SUBLIME FINANCIAL ADVISORY
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Laurus Labs Ltd (Laurus)

-API leadership & R&D to drive growth

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Laurus Labs Ltd (Laurus) 31-03-2018

Multibagger Report

Recommendation	:	**Buy**
CMP	:	Rs 503.00
Target	:	**NA**
% Allocation	:	**5%**
Sector	:	**Pharmaceuticals**
Sensex	:	32969
NSE code	:	LAURUSLABS
BSE Code	:	540222

AT A GLANCE

52 Week High Low	:640.00/418.90
Mkt. Cap (Rs. in Crs)	:5334
Major Shareholders	
Promoters (%)	:30.57%
Others (%)	:69.43%

Background: Laurus is a leading research and development ("R&D") driven pharmaceutical company in India, with a leadership position in generic active pharmaceutical ingredients ("APIs") for select, high-growth therapeutic areas of antiretrovirals ("ARVs") and Hepatitis C. The company also manufactures APIs in oncology and other therapeutic areas. Laurus's strategic and early investments in R&D and manufacturing infrastructure have enabled them to become one of the leading suppliers of APIs in the ARV therapeutic area.

Leadership in select API's

Laurus is a leading developer and manufacturer of generic APIs in select, high-growth therapeutic areas of ARV and Hepatitis C. Laurus also manufactures APIs in oncology and other therapeutic areas. Laurus is also a leading, independent supplier of APIs in the ARV therapeutic area to formulation companies catering to the large and fast-growing "donor-funded access-to-medicines" markets in low and middle-income countries of Sub-Saharan Africa, South-East Asia and Latin America.

Strong R&D capability

Laurus "research-first" approach has been critical to their success and a differentiating factor from their competitors. Laurus is focused on undertaking dedicated R&D in their existing products and in areas where there is significant growth potential.

Forward Integration

Laurus has moved up the value chain to finished dosages and currently has contracts with generic pharmaceutical companies such as Citron Pharma LLC ("Citron"), NATCO and Dr. Reddy's Laboratories Limited for the development of finished dosage products in the several therapeutic area on a profit and cost sharing basis.

Outlook & Valuation

We Initiate coverage of Laurus with a **BUY** rating. Given the leadership in API's, Improving product portfolio, strong R&D, long standing MNC relationship and forward integration are key positives for the stock. At the CMP of INR 503.00, the stock trades at 21.31x EPS of FY19. **Key Risks** to our recommendation include high dependence on API, high dependence on ARV and Hep-C and client concentration risk are factors which can adversely impact the company.

Investment Arguments

Company Profile: Laurus is a leading research and development ("R&D") driven pharmaceutical company in India, with a leadership position in generic active pharmaceutical ingredients ("APIs") for select, high-growth therapeutic areas of antiretrovirals ("ARVs") and Hepatitis C. The company also manufactures APIs in oncology and other therapeutic areas. Laurus's strategic and early investments in R&D and manufacturing infrastructure have enabled them to become one of the leading suppliers of APIs in the ARV therapeutic area to multi-national pharmaceutical formulation companies which cater to the large and fast-growing "donor-funded access-to medicines markets" of Sub-Saharan Africa, South-East Asia and Latin America.

Laurus operate in four business lines: Generics - APIs, Generics FDFs, Synthesis and Ingredients. Their Generics API business comprises the development, manufacture and sale of APIs and advanced intermediates and their Generics FDF business comprises the development and manufacture of oral solid formulations. Synthesis business includes contract development and manufacturing services for global pharmaceutical companies; and their Ingredients business comprises the manufacture and sale of specialty ingredients for use in the nutraceutical and cosmeceutical sectors. Laurus's key customers include Aspen Pharmacare Limited, Aurobindo Pharma Limited, Cipla Limited, Mylan Laboratories Limited, NATCO Pharma Limited ("NATCO") and Strides Shasun Limited.

Business divisions				
	LAURUS Generics	LAURUS Generics	LAURUS Synthesis	LAURUS Ingredients
Overview	• Development, manufacture and sale of active pharmaceutical ingredients (APIs) and advanced intermediates	• Development and manufacture of oral solid formulations	• Contract development and manufacturing services for global pharmaceutical companies	• Sale and manufacture o specialty ingredients for use in nutraceuticals, dietary supplements and cosmeceutical products
Product and Service Offerings	• Anti-retroviral (ARV) • Hepatitis C • Oncology • Large volume APIs for cardio-vascular, antidiabetic, anti-asthmatic, gastroenterology therapeutic areas • Small volume APIs for the ophthalmic therapeutic area	• ARVs • Anti-diabetic • Cardio Vascular • Proton Pump Inhibitors.	• Commercial scale contract manufacturing • Clinical phase supplies • Analytical and research services • Set up a dedicated block in Unit 4 for an International partner , C2 Pharma • 24 projects executed[2]	• Nutraceuticals, dietary supplements and cosmeceutical products
Filings	• Commercialized 59 products(1) • 44 DMFs filed	• Filed 8* ANDAs with USFDA, one dossier in Canada, one dossier in Europe, one dossier with WHO & One dossier in South Africa. And completed 11 products validations.	• Validations of 4 Products completed and the commercial supplies will be commenced from Nov 2nd week from Unit 5	• NA
Infrastructure	• 4 Manufacturing facilities, Unit 4 under construction, (2096 KL(1)	• 1bn Units / year capacity expanded to 5 bn units.[2]	• Dedicated manufacturing (Unit – 5) Capacity(138 KL) for ASPEN.	• Manufacturing facilities[3]

Leadership in select API's

Laurus is a leading developer and manufacturer of generic APIs in select, high-growth therapeutic areas of ARV and Hepatitis C. Laurus also manufactures APIs in oncology and other therapeutic areas. Laurus is also a leading, independent supplier of APIs in the ARV therapeutic area to formulation companies catering to the large and fast-growing "donor-funded access-to-medicines" markets in low and middle-income countries of Sub-Saharan Africa, South-East Asia and Latin America. At the end of 2015, approximately 17 million people living with HIV were receiving ARV therapy globally and as countries continue to adopt the current WHO guidelines for treatment, approximately 23.5 million people are projected to be on ARV therapy by 2018,comprising approximately 22 million adults and approximately 1.4 million children.

Further, with the change in WHO guidelines to initiate treatment earlier to all patients with HIV, regardless of their age and viral load, and Tenofovir Disoproxil Fumarate ("TDF") / Lamivudine ("3TC") (or Emtricitabine ("FTC")) / Efavirenz ("EFV") being the preferred first line treatment option for adults, pregnant and breast feeding women and adolescents, the market for this regimen will significantly grow. Laurus key products for ARV therapy include EFV, TDF, 3TC and FTC and the company is well positioned to capitalize on the ARV API opportunity as a result of their portfolio and scale of operations.

According to the WHO, it has been estimated that there are around 170 to 185 million people in the world chronically infected with Hepatitis C and between two and four million new cases of Hepatitis C are added every year. Of these, approximately 12 to 18 million people are infected with Hepatitis C in India. The company has contracted with NATCO, for the manufacture and sale of Hepatitis C APIs comprising Sofosbuvir, Ledipasvir, Daclatasvir and Velpatasvir. Laurus has portfolio of products in the Oncology therapeutic area, a market which is expected to grow steadily at 7% to 8% between 2015 and 2020 to reach a value of US$152 billion in 2020.Laurus Oncology portfolio consists of about 15 active DMFs and also supplies Oncology APIs to global generic multinational pharmaceutical companies.

Expanding ARV market

The vast majority of this number lives in low and middle income countries (LMICs), particularly in Sub-Saharan Africa, with South Africa having the largest HIV positive population. Currently there is no cure for the HIV infection. However, effective ARV drugs can control the virus and help prevent transmission so that people with HIV, and those at substantial risk, can enjoy healthy and productive lives. At the end of 2015, approximately 17 million people living with HIV were receiving antiretroviral therapy (ART) globally (46.3% of the patient population). It is estimated that by expanding ART to all people living with HIV and by increasing awareness and expanding prevention choices, 21 million AIDS-related deaths and 28 million new infections by 2030, can be averted.

Given the continuing increase in the number of people on ART, the production of all APIs for ARVs, also for those ARVs with decreasing market share, will need to increase. Laurus's key products for ARV therapy include Efavirenz (EFV), Tenofovir Disoproxil Fumarate (TDF), Lamivudine (3TC)/Emtricitabine (FTC) which have a CAGR demand potential of 17.6%, 19.8% and 28% respectively over FY15-FY18. The position of Laurus Labs as a preferred supplier of APIs to several major pharmaceutical company participants of the tender driven ARV market insulates it from the wins and losses of its customers and significantly hedges it against revenue

volatility. In the ARV therapeutic area, Laurus supplies APIs to all major global producers of FDFs, including those having their own API manufacturing capabilities.

Laurus has received its maiden tentative approval from the drug regulator USFDA on November 30, 2017 for Tenofovir Disoproxil Fumarate (TDF) tablets 300mg used for treatment of HIV-1 infection in adults and paediatric patients. Unit 1 and 3 were inspected in Aug-17 and got two observations which were of procedural in nature. With 1.1 million people infected with HIV in the US, and many of them living longer thanks to treatment, HIV drugs have become an $18.8 billion business for the pharmaceutical industry there, according to data provider IQVIA. The patent expiries are starting from Dec-17 when Bristol-Myers Squibb Co.'s Sustiva loses protection. Gilead Sciences Inc.'s Viread follows next month. Laurus is likely to launch its generic drug by Jan-18.

Strong R&D capability

Laurus "research-first" approach has been critical to their success and a differentiating factor from their competitors. Laurus is focused on undertaking dedicated R&D in their existing products and in areas where there is significant growth potential. Laurus systematic approach to selection of molecules, involves evaluation of technical and commercial feasibility data, and customer feedback, is evident from their high proportion of active DMFs, commercialization. The Company owned 32 patents and had 150 pending patent applications, in several countries, and have commercialized 59 products since inception. Laurus superior process chemistry skills and cost effective process optimization have led to new synthetic routes and product variants, and have given market leadership for the key products in the ARV, Oncology and Hepatitis C therapeutic areas.

Long standing relationship with MNC's

Laurus has maintained long-standing relationships with multi-national pharmaceutical companies. The company's top five customers have been with them for at least seven years and these customers, in aggregate, contributed to approximately 65% of their total revenue and their cumulative revenue from such customers has grown year over year for the last three financial years. Laurus unique position as a preferred supplier of APIs to several major participants in the tender driven ARV markets insulates them from the wins and losses of their customers and significantly hedges the company against revenue volatility. Laurus Oncology and other products are supplied to the US and European markets, where the company believes their product quality, regulatory compliant manufacturing and customer relationships have helped them to strengthen their competitive position.

Forward Integration into generic finished dosage formulation

Laurus is further building on their API strengths to forward integrate and become a leading FDF player in the global generic pharmaceutical market. Laurus presence in API production improves their ability to maintain quality and mitigates the demand-supply fluctuations that affect generics markets thereby providing for consistency and reliability of supply in an increasingly regulated global environment.

The Company had spent Rs.90.65 crore towards their R&D activities and Rs.201.37 crore to set up a FDF manufacturing facility and intend to further increase their R&D and manufacturing capacities and expertise in development, manufacture and sale of oral solid formulations, which

offers significant growth opportunities in ARVs, Anti-diabetic, Cardio Vascular and Hepatitis C therapeutic areas. Laurus's API production presence at the same location will be key to the growth of their FDF business and allows them to capture significant operating efficiencies. Laurus intend to file and market their own registrations in the US and European markets and also collaborate with generic companies having front end presence for the sale and marketing of their FDF products. Laurus currently has contracts with generic pharmaceutical companies such as Citron Pharma LLC ("Citron"), NATCO and Dr. Reddy's Laboratories Limited for the development of finished dosage products in the several therapeutic area on a profit and cost sharing basis.

Synthesis Business

Laurus leverages their strong process chemistry skills to provide synthesis services. As part of their synthesis business, they work with global pharmaceutical companies for providing analytical and research services, clinical research supplies and commercial scale contract manufacturing services. Laurus also intend to provide services to some of their partners to improve process efficiency during the clinical phase of development. During the financial year 2015, the company established their wholly owned subsidiary in the United States, Laurus Synthesis Inc., to directly offer process chemistry services to US clients. With a view to develop their pipeline for clinical phase manufacturing of new chemical entities and contribute to the supply chain of their customers, the company established a presence in Greater Boston, Massachusetts, in 2015 with 12 scientists and four sales personnel who are focused on strengthening their synthesis business. The company intends to focus more on the supply of key starting materials and intermediates for new chemical entities as the molecules move to Phase III and to a commercial stage, which would result in significant revenue.

Laurus has entered into an intermediate toll manufacturing and supply agreement with an entity in the Aspen Group, pursuant to which the company manufactures and supplies certain hormonal intermediates to such entity. Laurus has also set up a dedicated manufacturing block at their Unit 1 manufacturing facility for this purpose. The company has also set up Unit 5 as a dedicated manufacturing block to manufacture and supply products exclusively to the Aspen Group.

Strengthen Ingredients Business

Laurus currently develops and manufactures specialty ingredients for use in nutraceutical, dietary supplements and cosmeceutical products. The nutraceutical and cosmeceutical sectors are undergoing consolidation globally and implementing quality standards similar to that of the pharmaceutical industry. Because of the implementation of such quality standards, the company intends to leverage their strong process chemistry skills to strengthen their presence in the nutraceutical and cosmeceuticals sectors in the manufacture of nature identical substances. Laurus current portfolios of products are used as anti-oxidants, skin brighteners and UV protection agents. Laurus is also developing capabilities for botanical extraction and purification, to capture the growing market of natural ingredients.

Indian Pharma Industry

The Indian pharmaceutical has been one of the success stories in the manufacturing sector, due to Indian manufacturers' expertise in chemistry, low cost arbitrage and their ability to align their processes with the most stringent regulations of the world, i.e. USFDA and MHRA.

The Indian pharmaceuticals industry has been growing between 12%-14% over the past of couple of years and on a broad level the industry is well geared to cater to the domestic needs of the country. The size of the pharmaceutical industry in India was estimated to be US$22 billion of which formulations contributed US$14 billion and the rest being accounted for by bulk drugs.

The Indian pharmaceutical industry is comprised of 70-75% generic drugs and rest being contributed by patented and innovative molecules and OTC products.

The Indian pharmaceutical industry accounts for the second largest number of Abbreviated New Drug Applications ("ANDAs") and is the world's leader in Drug Master Files ("DMFs") applications with the US. India is also the largest global exporter of formulations in terms of volume, and 12th in terms of export value, with 14% market share.

India is one among the top five pharmaceutical emerging markets globally and is a front runner in a wide range of specialties involving manufacturing and development of complex drugs. India has about 40% of all Abbreviated New Drug Application (ANDA) approvals from US FDA. The Indian API manufacturing industry is the third largest in the world, producing over 400 APIs. Globally Indian companies hold more than 90% of APIs approvals for ARVs, Anti-Tuberculosis and Anti-malarials.

Anti-retro Viral ("ARV") Market

Acquired immunodeficiency syndrome ("AIDS") is a medical condition caused by the human immunodeficiency virus ("HIV"). HIV, which is a blood-borne infectious disease, remains a major global health and development threat. The HIV virus primarily infects the CD4 T-lymphocytes ("CD4 cells") and destroys them, which results in the weakening of the immune system. The HIV infection results in the depletion of CD4 cells in the peripheral blood. Among untreated patients, the depletion continues over a course of several years until the patient succumbs to AIDS, which is the last stage of the HIV infection presenting itself anywhere between two and 15 years, post-infection.

HIV is transmitted by direct exposure to contaminated blood and other bodily fluids. Potential exposure routes include needle-stick injuries, needle sharing, blood transfusions, dialysis, tattoos and piercings, mother-to-foetus transmission and sexual contact. Since the start of the epidemic, 78 million people have become infected with HIV and 35 million people have died from AIDS-related illnesses. In 2015, approximately 36.7 million people were living with HIV, including 2.6 million children, who were infected via their HIV-positive mothers during pregnancy, childbirth or breastfeeding. The vast majority of this number lives in low and middle income countries ("LMICs"), particularly in Sub-Saharan Africa, with South Africa having the largest HIV positive population.

Hepatitis C

Hepatitis C is considered a "silent disease", caused by the Hepatitis C Virus ("HCV") resulting in inflammation of the liver. It is recognised as a major public health problem worldwide, responsible for chronic liver disease and a variety of extra-hepatic manifestations. The disease spreads through contact with infected blood and bodily fluids.

Acute Hepatitis C Infection

Acute Hepatitis C is a short-term viral infection that occurs within the first six months of exposure to the HCV. The disease may improve or resolve without treatment and can be controlled by adapting better food habits, avoiding alcohol and adopting positive lifestyle changes. However, if neglected for a prolonged period, it can lead to cirrhosis of the liver. Acute infection converts to chronic infection in 75% to 85% of cases.

Chronic Hepatitis C Infection

The chronic form may cause long-term serious liver problems, including liver cirrhosis and liver cancer. Of the 75 to 85% of patients who develop chronic infection, up to 70% of them suffer from severe liver damage and 20% develop liver cirrhosis. It is estimated that approximately 35% of infected patients show symptoms, while the remaining patients may not show any symptoms.

Epidemiology

The WHO estimates there are two to four million new cases of Hepatitis C every year and approximately 170 to 185 million people (approximately three percent of the world's population) chronically infected with the HCV. Globally, HCV is implicated in 28% of cases of liver cirrhosis and 26% of cases of hepatocellular carcinoma, which accounts for nearly 500,000 deaths per year. The prevalence of HCV is enormous in LMICs from South Asia, including India, East Asia, North Africa, the Middle East, and Southeast Asia, which account for over 80% of the global HCV burden. Despite a low to moderate (1.0% to 1.5%) prevalence of HCV, India accounts for a significant share of global HCV infections due to its large population. It is estimated that approximately 12 to 18 million people are infected with HCV within India.

Overall, genotype 3 is the predominant genotype (63.85%) followed by genotype 1 (25.72%) of HCV in India. There exists a genotypic difference within different geographical regions of India, with genotype 3 being most common in Northern, Eastern and Western India, while genotype 1 is most common in the Southern states of India. Genotype 6 is found to be prevalent exclusively in patients from the North-Eastern part of India. Genotype 2 has rarely been reported within India.

Oncology

The global oncology market is the largest therapeutic area in both developed and less developed countries. Cancer is a group of diseases characterized by the uncontrolled growth and spread of abnormal cells. If the spread is not controlled, it can result in death. Cancer is caused by both external factors such as tobacco consumption, chemicals, radiation and infectious organisms and internal factors such as inherited gene mutations, immune conditions, hormones and random mutations. These causal factors may act together or in sequence to initiate or promote carcinogenesis. Depending on the stage of the disease, cancer can be treated by surgery, radiation, chemotherapy, hormone therapy, biological therapy or targeted therapy.

The global oncology market is the largest therapeutic area in both developed and less developed countries. The global oncology market continues to grow year over year, in 2010 it was estimated to be worth approximately US$79.4 billion and grew to approximately US$106.3 billion by 2015, at a CAGR of 6.9%.

The global oncology market is forecasted to steadily grow at 7% to 8% between 2015 and 2020, eventually reaching a value of approximately US$152 billion in 2020.

Chemotherapy, which is currently a US$30 billion portion of the oncology industry, faces a patent cliff phenomenon which is expected to commence sometime between 2017 and 2020. As a result of the patent, cliff it is expected that prices will fall significantly. However, it is also anticipated that the growth in patient numbers will more than make up for the fall in prices. A strong pipeline of biologics is expected to drive the growth of the market on account of two facts, first, the therapies are more effective, and second, the therapies are coming at a higher cost.

There are currently several novel trends in the oncology industry, the advent of technologies like liquid biopsies will assist in making earlier cancer diagnosis. Advancements in companion diagnostics will make the goal of personalized medicines achievable. Advancements in sequencing and amplification techniques will permit a better understanding of cancer at the genetic level and thus make therapy more personalized. ADCs now dominate the potent development space with a steady increase in the number of potential drugs and drug targets entering into the clinical phase. This also creates a significant demand for cutting edge and complex injectables.

The Oncology API market is a low-in-volume and high-in-value market. This market is also characterized by complexity of manufacturing and limited number of suppliers. Some of the key suppliers in the API market include ScinoPharm, Shilpa Medicare and MSN Laboratories. Out of these companies, it is estimated that ScinoPharm holds a lion's share of the market by value for Irinotecan (approx. 50%), Paclitaxel (approx. 35%) and Docetaxel (approx. 25%). The company has 29 DMFs filed in USA for Oncology products. Similarly, Shilpa Medicare also has a range of Oncology products which range from adjuvant therapies like Anastrozole to core chemo molecules like Docetaxel, Gemcitabine, Paclitaxel and also targeted chemo agents like Imatinib, Erlotinib and Gefitinib etc.

The opportunity for Indian and other generic formulators and API manufactures lies in the fact that the majority of these drugs are either off patent or very soon going to lose their patent status, thus opening the market. This is further reinforced by the fact that almost all large pharmaceutical innovators are putting their efforts behind biologic therapies and concurrently removing their focus from the chemo based therapies, thus ever greening of patents for chemo drugs in the developed markets would also not be a phenomenon to be encountered in near future. This leaves the field open for generic players, however this market is small from a volume perspective, and generic manufacturers cannot play the volume game in these markets, quality is a factor which will separate the leaders from the laggards in this therapy in particular.

Contract Research and Manufacturing Services

Contract research and manufacturing services ("CRAMS") is one of the fastest growing sectors in the pharmaceutical and biotechnology industry. Companies that provide these contract services conduct research and manufacture drugs under licenses from pharmaceutical giants.

Top multinational pharmaceutical companies like Pfizer, Merck, GSK, Sanofi Aventis, Novartis, are looking to outsource manufacturing of APIs and intermediaries to Indian companies mainly due to the cost advantage. In order to en-cash this opportunity, many Indian companies have started undertaking contract manufacturing of APIs, thereby widening their revenue stream.

In 2015 the global CRAMS market was estimated to be around US$80-90 billion, of which contract manufacturing constituted around 60-65% and contract research about 35-40%. The global CRAMS market has witnessed a growth of around 14-15% in the last five years and is expected to grow at the same pace in the short to mid-term (3-5 years), driven by cost considerations and significant drugs getting off patent.

The Indian CRAMS market was estimated to be approximately US$7.5-7.75 billion in 2015 and majority of revenues, i.e. 80-85% came from contract manufacturing. Unlike the global market, the Indian market has witnessed a much higher growth to the tune of 30-35% in the past couple of years. However, going forward the market is expected to witness lower growth at around 18-22%, which still would be higher than the global average. Chemical synthesis is the major contributor to market revenue, followed by formulations and packaging.

The Indian APIs and intermediates contract manufacturing segment was worth US$4.8-5.0 billion in 2015 and is expected to reach US$12-13 billion by 2020, growing at a CAGR of 20-21% from 2015 to 2020. In 2015, APIs and intermediates accounted for about 64% by revenue of the contract manufacturing segment.

Nutraceuticals

Nutraceuticals are products that provide health and medicinal benefits, including the prevention and treatment of diseases in addition to the basic nutritional value found in foodstuff. Nutraceuticals are particularly of interest to the present generation because they have the potential to substantially reduce the expensive, high-tech, disease treatment approaches presently being employed in Western healthcare. Primarily used in functional foods and dietary supplements, nutraceutical ingredients are natural bioactive, chemical compounds that have health promoting, disease preventing or medicinal properties.

The industry grew at a rate of 14-15% between 2002-2010. It has been projected that the global nutraceuticals market might reach over US$290 billion by 2020 from US$200 billion in 2015, growing at a CAGR of about 8%.

The industry is expected to exhibit an annual average growth of 7.5-8.5 % till 2020 mainly driven by growth from India, China, South East Asia and Brazil. The largest market for nutraceuticals is in the USA, followed by Asia-Pacific and lastly by the European Union. Functional food is the fastest growing segment in the US nutraceuticals market. In the Asia Pacific region, Japan has about 14% share, China around 10% and India accounts for only 1.5% share of the global market.

The nutraceutical market is likely to remain in a growth phase driven by emerging nutraceutical markets such as US, India, China and Brazil.

The US market participants are currently focused on diversifying their product offering to gain greater penetration amongst the Gen X and Gen Y population after having almost exhausted the baby boomer population.

In Europe, however, the focus is more on innovation, research and development. The European market is also looking to consolidate and organize itself.

Globally the market is undergoing consolidation, with European companies looking to dominate the global nutraceutical market, which can be seen from their synergistic acquisitions worldwide.

Since nutraceuticals are used in food and food products, companies are increasingly implementing stringent quality standards similar to that of pharmaceutical industry.

India is currently a nascent market for nutraceuticals, without a concrete business model in place. Both MNCs as well as domestic companies in the pharmaceutical and food and beverages space have tested the market with a variety of launches, with some success. This has resulted in increased product launches in the recent past. However, in terms of ingredients, especially in the case of plant extracts and phytochemicals, Indian companies have entrenched their place as suppliers, both locally as well as globally.

Financials

Profit & Loss

Particulars(Rs.Cr)	FY17	FY18E	FY19E
Net Sales	1932.00	2007.00	2449.00
EBITDA	408.00	396.00	538.00
PBT	235.00	217.00	342.00
PAT	177.00	155.00	249.00
EPS	18.00	14.60	23.60

Balance Sheet

Particulars(Rs.Cr)	FY17	FY18E	FY19E
Share Capital	106.00	106.00	106.00
Reserves & Surplus	1225.00	1379.00	1629.00
Long term borrowings	125.00	211.00	260.00
Other non current liabilities	72.00	78.00	78.00
Total Liabilities	**1528.00**	**1774.00**	**2073.00**
Net Block	1,213.00	1,441.00	1,623.00
Capital work in progress	143.00	293.00	0.00
Non current Investments	147.00	142.00	142.00
Net current assets	14.00	-114.00	296.00
Long term loans & advances	11.00	12.00	12.00
Total Assets	**1,528.00**	**1,774.00**	**2,073.00**

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