

## GlaxoSmithKline Pharmaceuticals

### Performance Highlights

Y/E Mar (₹ cr)	1QFY2017	4QFY2016	% chg (QoQ)	1QFY2016	% chg (YoY)
<b>Net Sales</b>	<b>685</b>	<b>686</b>	<b>(0.1)</b>	<b>622</b>	<b>10.2</b>
Other income	44	31	42.2	46	(4.0)
Gross profit	371	377	(1.6)	342	8.5
Operating profit	70	122	(42.4)	104	(32.5)
<b>Adj. PAT</b>	<b>71</b>	<b>95</b>	<b>(25.5)</b>	<b>95</b>	<b>(25.2)</b>

Source: Company, Angel Research

For 1QFY2017, sales stood at ₹685cr V/s ₹700cr expected and V/s ₹622cr in 1QFY2016, a yoy growth of 10.2%. The sales growth has been impacted on back of the pricing cuts implemented by the government. On the operating front, the OPM came in at 10.2% V/s 16.7% in 1QFY2016 and V/s 17.0% expected. The company's OPM was impacted by other expenses, which grew by 40.5% yoy. Thus, the company posted an Adj. net profit of ₹71cr V/s ₹95cr in 1QFY2016, a yoy de-growth of 25.2%. **We maintain our Neutral rating.**

**Results below expectations:** For 1QFY2017, sales stood at ₹685cr V/s ₹700cr expected and V/s ₹622cr in 1QFY2016, a yoy growth of 10.2%. The sales growth has been impacted on back of the pricing cuts implemented by the government. On the operating front, the OPM came in at 10.2% V/s 16.7% in 1QFY2016 and V/s 17.0% expected. The company's OPM was impacted by other expenses, which grew by 40.5% yoy. Thus, the company posted an Adj. net profit of ₹71cr V/s ₹95cr in 1QFY2016, a yoy de-growth of 25.2%..

**Outlook and valuation:** The company has a strong balance sheet with cash of ~₹2,000cr, which could be used for future acquisitions or higher dividend pay outs. On the operational front, we expect the company's net sales to post a CAGR of 13.4% to ₹3,527cr and EPS to register a mere CAGR of 15.9% to ₹59.4 over FY2016–18E. **We remain Neutral on the stock.**

### Key financials (Consolidated)

Y/E Mar (₹ cr)	FY2015*	FY2016	FY2017E	FY2018E
<b>Net sales</b>	<b>3,272</b>	<b>2,741</b>	<b>3,200</b>	<b>3,527</b>
% chg	28.9	(16.2)	16.7	10.2
<b>Net profit</b>	<b>509</b>	<b>374</b>	<b>439</b>	<b>503</b>
% chg	9.8	(26.5)	17.3	14.6
<b>EPS (₹)</b>	<b>60.1</b>	<b>44.2</b>	<b>51.8</b>	<b>59.4</b>
EBITDA (%)	17.8	16.5	16.6	18.8
P/E (x)	52.2	71.1	60.6	52.9
RoE (%)	26.7	21.2	26.3	30.6
RoCE (%)	26.7	21.7	26.3	33.5
P/BV (x)	14.5	15.7	16.2	16.1
EV/Sales (x)	7.5	9.2	8.0	7.3
EV/EBITDA (x)	42.4	55.9	48.1	38.7

Source: Company, Angel Research; Note: CMP as of August 3, 2016; \* 15 months numbers

## NEUTRAL

CMP	₹3,139
Target Price	-

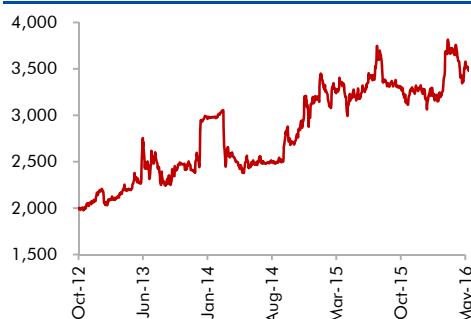
Investment Period	-
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Stock Info	
Sector	Pharmaceutical
Market Cap (₹ cr)	27,015
Net Debt (₹ cr)	(1,055)
Beta	0.43
52 Week High / Low	3,850/3,036
Avg. Daily Volume	1,791
Face Value (₹)	10
BSE Sensex	27,982
Nifty	8,623
Reuters Code	GLAX.BO
Bloomberg Code	GLXO@IN

Shareholding Pattern (%)	
Promoters	75.0
MF / Banks / Indian Fls	10.4
FII / NRIs / OCBs	2.6
Indian Public / Others	12.0

Abs. (%)	3m	1yr	3yr
Sensex	10.0	(0.5)	46.0
Glaxo	(13.1)	(9.1)	40.4

### 3-year price chart



Source: Company, Angel Research

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**Exhibit 1: 1QFY2017 – Standalone performance**

Y/E March (₹ cr)	1QFY2017	4QFY2016	% chg (QoQ)	1QFY2016	% chg (YoY)	FY2016	FY2015	% chg
<b>Net Sales</b>	<b>685</b>	<b>686</b>	<b>(0.1)</b>	<b>622</b>	<b>10.2</b>	<b>2,741</b>	<b>3,272</b>	<b>(16.2)</b>
Other income	44	31	42.2	46	(4.0)	153	233	(34.5)
<b>Total Income</b>	<b>729</b>	<b>717</b>	<b>1.7</b>	<b>668</b>	<b>9.2</b>	<b>2,894</b>	<b>3,505</b>	<b>(17.4)</b>
Gross profit	371	377	(1.6)	342	8.5	1,503	1,748	(14.0)
<b>Gross margin</b>	<b>54.1</b>	<b>55.0</b>		<b>55.0</b>		<b>54.8</b>	<b>53.4</b>	
Operating profit	70	122	(42.4)	104	(32.5)	452	599	(24.6)
<b>Operating margin (%)</b>	<b>10.2</b>	<b>17.8</b>		<b>16.7</b>		<b>16.5</b>	<b>18.3</b>	
Interest	0	0	-	0	-	0	0	-
Depreciation & Amortization	5	7	(20.1)	5	7.4	25	25	(0.9)
PBT & Exceptional Items	109	146	(25.5)	145	(24.8)	579	806	(28.1)
Less : Exceptional Items	2	16	-	(2)	-	3	(52)	
<b>Profit before tax</b>	<b>111</b>	<b>162</b>	<b>(31.8)</b>	<b>143</b>	<b>(22.5)</b>	<b>582</b>	<b>754</b>	<b>(22.8)</b>
Provision for taxation	39	56	(31.7)	49	(21.3)	203	277	(26.8)
<b>Reported PAT</b>	<b>72</b>	<b>106</b>	<b>(31.8)</b>	<b>94</b>	<b>(23.1)</b>	<b>377</b>	<b>476</b>	<b>(20.9)</b>
<b>Adj. Net profit</b>	<b>71</b>	<b>95</b>	<b>(25.5)</b>	<b>95</b>	<b>(25.2)</b>	<b>375</b>	<b>509</b>	<b>(26.3)</b>
<b>EPS (₹)</b>	<b>8.4</b>	<b>11.3</b>		<b>11.2</b>		<b>44.3</b>	<b>60.1</b>	

Source: Company, Angel Research, Note- Full year numbers are consolidated numbers

**Exhibit 2: 1QFY2017 – Actual Vs Angel estimates**

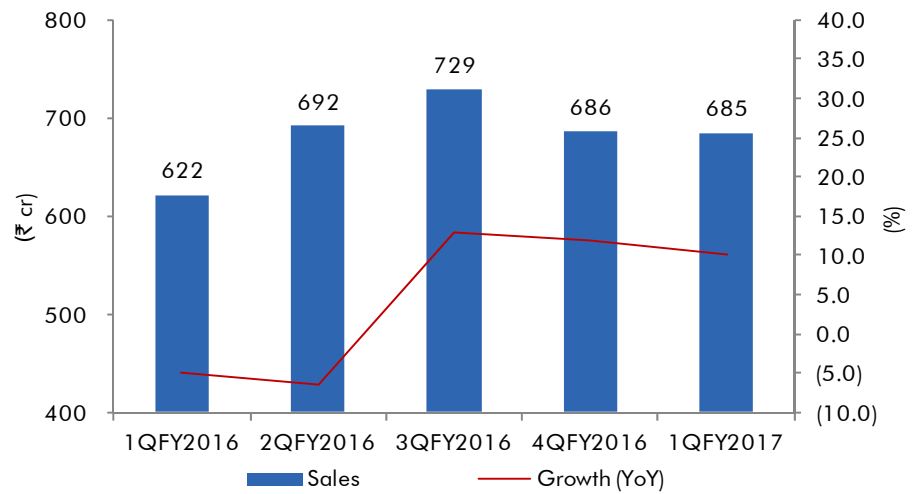
(₹ cr)	Actual	Estimates	Variation (%)
<b>Net sales</b>	<b>685</b>	<b>700</b>	<b>(2.1)</b>
Other income	44	44	0.0
Operating profit	70	119	(41.0)
Tax	39	54	(28.1)
<b>Adj. net profit</b>	<b>71</b>	<b>102</b>	<b>(30.4)</b>

Source: Company, Angel Research

**Revenue grew by 10.2%**

Sales grew 10.2% yoy to ₹685cr (V/s ₹700cr expected). Total sales growth includes ~4% yoy growth from the vaccines asset sale agreement with Novartis India. The impact of new DPCO list, FDC ban and WPI deflation would be ~3% on the company's annual sales or possibly lower.

**Exhibit 3: Sales trend**

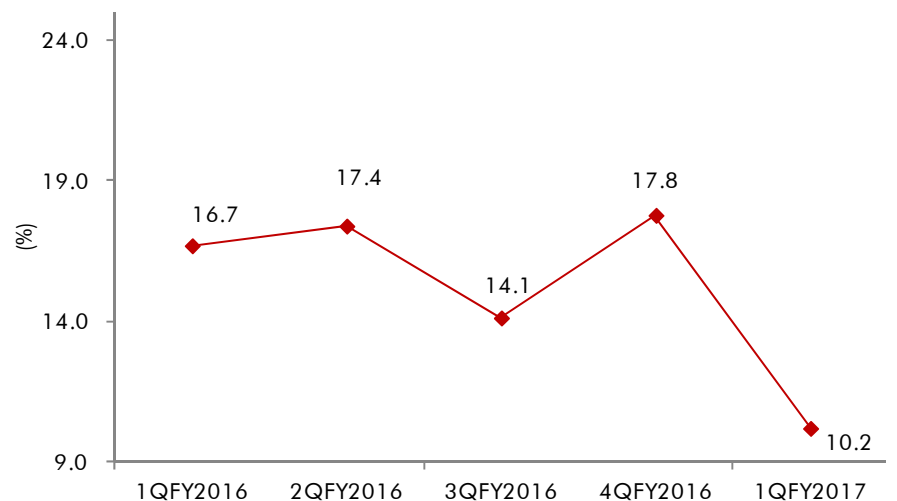


Source: Company, Angel Research

### OPM comes in lower on a yoy basis at 10.2%

On the operating front, the gross margin came in at 54.1% V/s 55.0% in 1QFY2016. The OPM came in lower at 10.2% V/s 16.7% in 1QFY2016 and V/s our expectation of 17.0%, mainly on back of a yoy growth of 40.5% in other expenses.

**Exhibit 4: OPM trend**

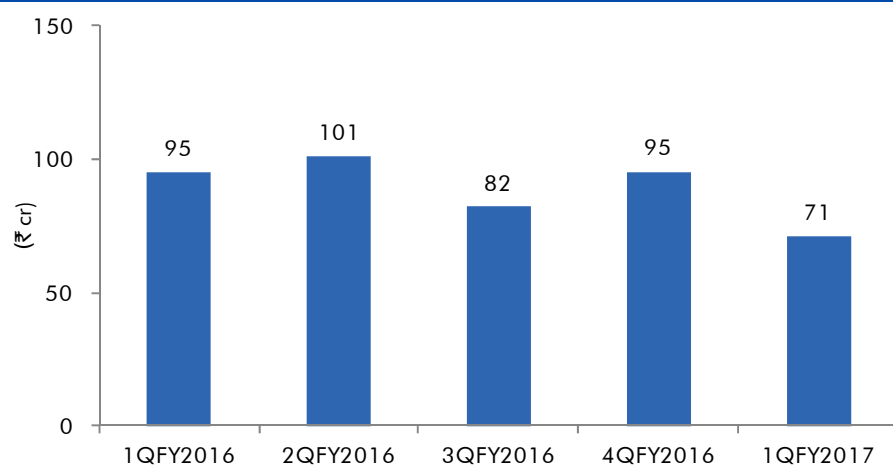


Source: Company, Angel Research

### Net profit lower than estimated

The reported net profit came in at ₹72cr V/s ₹93cr in 1QFY2017. The Adj. net profit came in at ₹71cr V/s ₹95cr in 1QFY2017, ie a yoy de-growth of 25.2% and lower than our expectation of ₹102cr.

**Exhibit 5: Adjusted net profit trend**



Source: Company, Angel Research

## Recommendation rationale

**Renewed focus on the Indian market:** GSK is among the top ten players in the Indian pharmaceutical market, having a market share of ~3.7%. Unlike other MNCs, the company has been amongst the few which have taken initiatives to grow their businesses in the Indian market with consistent launch of new products.

Over the last six years, the company has strategically decided to expand its presence in the Specialty segment. The Specialty segment's contribution to sales has reached 23% (as of 2013). Another segment which is strong for the company is the area of vaccine, where GSK Vaccines has become the leading company in the private market for vaccines in India. The recently introduced vaccine for pneumococcal conjugate disease, Synflorix, has become the biggest brand in the vaccine portfolio of the company in the second year of its launch. The efforts of the company in raising awareness about vaccines and preventable diseases continue with increasing fervor. Also, in FY2015, GlaxoSmithKline Plc (Glaxo), London, UK, entered into three inter-conditional agreements with Novartis AG (Novartis), Basel, Switzerland. In one such agreement Glaxo agreed to acquire Novartis' vaccines business (excluding influenza vaccine) and its manufacturing capabilities and facilities, and in the second agreement, Glaxo agreed to sell the rights of its Marketed Oncology Portfolio, related R&D activities and AKT Inhibitors currently in development to Novartis. Globally, these transactions with Novartis were completed on March 2, 2015.

On the other hand, its other key segments like mass markets and mass specialty, which contribute 60% of its sales, de-grew by 12% in CY2013. This was as a result of a number of products of the company having come under the DPCO 2013 ruling, resulting in reduction in prices of its drugs, which impacted its sales in CY2013. Along with this, the supply constraints, mainly from local supplies during FY2015, have been impacting its performance. However, going forward, with company's own facilities coming on stream in FY2017, we expect the volatility in sales to end. Overall, for FY2016-18E, we expect the domestic formulation business of the company to grow at a CAGR of 13.4%.

**Significant capex plans ahead indicate revival in growth:** Global pharmaceutical major Glaxo announced an ₹864cr investment in India to set up a medicine manufacturing unit. The new facility will substantially increase the company's manufacturing base. The drug maker is proactively building capacity in the country as it delivers its portfolio of products in areas such as gastroenterology and anti-inflammatory medicines. When complete, the factory will make pharmaceutical products for the Indian market at a rate of up to 8bn tablets and 1bn capsules a year. The facility, expected to be operational by 2017, will include a warehouse, site infrastructure, and utilities to support the manufacturing and packing of medicines. It showcases GSK's latest commitment to its manufacturing network in India where the company has invested ₹1,017cr over the last decade. The development is positive and comes after a long lull in terms of investments.

## Outlook and valuation

GSK has a strong balance sheet with cash of ~₹2,000cr, which could be used for future acquisitions or higher dividend payouts. The company's parent company Glaxo increased stake in it through a voluntary open offer, after which Glaxo holds 75% stake in the Indian subsidiary. The buy-back of shares is a strong indicator from the Management towards the performance of its listed Indian entity, especially as it comes after the recent ₹864cr investment plan announced by the company to further its growth prospects in the Indian pharmaceuticals market. The said investments are expected to fructify by 2017.

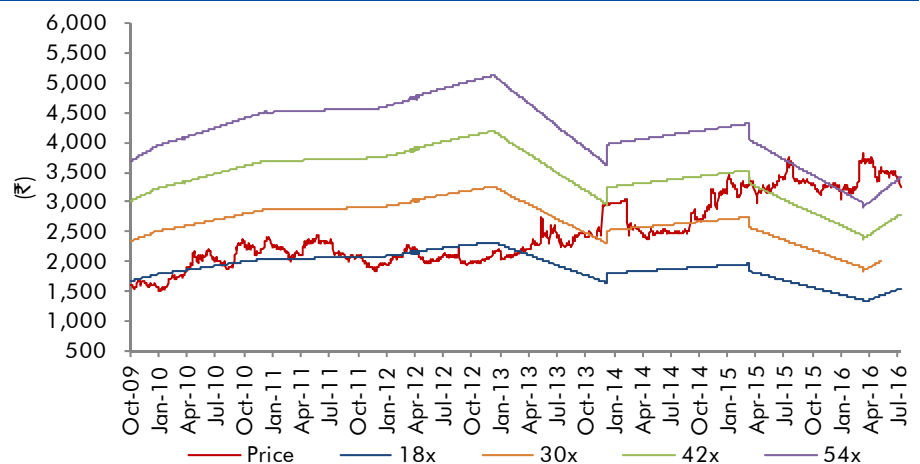
On the operational front, we expect the company's net sales to post a CAGR of 13.4% to ₹3,527cr and EPS to register a CAGR of 15.9% to ₹59.4 over FY2016–18E. At current levels, the stock is trading at 60.6x and 52.9x its FY2017E and FY2018E earnings, respectively. **We remain Neutral on the stock.**

### Exhibit 6: Key assumptions

	FY2017E	FY2018E
Sales growth (%)	16.7	10.2
Growth in employee expenses (%)	16.2	10.0
Operating margin (%)	16.6	18.8
Capex (₹ cr)	200	200

Source: Company, Angel Research

### Exhibit 7: One-year forward PE



Source: Company, Angel Research

**Exhibit 8: Recommendation summary**

Company	Reco	CMP	Tgt. price	Upside	FY2018E			FY16-18E	FY2018E	
		(₹)	(₹)	%	PE (x)	EV/Sales (x)	EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)
Alembic Pharma	Neutral	622	-	-	20.5	2.7	12.8	(10.8)	27.5	25.3
Aurobindo Pharma	Buy	749	877	17.2	15.8	2.6	11.0	18.1	22.5	26.1
Cadila Healthcare	Buy	347	399	15.3	17.4	2.6	11.8	15.8	24.3	26.6
Cipla	Neutral	529	-	-	19.5	2.5	13.4	20.4	13.5	15.2
Dr Reddy's	Neutral	2,942	-	-	18.6	2.7	10.9	6.9	18.1	17.1
Dishman Pharma	Neutral	164	-	-	15.8	1.7	8.0	(1.1)	9.6	10.2
<b>GSK Pharma*</b>	<b>Neutral</b>	<b>3,139</b>	<b>-</b>	<b>-</b>	<b>52.9</b>	<b>6.8</b>	<b>36.2</b>	<b>15.9</b>	<b>35.8</b>	<b>31.8</b>
Indoco Remedies	Sell	313	225	(19.6)	20.1	2.3	12.8	31.5	19.1	19.2
Ipca labs	Buy	508	613	20.6	25.8	1.8	11.7	17.9	11.8	14.9
Lupin	Accumulate	1,680	1,809	7.7	24.2	4.0	14.9	17.2	24.4	20.9
Sanofi India	Neutral	4,545	-	-	26.9	3.4	19.5	21.2	24.9	28.4
Sun Pharma	Buy	838	944	12.6	25.6	5.2	16.7	22.0	33.1	18.9

Source: Company, Angel Research; Note: \* December year ending;

## Company Background

GlaxoSmithKline Pharmaceuticals (GSK) is the sixth largest pharmaceutical player in the Indian market with a market share of ~3.7%. The company's product portfolio includes both, prescription medicines and vaccines. GSK sells prescription medicines across therapeutic areas such as anti-infectives, dermatology, gynaecology, diabetes, oncology, cardiovascular diseases and respiratory diseases. A large portion of the company's revenue comes from the acute therapeutic portfolio. However, the company is now scouting for opportunities in high-growth therapeutic areas such as CVS, CNS, diabetes and oncology. Further, with a strong parentage, the company plans to increase its product portfolio through patented launches and vaccines. To fructify the same, the company plans to enhance its manufacturing assets with its parent company investing ₹864cr in it; the capacity expansion is expected to fructify in 2017.

**Profit & loss statement**

Y/E March (₹ cr)	CY2012	CY2013	FY2015	FY2016	FY2017E	FY2018E
<b>Gross sales</b>	<b>2,692</b>	<b>2,589</b>	<b>3,328</b>	<b>2,800</b>	<b>3,272</b>	<b>3,599</b>
Less: Excise duty	71	51	56	59	72	72
<b>Net sales</b>	<b>2,621</b>	<b>2,538</b>	<b>3,272</b>	<b>2,741</b>	<b>3,200</b>	<b>3,527</b>
Other operating income	29	24	32	27	27	27
<b>Total operating income</b>	<b>2,651</b>	<b>2,563</b>	<b>3,305</b>	<b>2,768</b>	<b>3,227</b>	<b>3,554</b>
% chg	11.4	(3.3)	28.9	(16.2)	16.6	10.1
Total expenditure	1,862	2,034	2,690	2,289	2,670	2,864
Net raw materials	1,104	1,164	1,510	1,233	1,504	1,587
Other Mfg costs	94	89	115	99	107	115
Personnel	296	362	493	443	515	568
Other	369	420	572	514	544	593
<b>EBITDA</b>	<b>759</b>	<b>504</b>	<b>582</b>	<b>452</b>	<b>530</b>	<b>664</b>
% chg	2.1	(33.6)	15.5	(22.4)	17.3	25.2
(% of Net Sales)	29.0	19.9	17.8	16.5	16.6	18.8
Depreciation & amortization	18	20	25	25	37	45
<b>EBIT</b>	<b>741</b>	<b>484</b>	<b>557</b>	<b>427</b>	<b>493</b>	<b>619</b>
% chg	2.6	(34.7)	15.0	(23.3)	15.5	25.5
(% of Net Sales)	28.3	19.1	17.0	15.6	15.4	17.5
Interest & other charges	-	-	-	-	-	-
Other income	175	177	200	125	125	125
(% of PBT)	-	-	-	-	-	-
Share in profit of Associates	-	-	-	-	-	-
<b>Recurring PBT</b>	<b>945</b>	<b>685</b>	<b>789</b>	<b>579</b>	<b>646</b>	<b>771</b>
% chg	4.4	(27.5)	15.1	(26.5)	11.4	19.5
Extraordinary expense/(Inc.)	101	(26)	33	(3)	-	-
<b>PBT (reported)</b>	<b>844</b>	<b>711</b>	<b>756</b>	<b>582</b>	<b>646</b>	<b>771</b>
Tax	318	230	279	203	207	268
(% of PBT)	37.7	32.3	36.9	34.8	32.0	34.8
<b>PAT (reported)</b>	<b>526</b>	<b>482</b>	<b>477</b>	<b>377</b>	<b>439</b>	<b>503</b>
Add: Share of earnings of asso.	-	-	-	-	-	-
Less: Minority interest (MI)	-	-	-	-	-	-
Prior period items	-	-	-	-	-	-
Exceptional items	-	-	-	-	-	-
<b>PAT after MI (reported)</b>	<b>526</b>	<b>482</b>	<b>477</b>	<b>377</b>	<b>439</b>	<b>503</b>
<b>ADJ. PAT</b>	<b>657</b>	<b>464</b>	<b>509</b>	<b>374</b>	<b>439</b>	<b>503</b>
% chg	12.0	(29.4)	9.8	(26.5)	17.3	14.6
(% of Net Sales)	25.1	18.3	15.6	13.7	13.7	14.3
<b>Basic EPS (₹)</b>	<b>78</b>	<b>55</b>	<b>60</b>	<b>44</b>	<b>52</b>	<b>59</b>
<b>Fully diluted EPS (₹)</b>	<b>78</b>	<b>55</b>	<b>60</b>	<b>44</b>	<b>52</b>	<b>59</b>
% chg	12.0	(29.4)	9.8	(26.5)	17.3	14.6

**Balance Sheet**

Y/E March (₹ cr)	CY2012	CY2013	FY2015	FY2016	FY2017E	FY2018E
<b>SOURCES OF FUNDS</b>						
Equity share capital	85	85	85	85	85	85
Preference Capital	-	-	-	-	-	-
Reserves& surplus	1,922	1,905	1,744	1,611	1,555	1,562
<b>Shareholders funds</b>	<b>2,007</b>	<b>1,990</b>	<b>1,829</b>	<b>1,696</b>	<b>1,640</b>	<b>1,647</b>
Minority Interest	-	-	-	-	-	-
Total loans	4	4	3	2	2	2
Other long-term liabilities	5	5	5	-	-	-
Long-term provisions	236	242	273	291	291	291
Deferred tax liability	(87)	(92)	(83)	(89)	(89)	(89)
<b>Total liabilities</b>	<b>2,165</b>	<b>2,148</b>	<b>2,026</b>	<b>1,900</b>	<b>1,844</b>	<b>1,851</b>
<b>APPLICATION OF FUNDS</b>						
Gross block	274	323	467	725	925	1,125
Less: Acc. depreciation	227	247	272	297	334	379
<b>Net block</b>	<b>47</b>	<b>76</b>	<b>195</b>	<b>428</b>	<b>591</b>	<b>746</b>
Capital work-in-progress	44	44	44	44	44	44
Goodwill	42	42	-	-	-	-
Other non-current assets	17	14	-	-	-	-
Long-term loans and adv.	195	238	307	313	366	403
<b>Investments</b>	<b>55</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current assets	2,602	2,614	2,587	2,172	2,059	1,998
Cash	2,067	2,042	1,911	1,348	1,099	940
Loans & advances	134	238	122	123	144	159
Other	401	335	554	701	816	899
Current liabilities	836	889	1,107	1,058	1,216	1,340
<b>Net current assets</b>	<b>1,765</b>	<b>1,725</b>	<b>1,480</b>	<b>1,115</b>	<b>843</b>	<b>658</b>
Mis. Exp. not written off	-	-	-	-	-	-
<b>Total Assets</b>	<b>2,165</b>	<b>2,148</b>	<b>2,026</b>	<b>1,900</b>	<b>1,844</b>	<b>1,851</b>

**Cash flow statement**

Y/E March (₹ cr)	CY2012	CY2013	FY2015	FY2016	FY2017E	FY2018E
Profit before tax and exceptional	844	711	756	582	646	771
Depreciation	18	20	25	25	37	45
(Inc)/Dec in working capital	(25)	15	114	(197)	23	26
Direct taxes paid	318	230	279	203	207	268
<b>Cash Flow from Operations</b>	<b>519</b>	<b>517</b>	<b>616</b>	<b>207</b>	<b>499</b>	<b>574</b>
(Inc.)/Dec.in fixed assets	(28)	(49)	(144)	(258)	(200)	(200)
(Inc.)/Dec. in investments	(57)	(45)	(10)	-	-	-
<b>Cash Flow from Investing</b>	<b>(85)</b>	<b>(93)</b>	<b>(154)</b>	<b>(258)</b>	<b>(200)</b>	<b>(200)</b>
Issue of equity	-	-	-	-	-	-
Inc./(Dec.) in loans	-	-	-	-	-	-
Dividend paid (Incl. Tax)	(491)	(495)	(624)	(495)	(495)	(495)
Others	110	47	32	(16)	(52)	(38)
<b>Cash Flow from Financing</b>	<b>(381)</b>	<b>(448)</b>	<b>(593)</b>	<b>(512)</b>	<b>(548)</b>	<b>(533)</b>
Inc./(Dec.) in cash	52	(25)	(131)	(563)	(249)	(159)
<b>Opening cash balances</b>	<b>2,014</b>	<b>2,067</b>	<b>2,042</b>	<b>1,911</b>	<b>1,348</b>	<b>1,099</b>
<b>Closing cash balances</b>	<b>2,067</b>	<b>2,042</b>	<b>1,911</b>	<b>1,348</b>	<b>1,099</b>	<b>940</b>

**Key ratio**

Y/E March	CY2012	CY2013	FY2015	FY2016	FY2017E	FY2018E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	40.5	57.3	52.2	71.1	60.6	52.9
P/CEPS	48.9	53.0	53.0	66.2	55.9	48.5
P/BV	13.3	13.4	14.5	15.7	16.2	16.1
Dividend yield (%)	1.6	1.6	1.6	1.6	1.6	1.6
EV/Sales	9.4	9.7	7.5	9.2	8.0	7.3
EV/EBITDA	32.3	48.7	42.4	55.9	48.1	38.7
EV / Total Assets	11.3	11.4	12.2	13.3	13.8	13.9
<b>Per Share Data (₹)</b>						
EPS (Basic)	77.6	54.8	60.1	44.2	51.8	59.4
EPS (fully diluted)	77.6	54.8	60.1	44.2	51.8	59.4
Cash EPS	64.2	59.2	59.3	47.4	56.2	64.7
DPS	50.0	50.0	50.0	50.0	50.0	50.0
Book Value	236.9	234.9	215.9	200.2	193.6	194.4
<b>Returns (%)</b>						
RoCE (Pre-tax)	34.7	22.4	26.7	21.7	26.3	33.5
Angel ROIC (Pre-tax)	-	-	-	-	-	-
RoE	33.3	23.2	26.7	21.2	26.3	30.6
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	9.7	8.6	8.4	4.6	3.9	3.5
Inventory / Sales (days)	43	48	40	59	53	46
Receivables (days)	14	15	11	15	14	12
Payables (days)	58	54	55	77	73	77
WC cycle (ex-cash) (days)	74	79	69	99	101	104
<b>Solvency ratios (x)</b>						
Net debt to equity	(1.0)	(1.0)	(1.0)	(0.8)	(0.7)	(0.6)
Net debt to EBITDA	(2.7)	(4.0)	(3.3)	(3.0)	(2.1)	(1.4)
Interest Coverage (EBIT / Int.)	-	-	-	-	-	-

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### Disclosure of Interest Statement

### Glaxo Pharma

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)