

Result update

3 February 2018

## Way to recovery; maintain Sell

We maintain Sell rating on GlaxoSmithKline Pharma (GSK) and revise our TP to Rs1,850 (earlier Rs1,525) based on 24x March'20E EPS of Rs77.1. GSK's Q3FY18 results were below our and consensus estimates. GSK revenue was flat, EBITDA margin improved 1,270bps to 20.1% and net profit grew 156% YoY. GSK's major brands grew by high single digit to double digit during the quarter. That said, the company has a strong presence in the vaccines segment and is likely to derive growth from the same. Key risks to our assumptions include faster-than-expected growth in the domestic market and higher growth of its flagship brands. We recommend a switch to other pharma companies, Abbott India or Pfizer, due to GSK's rich valuations.

- **Revenues likely to grow:** GSK's revenue was flat at Rs7.05bn in Q3FY18. Its major brands grew by high single digit to double digit during the quarter. The lower sales growth was due to deflationary impact of GST. The 10% price increase on non-NLEM products from April'18 is likely to improve revenues. GSK's top 22 brands contributed ~68% to its revenues. Nine of these grew faster than the market growth rate of 7.8% and are likely to drive future growth. The launch of new products and vaccines would also drive growth.
- **EBITDA margin grew by 1,270bps:** GSK's EBITDA margin grew 1,270bps to 20.1% from 7.4% a year ago, mainly due to the reduction in material cost and other expenses. The company's material cost declined by 1,080bps to 39.8% from 50.6% due to improved sales mix and lower stock impairment. Personnel cost grew by 60bps to 17.6% from 17.0% due to annual increments. Other expenses declined by 260bps to 22.4% from 25.0%. We expect GSK's margin to improve going forward, due to expected price revisions for non-NLEM products during April'18 and additional sales from the vaccine portfolio acquired from Novartis India and the launch of new vaccines.
- **Net profit grew by 156%:** GSK's net profit before EO items grew by 156% YoY to Rs897mn from Rs351mn due to higher margins. Its interest income slumped 19% to Rs120mn from Rs148mn. Net profit after EO items grew by 69% YoY to Rs897mn from Rs530mn. EO item of Rs179mn in Q3FY17mn was from the sale of properties. We expect net profit to improve led by margin improvement, additional revenues from Rabipur, and price revision of its brands. GSK is a debt free cash rich company and poised for good growth.
- **Recommendation and view:** GSK's performance during the quarter improved due to re-stocking by trade after implementation of GST. We have revised our EPS estimates for FY18 and FY19 downwards by 3% and 9%, respectively. We maintain our Sell rating on the scrip, and have revised our TP to Rs1,850 based on 24x March'20E EPS of Rs77.1, with a downside of 25% from the CMP due to its rich valuations. We recommend a switch to Abbott India or Pfizer.

Y/E Mar (Rs mn)	Q3FY18	Q3FY17	YoY (%)	Q2FY18	QoQ (%)	Q3FY18E	QoQ (%)
<b>Revenues</b>	<b>7,039</b>	<b>7,064</b>	<b>(0.4)</b>	<b>8,363</b>	<b>(15.8)</b>	<b>7,750</b>	<b>(9.2)</b>
Raw material cost	2,802	3,571	(21.5)	3,766	(25.6)	3,520	(20.4)
Employee cost	1,239	1,203	3.0	1,357	(8.7)	1,200	3.3
Other expenses	1,580	1,769	(10.7)	1,320	19.7	1,550	1.9
<b>EBITDA</b>	<b>1,418</b>	<b>521</b>	<b>172.2</b>	<b>1,920</b>	<b>(26.1)</b>	<b>1,480</b>	<b>(4.2)</b>
EBITDA margin (%)	20.1	7.4	0 bps	23.0	0 bps	19.1	0 bps
Depreciation	134	66	103.0	77	74.0	80	67.5
Interest	(120)	(148)	(18.9)	(96)	0.0	(100)	20.0
Other income	0	0	NA	0	0.0	0	NA
PBT	1,404	603	133	1,939	(27.6)	1,500	(6.4)
Prov. For tax	507	252	101.2	688	(26.3)	490	3.5
<b>PAT</b>	<b>897</b>	<b>351</b>	<b>155.6</b>	<b>1,251</b>	<b>(28.3)</b>	<b>1,010</b>	<b>(11.2)</b>

Source: Company, Centrum Research Estimates

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj. PAT	YoY (%)	DEPS Rs.	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY16	28,379	7.4	4,782	16.8	3,739	(11.5)	44.1	18.6	19.5	75.0	55.7
FY17	30,000	5.7	4,191	14.0	2,911	(22.1)	34.4	13.9	14.6	88.8	59.5
FY18E	32,894	9.6	5,430	16.5	3,777	29.7	44.6	18.6	19.5	55.7	37.2
FY19E	37,150	12.9	6,911	18.6	4,887	29.4	57.7	23.4	24.5	42.8	28.9
FY20E	42,920	15.5	9,209	21.5	6,530	33.6	77.1	29.2	30.6	32.0	21.8

Source: Company, Centrum Research Estimates

In the interest of timeliness, this document is not edited

Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet

Target Price	Rs 1,850	Key Data	
CMP*	Rs2,468	Bloomberg Code	GLXO IN
Downside	25%	Curr Shares O/S (mn)	84.7
Previous Target	Rs1,525	Diluted Shares O/S(mn)	84.7
Previous Rating	Sell	Mkt Cap (Rsbn/USDbn)	209/3.3
Price Performance (%)*		52 Wk H / L (Rs)	2798.5/2201.2
	1M 6M 1Yr	5 Year H / L (Rs)	3872/2005
GLXO IN	0.1 4.2 (8.1)	Daily Vol. (3M NSE Avg.)	13462
Nifty	3.0 6.7 23.2		

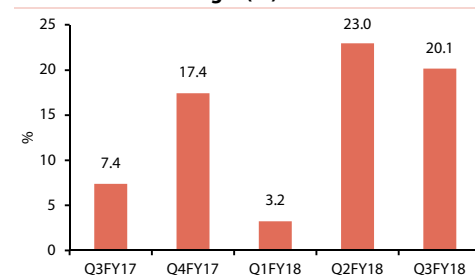
\*as on 2nd February 2018 Source: Bloomberg, Centrum Research

### Shareholding pattern (%)\*

	Dec-17	Sept-17	Jun-17	Mar-17
Promoter	75.0	75.0	75.0	75.0
FIs	1.7	1.8	1.8	1.8
DIs	10.7	10.6	10.4	10.3
Others	12.6	12.6	12.8	12.9

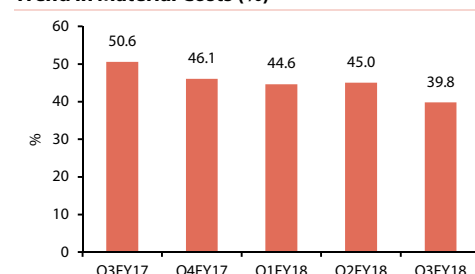
Source: BSE, \*as on 2nd February 2018

### Trend in EBITDA margin (%)



Source: Company, Centrum Research

### Trend in Material Costs (%)



Source: Company, Centrum Research

### Earning Revision

Particulars (Rs mn)	FY18E			FY19E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	32,894	33,893	(2.9)	37,150	39,101	(5.0)
EBITDA	5,430	5,579	(2.7)	6,911	7,472	(7.5)
EBITDA Margin (%)	16.5	16.5	0bps	18.6	19.1	(50)bps
PAT-adj.	3,777	3,876	(2.6)	4,887	5,368	(9.0)

Source: Centrum Research Estimates

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## Performance of major brands

As per AIOCD AWACS December'17 data, GSK's revenue grew 9.3% YoY, compared to the industry growth rate of 7.8% YoY. The company's top 22 brands contributed ~68% to its revenue and hence it is highly dependent on these brands. Nine of GSK's major brands grew faster than the market growth rate of 7.8%. We expect these nine brands to drive future growth.

GSK is a dominant player in the vaccine segment in the domestic market and has four vaccines in the top 500 products namely: Synflorix, Rotarix, Havrix and Varilrix. The company's Synflorix-pneumonia vaccine reported good growth of 9.9% during December'17. GSK had successfully launched Priorix-Tetra, a combination of measles, mumps, rubella and varicella vaccine in Q2FY17 in the domestic market. GSK launched Entero Plus-probiotic food supplement and reinstated the manufacture of Neospirin powder during Q4FY17. GSK has invested Rs1.15bn to construct a dedicated facility for manufacturing Eltroxin.

GSK is the market leader and has market share of 34% in the vaccines segment. The company acquired the distribution rights for Novartis' vaccine portfolio including Rabipur. We expect the vaccine business to drive GSK's future growth.

The details are as follows:

### Exhibit 1: Performance of major brands

Products	Ther. Category	October'17		November'17		December'17	
		Rs mn	Gr. Rate %	Rs mn	Gr. Rate %	Rs mn	Gr. Rate %
<b>Pharma industry</b>		<b>1,03,757</b>	<b>6.5</b>	<b>1,02,915</b>	<b>8.1</b>	<b>1,00,005</b>	<b>7.8</b>
<b>Company</b>		<b>3,472</b>	<b>23.7</b>	<b>2,856</b>	<b>0.7</b>	<b>3,020</b>	<b>9.3</b>
Augmentin	Antiinfective	345	35.2	289	13.6	304	21.2
Synflorix	pneumonia vaccine	361	98.0	205	(12.9)	234	9.9
Calpol	Antipyretic	206	(4.0)	155	(7.4)	140	10.8
Betnovate-C	dermatological	165	31.4	137	(4.9)	158	6.0
Zinetac	Antiulcer	186	32.4	158	2.8	152	9.8
Betnovate-N	dermatological	156	53.6	144	14.4	164	16.1
Eltroxin	Thyroid Hormone	135	13.6	118	(8.7)	123	(4.8)
Ceftum	Antiinfective	127	6.5	107	(2.5)	114	8.2
Betnesol	Antiinflammatory	122	24.0	95	4.0	87	4.9
Rotarix	rotavirus vaccine	82	11.2	70	(27.1)	73	(14.5)
Havrix	Hepatitis A vaccine	81	20.3	59	(37.8)	56	(20.6)
Phexin	Antiinfective	94	25.6	63	(1.4)	59	(2.6)
T-bact	Antiinfective	83	603.5	67	7,494.2	73	412.7
CCM	calcium, vitamins	24	(52.7)	15	(74.0)	40	(26.6)
Betnovate-GM	dermatological	52	37.6	44	6.1	40	1.6
Cobadex-CZS	vitamins, minerals	15	(64.8)	22	(49.3)	31	(32.9)
Varilrix	chickenpox vaccine	60	101.6	41	27.3	41	54.3
Otrivin	nasal decongestant	38	(13.5)	47	4.2	52	22.5
Boosterix	vaccine	50	123.8	30	212.9	31	(18.9)
Cobadex	vitamins	35	11.4	27	(11.8)	19	(22.3)
Cetzine	Anti allergic	31	(15.4)	24	(37.0)	30	(4.1)
Ostocalcium B12	calcium, vitamins	26	13.5	22	15.9	18	(7.3)
<b>Total</b>		<b>2,474</b>		<b>1,939</b>		<b>2,039</b>	

Source: AIOCD AWACS monthly data-October-December'17

### Earnings Revision

Based on the Q3FY18 results, we have revised our consolidated EPS estimates for FY18 and FY19 downwards by 3% and 9%, respectively. Our revised estimates are as follows:

### Exhibit 2: Earnings Revision

Particulars	FY18E			FY19E		
	Current	Earlier	Chg(%)	Current	Earlier	Chg(%)
Sales	32,894	33,893	(2.9)	37,150	39,101	(5.0)
EBIDTA	5,430	5,579	(2.7)	6,911	7,472	(7.5)
EBIDTA margin (%)	16.5	16.5	0bps	18.6	19.1	(50)bps
Net profit	3,777	3,876	(2.6)	4,887	5,368	(9.0)

Source: Centrum Research Estimates

## Valuation and recommendation

At the CMP of Rs2,468, GSK trades at 55.7x FY18E EPS of Rs44.6 and 42.8x FY19E EPS of Rs57.7 and 32.0x FY20E EPS of Rs77.1. We expect the company to perform well, driven by strong volume growth of price-controlled products and price increase up to 10% for non-NLEM products. GSK's performance during the quarter was impacted by deflationary impact on prices from GST implementation. We have revised our EPS estimates for FY18 and FY19 downwards by 3% and 9%, respectively. We maintain our Sell rating on the scrip, with a revised TP of Rs1,850 based on 24x March'20E EPS of Rs77.1, and with a downside of 25% from the CMP due to its rich valuations. We recommend a switch to other pharma companies, Pfizer or Abbott India.

### Justification of valuation and rating

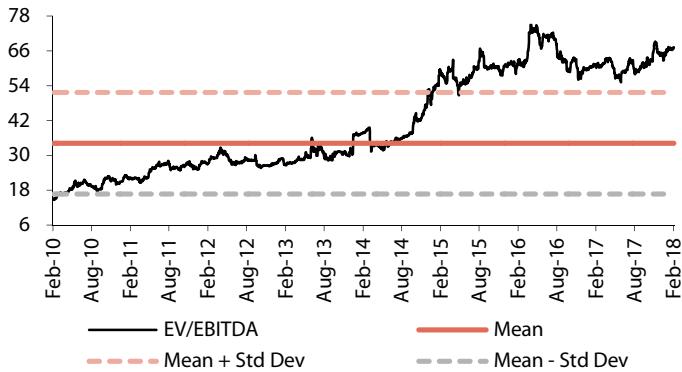
- Our valuation is based on P/E multiples of peer MNC pharma companies and other large-cap companies. MNC pharma companies include Abbott India (24x), GSK (24x), Merck (14x), Pfizer (23x) and Sanofi India (25x). Large-cap pharma companies are Cipla (24x), Dr. Reddy's Labs (21x), Lupin (23x), Aurobindo (18x) and Sun Pharma (26x).
- Top 22 products contributed ~68% to GSK's revenues; hence, the company has high dependence on these products. Its largest selling brand, Augmentin, is under price control. Augmentin contributes ~15% to GSK's revenues and grew at 21.2% in December'17 despite being under price control.
- GSK has posted double-digit sales growth in three out of the last eight quarters.
- GSK's EBIDTA margin improved by 1,270bps YoY to 20.1% from 7.4% and declined by 290bps QoQ to 20.1% from 23.0% indicating that GSK is on the recovery path.
- Valuations are rich considering the stock trades at 55.7x FY18E EPS and 42.8x FY19E compared to its peers, which trade at much lower valuations.
- The stock outperformed in the past due to the open offer of Rs3,100 per share by the parent company to increase its stake to 75% from 51%. However, this is not possible now as it has already reached the threshold level of 75%. The only possibility is de-listing which the parent company is unlikely to do.
- GSK has closed the Thane (area: 60 acres) and Bangalore (area: 80 acres) manufacturing facilities. The company has entered into an agreement to sale Thane property for Rs5.55bn subject to necessary approvals. GSK is looking for a suitable buyer for its Bangalore property.
- The rich valuation may also be due to over 40,000 shareholders holding <10 shares and who are not willing to sell the shares due to higher dividend yield.
- GSK has committed a capex of ~Rs10.0bn for a greenfield project near Bangalore which is likely to commence production in 2018; hence, the company will be in capex mode till then. The plant will have the capacity to manufacture 8bn tablets and 1bn capsules per annum and would be based on 'Continuous Production Technology' compared to currently used 'Batch Manufacturing'.
- GSK has been badly hit by NPPA provisions as its two major key brands, Augmentin and Zentel, came under price control and their MRP reduced sharply by over 40%. This has hit the company's sales and profitability and the company has taken a long time to recover from the same.
- We maintain our Sell rating on the stock as it has rich valuations compared to its peers. We expect GSK to strengthen its vaccine portfolio with the introduction of new products.
- GSK's revenue growth for FY17 was adversely impacted by 5% due to a series of price controls. We expect the price control impact to minimise due to strong volume growth of its flagship brands Augmentin, Synflorix, Calpol, Zinetac, Betnovate N, T-Bact, Varilrix and Otrivin .

### Exhibit 3: Sensitivity Analysis

Sensitivity to key variables – FY18E	% change	% impact on EBITDA	% impact on EPS
Sales	1	6.1	8.7
Material cost	1	(2.8)	(4.0)

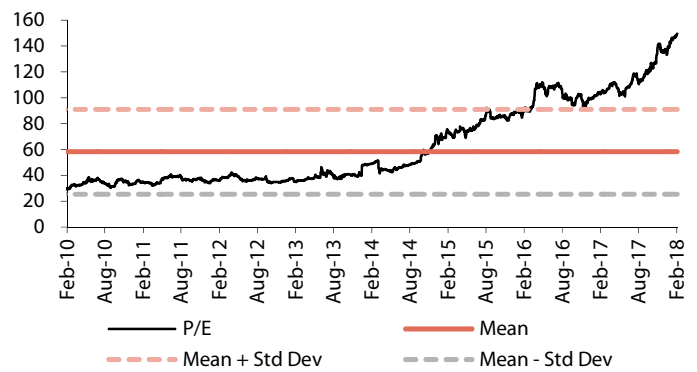
Source: Company, Centrum Research Estimates

### Exhibit 4: 1 year forward EV/EBITDA chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 5: 1 year forward P/E chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 6: Comparative Valuations

Company	Mkt Cap (Rs mn)	CAGR FY17-FY19E%			EBIDTA margin (%)			P/E(x)			EV/EBIDTA(x)			RoE(%)			Div. Yield(%)		
		Revenue	EBIDTA	PAT	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
Glaxo SK Pharma	2,09,040	11.3	28.4	29.6	14.0	16.5	18.6	88.8	55.7	42.8	59.5	37.2	28.9	13.9	18.6	23.4	1.2	1.7	1.9
Abbott India	1,17,619	15.3	33.9	35.4	13.5	16.1	18.2	34.5	24.7	23.2	22.0	15.5	14.3	21.4	25.6	27.3	1.0	1.2	1.1
Pfizer	1,02,023	10.7	34.3	36.8	17.1	23.1	25.2	34.5	23.5	22.3	24.1	17.1	16.1	10.7	14.0	16.2	0.9	0.9	1.1
Sanofi India*	1,14,897	14.6	15.6	21.4	22.3	21.8	22.7	33.3	27.7	22.3	17.7	15.7	12.5	17.7	19.5	22.0	1.9	2.1	2.3

Source: Company, Centrum Research Estimates, \*December ending Prices as on 2<sup>nd</sup> February 2018

## Quarterly financials, Operating Metrics and Key Performance Indicators

### Exhibit 7: Quarterly Financials

Particulars (Rs mn)	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18
<b>P &amp; L</b>								
Total revenues	7,063	7,053	7,991	7,064	7,836	6,071	8,363	7,039
Material cost	3,076	3,143	3,614	3,571	3,610	2,710	3,766	2,802
Personnel cost	1,084	1,180	1,270	1,203	1,176	1,321	1,357	1,239
Other expenses	1,610	1,826	1,699	1,769	1,684	1,843	1,320	1,580
Total expenses	5,770	6,149	6,583	6,543	6,470	5,874	6,443	5,621
EBIDTA	1,293	904	1,408	521	1,366	197	1,920	1,418
Other income	-	-	-	-	-	-	-	-
PBDIT	1,293	904	1,408	521	1,366	197	1,920	1,418
Interest	(241)	(240)	(181)	(148)	(149)	(137)	(96)	(120)
Depreciation	69	54	66	66	78	75	77	134
Profit before tax	1,465	1,090	1,523	603	1,437	259	1,939	1,404
Tax provision	564	386	536	252	570	120	688	507
Profit after tax before EO	901	704	987	351	867	139	1,251	897
EO items	158	18	2	179	259	126	52	0
Profit after tax after EO	1,059	722	989	530	1,126	265	1,303	897
<b>Growth (%)</b>								
Revenues	14.3	8.2	11.4	(5.9)	10.9	(13.9)	4.7	(0.4)
EBIDTA	2.8	(18.7)	9.8	(51.8)	5.6	(78.2)	36.4	172.2
Net Profit before EO	(17.1)	(27.0)	(4.6)	(57.3)	(3.8)	(80.3)	26.7	155.6
<b>Margin (%)</b>								
EBIDTA	18.3	12.8	17.6	7.4	17.4	3.2	23.0	20.1
PBT	20.7	15.5	19.1	8.5	18.3	4.3	23.2	19.9
PAT before EO	12.8	10.0	12.4	5.0	11.1	2.3	15.0	12.7

Source: Company, Centrum Research

### Exhibit 8: Key performance indicators

Key performance indicator	FY16	FY17	FY18E	FY19E	FY20E
Revenue growth %	7.4	5.7	9.6	12.9	15.5
Material cost (%)	43.5	46.6	45.7	45.1	44.3

Source: Centrum Research Estimates

## Financials -consolidated

### Exhibit 9: Income Statement

Y/E March (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
<b>Revenues</b>	<b>28,379</b>	<b>30,000</b>	<b>32,894</b>	<b>37,150</b>	<b>42,920</b>
Material cost	12,331	13,977	15,023	16,750	19,030
% of revenues	43.5	46.6	45.7	45.1	44.3
Employee cost	4,434	4,849	5,355	5,950	6,360
% of revenues	15.6	16.2	16.3	16.0	14.8
Other Expenses	6,832	6,983	7,086	7,539	8,321
% of revenues	24.1	23.3	21.5	20.3	19.4
<b>EBIDTA</b>	<b>4,782</b>	<b>4,191</b>	<b>5,430</b>	<b>6,911</b>	<b>9,209</b>
EBIDTA margin (%)	16.8	14.0	16.5	18.6	21.5
Depreciation & Amortisation	249	265	355	500	570
EBIT	4,533	3,926	5,075	6,411	8,639
Interest Expenses	-	-	-	-	-
PBT from operations	4,533	3,926	5,075	6,411	8,639
Other income	1,228	729	813	1,116	1,231
PBT	5,761	4,655	5,888	7,527	9,870
Tax provision	2,022	1,744	2,111	2,640	3,340
Effective tax rate (%)	35.1	37.5	35.9	35.1	33.8
Net profit	3,739	2,911	3,777	4,887	6,530
EO items	23	458	176	-	-
Reported net profit	3,762	3,369	3,953	4,887	6,530
<b>Adj. Net profit</b>	<b>3,739</b>	<b>2,911</b>	<b>3,777</b>	<b>4,887</b>	<b>6,530</b>

Source: Company, Centrum Research Estimates

### Exhibit 10: Key Ratios

Y/E March (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
<b>Growth Ratios (%)</b>					
Revenues	7.4	5.7	9.6	12.9	15.5
EBIDTA	(5.6)	(12.4)	29.6	27.3	33.3
Adj. Net Profit	(11.5)	(22.1)	29.7	29.4	33.6
<b>Margin Ratios (%)</b>					
EBIDTA margin	16.8	14.0	16.5	18.6	21.5
PBT from operations margin	16.0	13.1	15.4	17.3	20.1
Adj. PAT margin	13.2	9.7	11.5	13.2	15.2
<b>Return Ratios (%)</b>					
RoCE	19.5	14.6	19.5	24.5	30.6
RoE	18.6	13.9	18.6	23.4	29.2
RoIC	111.1	29.3	30.7	36.7	45.5
<b>Turnover ratios (days)</b>					
Gross Block Turnover (x)	9.6	11.4	9.1	7.3	6.7
Debtors	16	21	21	23	23
Creditors	42	34	69	77	71
Inventory	68	52	72	59	71
Cash Conversion Cycle	42	39	23	4	22
<b>Solvency Ratio</b>					
Debt-Equity	0.0	0.0	0.0	0.0	0.0
Net Debt-Equity	(0.6)	(0.5)	(0.4)	(0.4)	(0.4)
Current Ratio	2.8	2.1	1.9	1.7	1.7
Interest Coverage Ratio	0.0	0.0	0.0	0.0	0.0
Gross Debt/EBIDTA	0.0	0.0	0.0	0.0	0.0
<b>Per Share (Rs)</b>					
FDEPS (adjusted)	44.1	34.4	44.6	57.7	77.1
CEPS	47.1	37.5	48.8	63.6	83.8
Book Value	257.8	237.0	242.0	252.1	275.6
Dividend	50.0	30.0	35.0	40.0	45.0
Dividend Payout (%)	135.5	89.8	89.2	82.5	69.5
<b>Valuations (x) (Avg Mkt Cap)</b>					
PER	75.0	88.8	55.7	42.8	32.0
P/BV	12.8	12.9	10.3	9.8	9.0
EV/EBIDTA	55.7	59.5	37.2	28.9	21.8
Dividend Yield (%)	1.8	1.2	1.7	1.9	2.2
5-yr Avg AOCF/EV yield(%)	1.7	1.8	2.3	2.7	2.6

Source: Company, Centrum Research Estimates

### Exhibit 11: Balance Sheet

Y/E March (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
Share capital	847	847	847	847	847
Reserves & surplus	20,986	19,223	19,648	20,503	22,498
Total shareholders Funds	21,833	20,070	20,495	21,350	23,345
Total Debt	16	10	10	10	10
Minority interest	-	-	-	-	-
Deferred tax Liab.	(1,012)	(916)	(950)	(980)	(1,050)
<b>Total Liabilities</b>	<b>20,837</b>	<b>19,164</b>	<b>19,555</b>	<b>20,380</b>	<b>22,305</b>
Gross Block	2,284	2,991	4,250	5,980	6,830
Less: Acc. Depreciation	242	464	819	1,319	1,889
Net Block	2,042	2,527	3,431	4,661	4,941
Capital WIP	2,676	6,054	6,800	7,200	7,500
<b>Net Fixed Assets</b>	<b>4,718</b>	<b>8,581</b>	<b>10,231</b>	<b>11,861</b>	<b>12,441</b>
Investments	60	53	61	71	82
Inventories	5,258	4,257	6,450	5,990	8,350
Debtors	1,266	1,708	1,850	2,300	2,650
Loans & Advances	2,620	3,571	2,280	2,604	2,960
Cash & Bank Balance	13,919	9,321	8,213	9,069	8,482
Other assets	1,681	1,609	700	915	1,040
<b>Total Current Assets</b>	<b>24,744</b>	<b>20,466</b>	<b>19,493</b>	<b>20,878</b>	<b>23,482</b>
Trade payable	3,277	2,790	6,240	7,850	8,360
Other current Liabilities	2,085	3,939	290	330	420
Provisions	3,323	3,207	3,700	4,250	4,920
<b>Net Current Assets</b>	<b>16,059</b>	<b>10,530</b>	<b>9,263</b>	<b>8,448</b>	<b>9,782</b>
<b>Total Assets</b>	<b>20,837</b>	<b>19,164</b>	<b>19,555</b>	<b>20,380</b>	<b>22,305</b>

Source: Company, Centrum Research Estimates

### Exhibit 12: Cash Flow

Y/E March (Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
CF before WC changes	2,628	3,730	4,274	5,357	7,030
Working Capital Changes	(1,236)	931	159	1,671	(1,921)
<b>CF from Operations</b>	<b>1,392</b>	<b>4,661</b>	<b>4,433</b>	<b>7,028</b>	<b>5,109</b>
Adj OCF (OCF-Interest)	2,599	5,390	5,246	8,144	5,109
Change in fixed assets	(2,075)	(4,128)	(2,005)	(2,130)	(1,150)
Adj. FCF (AOCF-Capex)	524	1,262	3,241	6,014	3,959
<b>CF from Investing</b>	<b>5,009</b>	<b>(4,121)</b>	<b>(2,013)</b>	<b>(2,140)</b>	<b>(1,161)</b>
<b>CF from Financing</b>	<b>(6,383)</b>	<b>(3,030)</b>	<b>(3,528)</b>	<b>(4,032)</b>	<b>(4,536)</b>
<b>Net change in Cash</b>	<b>18</b>	<b>(2,490)</b>	<b>(1,108)</b>	<b>856</b>	<b>(588)</b>

Source: Company, Centrum Research Estimates



## Appendix A

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### Glaxo SmithKline price chart



Source: Bloomberg, Centrum Research



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