPS	PE (x)	RoE (%)	RoCE (%)
FY16	31,659.8	116.0	10,066.8	31.8	7,201.9	453.4	38.2	15.5	45.1	52.9
FY17	31,346.0	(1.0)	6,152.6	19.6	4,068.9	(43.5)	21.6	27.4	21.4	26.2
FY18	31,308.0	(0.1)	6,430.9	20.5	4,209.1	3.4	22.3	26.5	19.0	18.1
FY19E	34,664.7	10.7	7,748.0	22.4	4,801.6	14.1	25.5	23.3	17.2	19.1
FY20E	38,309.3	10.5	8,664.9	22.6	5,193.9	8.2	27.6	21.5	15.3	17.4



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## Mid-sized player with a healthy balance between domestic and exports

Alembic Pharmaceuticals Ltd. (APL) is a manufacturer of pharmaceutical formulations in India. In FY18, 44% of APL's revenues (Rs 31308 mn) comprised domestic business at Rs 13702 mn, 53% comprised exports at Rs 16654 mn mainly to US (77%) the balance being other operating income. From FY15- FY18, the domestic business grew at 5% CAGR to Rs 13702 mn whereas export formulations grew at 23% CAGR to Rs 16654 mn. APL has to its credit the day 1 launch of gABILIFY (Aripiprazole), an anti-psychotic formulation in the US market in FY16.

## DOMESTIC

### Recovery in Indian pharmaceuticals industry leads to growth

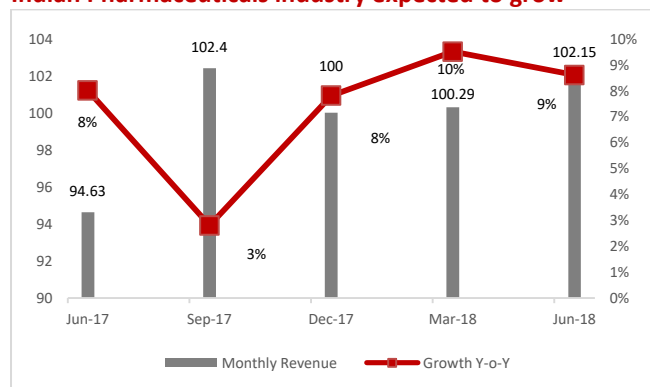
The Indian pharmaceuticals industry has recovered from the disruptions caused due to structural changes in the economy. The inventory destocking due to demonetization in November'16 and GST implementation in July'17 resulted in degrowth for the industry. With the implementation and easing of rules, the industry returned to growth in November'17. The pricing pressure on the industry along with the FDC ban and higher number of drugs being a part of NLEM created a cautious environment for players in the Indian market in FY18.

APL's 15% of APL's domestic business falls under NLEM, which is lower than that of the other domestic players.

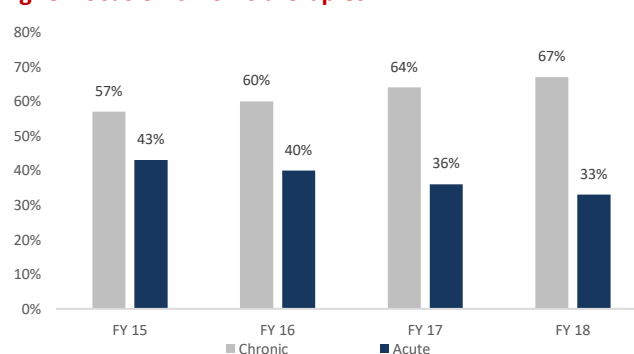
### Restructuring of domestic portfolio post FDC ban

APL is amongst the top 20 players in the Indian pharmaceuticals market. The company is a prominent player in anti infectives, cardiovascular, anti-diabetics, gastroenterology and dermatology with 5 brands amongst the top 300 brands in India. APL's top brands include Azithral, Althrocin, Wikoryl, Gestofit, and Roxil. With the FDC ban in May'16, four of APL's major brands were impacted along with price control on Azithral. Alembic withdrew a few products from the market and revamped its domestic portfolio to improve focus on chronic treatment. The contribution from chronic treatment increased from 57% in FY15 to 67% in FY18. APL also sharpened focus on growth therapies of Gynecology, ophthalmology, cold & cough, orthopedic, nephrology and anti infectives.

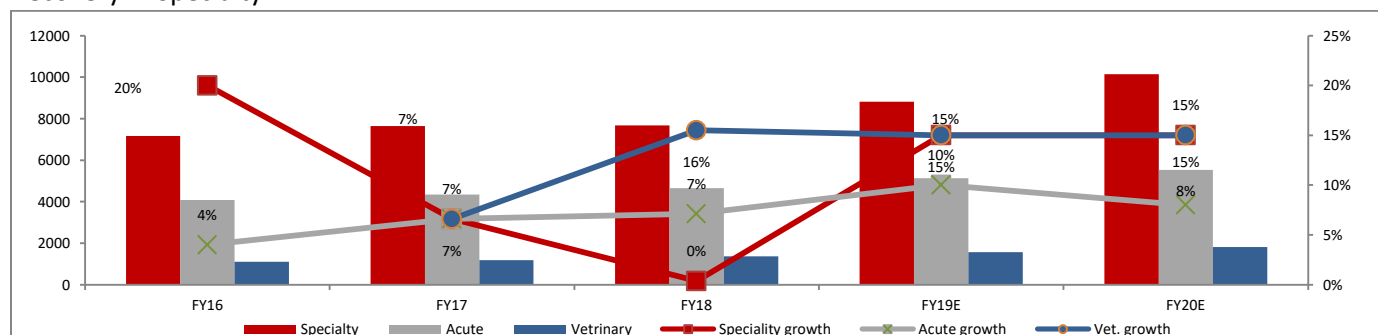
### Indian Pharmaceuticals industry expected to grow



### Higher focus on chronic therapies



### Recovery in Specialty





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### New specialty launches to drive domestic growth

With the improved focus on chronic formulations, APL witnessed a good growth in its specialty business which comprises 56% of domestic sales. Specialty business grew 20% in FY16, after which the business was subdued growing at 6.6% in FY17 and a flat performance in FY18. The company continued new product launches mainly in specialty formulations, with 25 new products in FY18. Going forward, APL plans to launch 15-20 new products annually with growth above industry. The company also plans to focus on improving field productivity, which is currently at Rs 2.75 mn per MR with a marketing team of 5000 people. We expect a 15% growth in specialty, 10% in acute and 15-16% in veterinary business. We expect domestic revenues to grow at 13% CAGR to Rs 17494 mn by FY20.

### INTERNATIONAL FORMULATIONS

#### Day 1 launch of gABILIFY

APL is a late entrant to the US generics market. The company's day 1 launch of gABILIFY in Q2FY16 created a milestone with 180-day exclusivity to the product leading to a jump in overall financials. APL's earnings grew 155% to Rs 7200 mn in FY16. The company invested proceeds majorly into research & development to create its future pipeline for the US market. APL also set up its own front end in the US in FY16.

#### ANDA filings and higher R & D spend

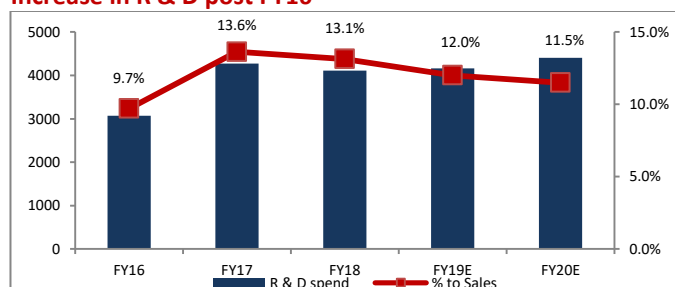
APL forayed into US with partners and has slowly picked up pace on its own labels. Currently the company has a product basket of 30 on its own label in the US. FY17 saw a ramp up in R & D spend from Rs 1216 mn (6% of revenues) in FY15 to Rs 3071 mn (9.7% of sales) in FY16 and Rs 4272 mn (13.6% of sales) in FY17. APL filed 26 ANDAs in FY18 and 20 ANDAs in FY17 against 5 filings in FY15. Currently APL has 61 ANDAs pending approval from the USFDA.

#### Increase in ANDA filings

Countries	Filings	Approvals	Launches
US	132	70	48
Canada	21	20	12
Latam	14	4	2
Europe	21	19	15
South Africa	21	7	2
Australia	17	14	12

Source : Company, Dalal & Broacha Research

#### Increase in R & D post FY16



#### Acquisition of Orit International

In November'17 APL acquired Orit Laboratories LLC, US (Orit) for Rs 39 mn. At the time of acquisition, Orit had 7 approved ANDAs and 4 ANDAs pending approval with a 8600 sq.ft R & D centre at New Jersey, US. Orit also has a research team of 8 scientists with additional specialization in soft gelatin based oral solids and oral liquids. Currently the products are being sold through partners and will gradually move into APL in due course.

#### JV with Aleor in dermatology to commercialize in FY19

APL's joint venture with Aleor filed 3 ANDAs in FY18. The dermatology facility has been commissioned at Panelav, Gujarat. The ANDA filings will trigger USFDA inspection followed by an approval in FY19. The company expects commercialization of 1 dermatology product in FY19.



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### US to grow with new product launches

FY18 saw a ramp up in new product launches in the US. The year however witnessed a tough business environment due to channel consolidation with severe price erosion across products. APL launched 8 new products in FY18. APL US formulations revenues were flat at Rs 9200 mn (\$138 mn) which also includes a one off of \$5 mn. The significantly higher volume growth was offset by the sharp price erosion in generics.

While FY18 was flat, Q4FY18 saw a 25% increase in US revenues excluding the \$5 mn one off. In FY19, APL plans to launch more than 10 new products in the US. The company has 13 products approved by USFDA pending launch, including Buprion hydrochloride and Doxycycline Hyclate. Although the products are not limited competition products, they have the potential of a meaningful contribution to a small player like APL.

Date of Approval	Name of the Drug	Market Size	Approval	No. of Players
December,2017	Darifenacin Extended Release tablets, 7.5 gm and 15 gm	\$64 Million	Approval	8
April,2018	Acyclovir ointment USP	\$145 Million	Approval	9
June,2018	Bupropion Hydrochloride Tablets USP, 75 mg and 100 mg	\$37 Million	Approval	14
June,2018	Doxycycline Hyclate Capsules USP, 50 mg and 100 mg.	\$80 Million	Approval	8
July,2018	lloperidone Tablets, 1 mg, 2 mg, 4 mg, 6 mg, 8 mg, 10 mg and 12 mg.	\$128 Million	Tentative Approval	2
July,2018	Ticagrelor Tablets, 90 mg.	\$625 Million	Approval	1

Further, we also expect APL to benefit from the integration of Orit. Orit's portfolio shift into APL will take place in a phased manner, as the existing product contracts with the distributors expire and labeling revisions are approved by the USFDA. APL will gradually integrate Orit's products into their own labels in FY19.

### US product basket of matured generics – minimum downward risk

APL's product basket in the US comprises Aripiprazole, Metronidazole and other molecules mainly catering to Neurology, cardiovascular, pain management and anti infectives. Many of APL's products are matured generics with high levels of competition. However, the sharp price erosion in the US has led to larger players like Teva, Sandoz and few more withdrawing products giving rise to higher volumes to the smaller players. We believe APL poses minimum downward risk being a small player in matured generics.

Going forward, we expect APL's US business to increase from Rs 12.6 bn to Rs 15 bn by FY20, driven by new product launches and integration of Orit. Exports to emerging markets are expected to grow at 5% to Rs 4 bn by FY20. Overall we expect exports to grow at 9% CAGR to Rs 20 bn by FY20.



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#### Setting up facilities for Oncology formulations to be commissioned in FY20

APL is expanding into general injectables, oncology oral solids, oncology injectables and oral solids with a capex of Rs 12-13 bn. The company has incurred capex of Rs 6 bn in FY18, with the balance to be spent of FY19 and FY20. The capex is being financed through domestic debt and internal accruals. The commercialization of the new plants will open up new avenues to APL's business beyond FY20.

Expansion into Oncology and Injectables		
Plant	Location	Expected Commissioning
Oncology Injectables	Panelav	H1FY19
General Injectables	Panelav	H1FY19
Oral Solids	Jarod	H2FY19
Dermatology	Panelav	After USFDA approval
Source : Company, Dalal & Broacha Research		

#### Key Risks

Delays in USFDA approvals to ANDA filings and resultant delays in launches pose a risk to our projections.

Any additional products falling under price control in India may impact our projections.

APL's business carries a risk of any changes in the regulatory environment in India, US and other relevant markets.



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## Financial Outlook

### Revenues to grow @11% CAGR to Rs 38 bn by FY20

We expect revenues to grow at 11% CAGR to Rs 38 bn by FY20, driven by growth in both domestic (13% CAGR) and international business (9% CAGR).

### EBITDA to grow @16% CAGR to Rs 8.6 bn by FY20

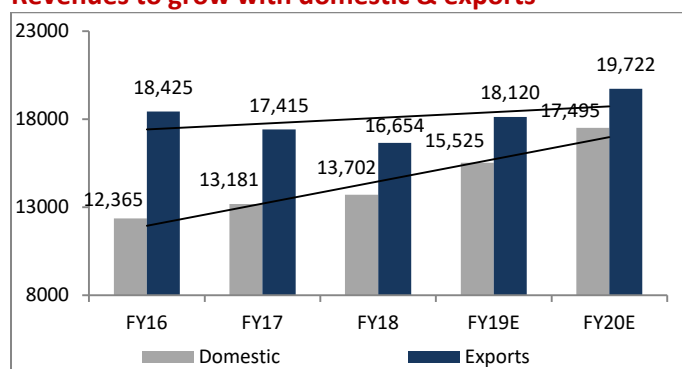
We expect EBITDA to grow at 16% CAGR to Rs 8.6 bn by FY20, with the improvement in product mix in India as well as exports. We believe EBITDA margins will increase by 190 bps to 22.4% in FY19.

### Earnings to grow @10% CAGR due to higher interest burden

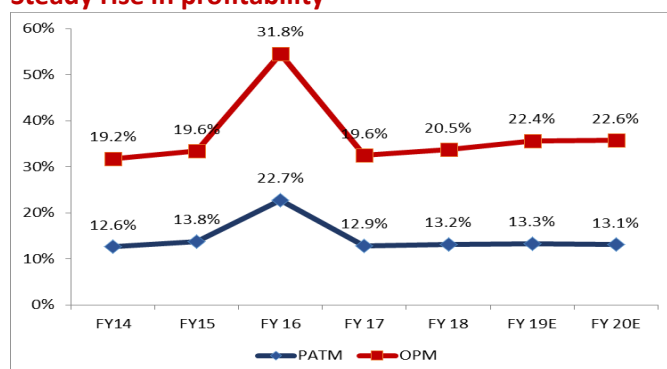
We expect PAT to grow at 10% CAGR to Rs 5 bn by FY20E in view of the significantly higher interest burden during its capex phase. We expect earnings growth at a higher rate beyond FY20E, post commissioning of the oncology formulations facilities.

APL's debt has increased significantly towards end FY18. The debt: equity ratio is healthy around 0.32:1 in FY18.

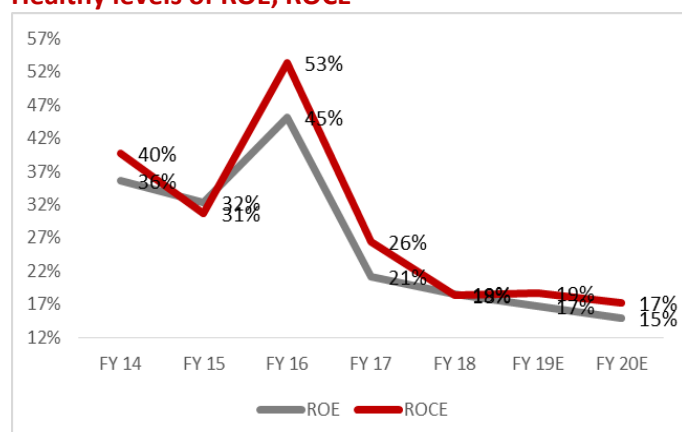
### Revenues to grow with domestic & exports



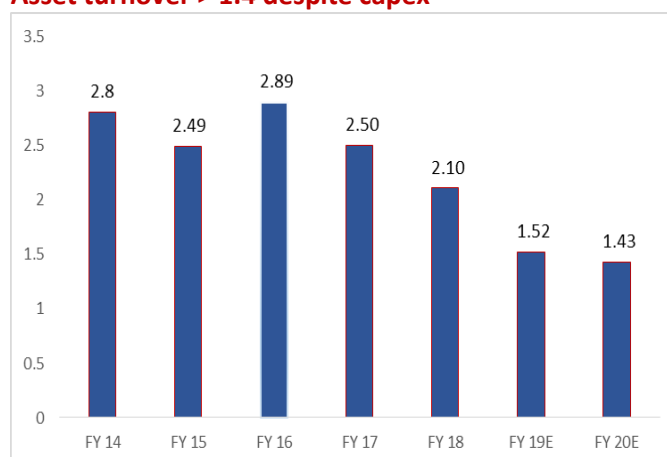
### Steady rise in profitability



### Healthy levels of ROE, ROCE



### Asset turnover > 1.4 despite capex



Company, Dalal & Broacha Research



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## Valuation

We have valued APL using the weighted average of discounted cash flow (DCF), P/E multiple and EV/Ebitda methods of valuation. We have applied a P/E multiple of 26x FY20E EPS of Rs 27.6 and an EV/Ebitda multiple of 16x FY20E EBITDA of Rs 8665 mn. Using the weighted average of the three methods, we arrive at a target price of Rs 700 per share. We recommend investors to BUY APL with a target price of Rs 700 per share, indicating an upside of 18%.

Weighted average target price Methodologies	Target price	Weight assigned	Weighted Avg Price	Comments
Using DCF approach	665.6	20.0%	133.1	DCF for 10 years & 5% terminal growth rate
Using EV/EBITDA approach	702.6	25.0%	175.7	Based on 16x EV / EBITDA FY20E
Using P/E approach	711.6	55.0%	391.4	Based on 26x P / E FY20E
<b>Weighted average target price</b>			<b>700.0</b>	
Current price			592.5	
<b>% Upside/(Downside) from current levels</b>			<b>18%</b>	

DCF Calculation	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
PBIT	1871.9	2209.3	3204.2	3608.5	9417.4	5343.1	5446.6	6634.5	7105.0	8050.4	9980.2	12146.1	13368.3	14732.3	16252.2	17943.8	19824.0	21911.7	
PBIT*(1-Tax Rate)	1513.2	1769.2	2429.47	2841.2	7243.7	4109.12	4235.5	5187.36	5549.92	6273.5	7584.983	9231	10160	10607	11702	12920	14273	15776.4	
Chg in WC: (Incr)/Decr	70.1	-7.0	-693.3	-1578.2	1027.9	-1527.6	-2025.2	-2586.4	-1760.4	-739.6	-1017.05	-1220.5	-1342.5	-1476.7	-1624.4	-1786.9	-1965.6	-2162.1	
Gross Block	0	0	0	8028.8	7800.5	9500.9	11832	19831.7	23831.7	25832	28831.7	31832	34832	37832	40832	43832	46832	49831.7	
Capex					-228.3	1700.4	2330.8	8000	4000	2000	3000	3000	3000	3000	3000	3000	3000	3000	
Capex as % of Gross Block					-3%	18%	20%	40%	17%	8%	10%	9%	9%	8%	7%	7%	6%	6%	
Capex as % of Sales					-1%	5%	7%	23%	10%	5%	6%	5%	4%	4%	3%	3%	3%	3%	
Asset turn				2.6	4.1	3.3	2.6	1.7	1.6	1.6	1.8	1.9	1.9	2.0	2.0	2.0	2.1	2.2	
-FCFF					8499.9	881.1	-120.5	-5399.0	-210.5	3533.9	3567.9	5010.5	5817.4	6130.5	7077.2	8132.6	9307.7	10614.3	
-FCFF Growth Rate					-90%	-114%	-96%	1%	40%	16%	5%	15%	15%	14%	14%				
-Cost of Capital (%)				11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	
-Weight Assigned					0	0	0	1	2	3	4	5	6	7	8	9	10		
-Present Value					8499.9	881.121	-120.46	-5399	-190.46	2894.2	2644.4	3360.7	3531.1	3367.6	3518.2	3658.8	3789.5	3910.84	

Sum of PV of FCF	30485.00
<b>Calculation of Terminal Value</b>	
Terminal Year Free Cash Flow	11145.05
Terminal Growth Rate	5%
Terminal Enterprise Value	<b>227983.3</b>
Terminal Value	88793.1
Enterprise Value	119278.1
Add: Cash & Investments	899.132
Less: Debt	7077.8
Market Capitalisation	125456.8
No. of shares	188.5
<b>Value per share</b>	<b>666</b>
<b>CMP</b>	<b>592</b>
<b>% upside</b>	<b>12.3%</b>

	WACC				
	8%	9%	10%	11%	12%
3%	750	615	522	456	407
4%	899	706	582	497	436
5%	1152	843	665	552	474
6%	1672	1076	792	629	524
7%	3362	1555	1006	745	595

WACC for explicit forecast	
Expected Market Return (Rm)	15.0%
Risk Free Rate (Rf)	7.8%
Country Premium (Rm-Rf)	7.3%
Beta	0.4
Cost of Equity	10.7%
Cost of Debt	7.5%
Tax rate	22.0%
Post Tax Cost of Debt	5.9%
<b>WACC</b>	<b>9.9%</b>
Debt	7077.8
Equity	22201.432
<b>Total</b>	<b>29279.23</b>



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## EV / EBIDTA method

Company	3/8/2018				EBIDTA				EV/EBIDTA		
	CMP	FV	MCAP	Debt FY18	Cash + Invt	EV	Equity	FY19E	FY20E	FY19E	FY20E
Torrent Pharma	1522.7	5.0	257671.3	57370.0	13590.0	301451.3	846.1	18512.3	22039.7	16.3	13.7
Indoco Remedies	200.2	2.0	18443.9	2332.0	119.2	20656.7	184.3	1596.7	2050.0	12.9	10.1
IPCA	754.7	2.0	95357.9	4731.0	2199.2	97889.7	252.7	6282.5	7897.5	15.6	12.4
Unichem Labs	234.3	2.0	16481.4	1506.0	15824.9	2162.5	140.7				
Lupin	886.3	2.0	400720.8	68763.0	16696.0	452787.8	904.3	33120.9	39369.7	13.7	11.5
Alkem	2191.5	2.0	262020.7	8920.0	10210.5	260730.2	239.1	13107.8	16171.3	19.9	16.1
Alembic Pharmaceuticals	592.5	2.0	109207.5	7077.8	1315.5	114969.8	377.0	7748.0	8664.9	14.8	13.3
<b>Peer Group average</b>										<b>15.5</b>	<b>12.8</b>

## P / E Method

Company	3/8/2018	EPS		P/E	
	Price	FY19E	FY20E	FY19E	FY20E
Torrent Pharma	1523	49.4	66.8	30.8	22.8
Indoco Remedies	200	6.8	10.6	29.4	18.9
IPCA	755	28.5	38.4	26.5	19.7
Unichem Labs	234				
Lupin	886	35.4	44.7	25.0	19.8
Alkem Laboratories	2191	79.2	100.3	27.7	21.8
Alembic Pharmaceuticals	592	25.2	27.4	23.5	21.6
<b>Peer Group average</b>				<b>27</b>	<b>21</b>

Source: Bloomberg, Dalal & Broacha Research





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## Company background

Alembic Pharmaceuticals Ltd (APL) was set up in 1907 by the Amin family. Currently, Mr. Chirayu Amin is the Chairman of the company and his sons Mr. Shaunak Amin and Mr. Pranav Amin as Managing Directors. APL is engaged in the manufacturing and marketing of pharmaceutical formulations and active pharmaceutical ingredients (APIs).

In FY18 the consolidated income from operations were at Rs 31308 mn, of which domestic business was at Rs 13702 mn and international business was at Rs 16654 mn. 76% of the international business comes from US with the balance from emerging markets.

APL has six manufacturing facilities, 4 API facilities spread over Gujarat, Baddi and Hyderabad and two formulation facilities at Sikkim and Vadodara. All the facilities have been approved by the USFDA.

Year	Milestones Achieved
1907	Established by the Amin family and Starts manufacturing tinctures and alcohol at Vadodara, Gujarat
1940	Starts manufacturing cough syrup, vitamins, tonics & sulphur drugs
1961	Penicillin plant is inaugurated by Lal Bahadur Shastri
1967	Starts manufacturing Vitamin B12
1971	Starts manufacturing Erythromycin for the first time in India
1972	Launches Althrocin, a brand of Erythromycin
<b>1997</b>	<b>Althrocin becomes India's top-selling brand</b>
1999	Starts manufacturing synthetic organic API
2000	Receives ISO 14000 certification for Vadodara facility
2001	Starts manufacturing Cephalosporin C
2006	Receives FDA approval for API facilities
2007	Acquires Non-Oncology Business of Dabur Pharma Ltd. (i.e. Cardiology, Gastroenterology and gynecology brands)
2010	Demerges pharmaceuticals business from Alembic – APL listed Total ANDAS filed: 38, Total DMFs filed: 53 & receives approval for 15
2012	Forms a joint venture for NCE research
2013	Launches first NDA with a partner and Commences filing in EU, Australia and Brazil
2014	Forms a 50:50 joint venture in Algeria
<b>2015</b>	<b>Launches Aripiprazole on day-1 and Establishes a front-end for marketing in the US</b>
2016	Establishes a 60:40 joint venture with Orbicular Inc. to develop & commercialize dermatology products for US
2017	Acquisition of Orit Laboratories LLC, USA
<b>2018</b>	<b>Received EIR from USFDA for its Formulation facility at Panelav</b>

Plant Type	Location	Plant certifications
API	Panelav, Gujarat	USFDA approved
API	Baddi, Himachal Pradesh	USFDA approved
API	Karkhadi, Gujarat	USFDA approved
API	Hyderabad	USFDA approved
Formulations	Sikkim	USFDA approved
Formulations	Vadodara	USFDA approved



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Alembic Pharmaceuticals Limited											
P&L (Rs mn)	FY16*	FY17	FY18	FY19E	FY20E	Cash Flow St. (Rs. mn)	FY16*	FY17	FY18	FY19E	FY20E
Net Sales	31,659.8	31,346.0	31,308.0	34,664.7	38,309.3	Net Profit	7,201.9	4,068.9	4,209.1	4,801.6	5,193.9
Raw materials	(7,811.3)	(8,581.0)	(8,855.6)	(9,532.8)	(10,343.5)	Add: Dep. & Amort.	722.1	829.7	1,054.6	1,187.4	1,637.4
Employee costs	(4,728.5)	(5,588.3)	(6,228.1)	(6,975.5)	(8,021.8)	<b>Cash profits</b>	<b>7,924.0</b>	<b>4,898.6</b>	<b>5,263.7</b>	<b>5,989.0</b>	<b>6,831.2</b>
Other Expenses	(9,053.2)	(11,024.1)	(9,793.4)	(10,408.4)	(11,279.1)	(Inc)/Dec in					
Cost of sales	(21,593.0)	(25,193.4)	(24,877.1)	(26,916.7)	(29,644.4)	-Sundry debtors	(335.4)	(405.0)	(826.1)	(1,875.2)	(909.8)
<b>Operating Profit</b>	<b>10,066.8</b>	<b>6,152.6</b>	<b>6,430.9</b>	<b>7,748.0</b>	<b>8,664.9</b>	-Inventories	(80.9)	(439.5)	(717.0)	(1,011.8)	(1,208.2)
Depreciation	(722.1)	(829.7)	(1,054.6)	(1,187.4)	(1,637.4)	-Loans/advances	651.6	(364.8)	1,887.0	-	-
PBIT	9,344.7	5,322.9	5,376.3	6,560.6	7,027.5	-Others	(242.3)	516.0	(351.7)	3,159.9	473.8
Other income	72.7	20.2	70.3	73.8	77.5	Change in working capital	(7.0)	(693.3)	(7.7)	272.9	(1,644.2)
Interest	(54.3)	(52.3)	(34.0)	(493.3)	(455.8)	<b>CF from Oper. activities</b>	<b>8,950.4</b>	<b>3,333.6</b>	<b>3,155.7</b>	<b>3,350.1</b>	<b>5,036.9</b>
Profit before tax	9,363.1	5,290.8	5,412.6	6,141.1	6,649.2	<b>CF from Inv. activities</b>	<b>(2,902.4)</b>	<b>(4,824.6)</b>	<b>(9,084.2)</b>	<b>(3,327.9)</b>	<b>(4,563.6)</b>
Provision for tax	(2,161.2)	(1,221.9)	(1,203.5)	(1,339.5)	(1,455.3)	<b>CF from Fin. activities</b>	<b>(1,801.5)</b>	<b>(1,421.3)</b>	<b>5,231.6</b>	<b>(56.1)</b>	<b>947.0</b>
<b>Reported PAT</b>	<b>7,201.9</b>	<b>4,068.9</b>	<b>4,209.1</b>	<b>4,801.6</b>	<b>5,193.9</b>	<b>Cash generated/(utilised)</b>	<b>4,246.5</b>	<b>(2,912.3)</b>	<b>(696.9)</b>	<b>(33.9)</b>	<b>1,420.2</b>
Extraordinary Items	-	-	-	-	-	Cash at start of the year	261.8	4,508.3	1,596.0	899.1	865.2
<b>Adjusted PAT</b>	<b>7,201.9</b>	<b>4,068.9</b>	<b>4,209.1</b>	<b>4,801.6</b>	<b>5,193.9</b>	Cash at end of the year	4,508.3	1,596.0	899.1	865.2	2,285.4
<b>Balance Sheet</b>	<b>FY16*</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19E</b>	<b>FY20E</b>	<b>Ratios</b>	<b>FY16*</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19E</b>	<b>FY20E</b>
Equity capital	377.0	377.0	377.0	377.0	377.0	OPM	31.8	19.6	20.5	22.4	22.6
Reserves	15,596.6	18,646.3	21,824.4	27,481.1	33,548.5	NPM	22.7	13.0	13.4	13.8	13.5
<b>Net worth</b>	<b>15,973.6</b>	<b>19,023.3</b>	<b>22,201.4</b>	<b>27,858.1</b>	<b>33,925.5</b>	Tax rate	(23.1)	(23.1)	(22.2)	(21.8)	(21.9)
Debt	1,137.1	885.1	7,077.8	6,077.8	6,077.8	<b>Growth Ratios (%)</b>					
Other non current liab	130.5	-	-	-	-	Net Sales	116.0	(1.0)	(0.1)	10.7	10.5
Deferred tax liabilities	427.4	369.3	354.4	391.4	431.5	Operating Profit	358.8	(38.9)	4.5	20.5	11.8
Minority Interest	-	1.1	3.1	2.4	1.7	PAT	453.4	(43.5)	3.4	14.1	8.2
<b>CAPITAL EMPLOYED</b>	<b>17,668.6</b>	<b>20,278.8</b>	<b>29,636.7</b>	<b>34,329.7</b>	<b>40,436.6</b>	<b>Per Share (Rs.)</b>					
Gross block	<b>7,800.5</b>	<b>9,500.9</b>	<b>11,831.7</b>	<b>19,831.7</b>	<b>23,831.7</b>	<b>Net Earnings (EPS)</b>	<b>38.2</b>	<b>21.6</b>	<b>22.3</b>	<b>25.5</b>	<b>27.6</b>
Accumulated depreciation	<b>719.6</b>	<b>1,506.9</b>	<b>2,561.5</b>	<b>3,748.9</b>	<b>5,386.3</b>	<b>Cash Earnings (CPS)</b>	<b>42.0</b>	<b>26.0</b>	<b>27.9</b>	<b>31.8</b>	<b>36.2</b>
<b>Net block</b>	<b>7,080.9</b>	<b>7,994.0</b>	<b>9,270.2</b>	<b>16,082.8</b>	<b>18,445.4</b>	Dividend	1.4	2.5	3.8	3.8	4.0
Capital WIP	925.2	3,692.8	9,107.6	3,000.0	3,000.0	Book Value	84.7	100.9	117.8	147.8	180.0
<b>Total fixed assets</b>	<b>8,006.1</b>	<b>11,686.8</b>	<b>18,377.8</b>	<b>19,082.8</b>	<b>21,445.4</b>	Free Cash Flow	32.1	(7.9)	(31.4)	0.1	2.5
Other Intangible Assets	-	-	625.9	751.1	901.3	<b>Valuation Ratios</b>					
Intangible asset under dev	-	270.0	993.9	1,192.7	1,431.2	<b>P/E(x)</b>	<b>15.5</b>	<b>27.4</b>	<b>26.5</b>	<b>23.3</b>	<b>21.5</b>
Goodwill	-	-	37.7	41.5	45.6	<b>P/B(x)</b>	<b>7.0</b>	<b>5.9</b>	<b>5.0</b>	<b>4.0</b>	<b>3.3</b>
<b>Deffered Tax Asset</b>	<b>-</b>	<b>-</b>	<b>34.5</b>	<b>-</b>	<b>-</b>	<b>EV/EBIDTA(x)</b>	<b>10.7</b>	<b>18.0</b>	<b>18.3</b>	<b>14.9</b>	<b>13.2</b>
Investments	534.1	498.8	416.4	1,416.4	1,416.4	<b>EV/SALES(x)</b>	<b>3.4</b>	<b>3.5</b>	<b>3.8</b>	<b>3.3</b>	<b>3.0</b>
Other Non current assets	632.9	712.4	711.4	853.7	1,024.4	<b>Div. Yield(%)</b>	<b>0.2</b>	<b>0.4</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>
Inventories	5,697.9	6,327.5	7,339.3	8,547.5	9,446.1	<b>FCF Yield(%)</b>	<b>5.4</b>	<b>(1.3)</b>	<b>(5.3)</b>	<b>0.0</b>	<b>0.4</b>
Trade Receivables	3,504.8	3,388.2	5,263.4	6,173.2	6,822.2	<b>Return Ratios (%)</b>					
Cash & Bank	4,508.3	1,596.0	899.1	865.2	2,285.4	<b>ROE</b>	<b>45.1</b>	<b>21.4</b>	<b>19.0</b>	<b>17.2</b>	<b>15.3</b>
Other current assets	1,401.6	2,412.9	4,711.0	5,653.2	6,783.8	<b>ROCE</b>	<b>52.9</b>	<b>26.2</b>	<b>18.1</b>	<b>19.1</b>	<b>17.4</b>
Loans & Advances	-	-	-	-	-	* includes day 1 launch of gABILIFY					
Current Liab	6,617.1	6,613.8	9,773.7	10,247.5	11,165.4						
<b>CAPITAL DEPLOYED</b>	<b>17,668.6</b>	<b>20,278.8</b>	<b>29,636.7</b>	<b>34,329.7</b>	<b>40,436.6</b>						



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