Aurobindo Pharma

Performance Highlights

Y/E march (₹ cr)	1QFY18	4QFY17	% chg (QoQ)	1QFY17	% chg (yoy)
Net sales	**3621**	**3582**	**1.1**	**3664**	**(1.2)**
Other income	91	102	(10.8)	78	16.8
Operating profit	765	662	15.6	828	(7.5)
Interest	17	14	18.1	14	24.0
Adj. Net profit	**519**	**532**	**(2.6)**	**585**	**(11.4)**

Source: Company, Angel Research

For 1QFY2018 Aurobindo Pharma (APL) posted numbers lower than expectations on sales, OPM and net profit fronts. On sales front, the company posted sales of ₹3621cr (v/s. ₹3,900cr expected) v/s. ₹3,664cr in 1QFY2017, posting a yoy de-growth of 1.2%. On the operating front, the EBITDA margin came in at 21.1% (v/s. 22.9% expected) v/s. 22.6% in 1QFY2017. Consequently, the Adj. PAT came in at ₹519cr (v/s. ₹641cr expected) v/s. `585cr in 1QFY2017, a yoy de-growth of 11.4%. **We maintain our Buy rating on the stock.**

Results less than expectation: Aurobindo Pharma posted numbers which were lower than expectations on sales, OPM & net profit fronts. On sales front, the company posted sales of ₹3621cr (v/s. ₹3,900cr expected) v/s. ₹3,664cr in 1QFY2017, posting a yoy de-growth of 1.2%. The formulation sales (₹3,051cr) posted a yoy growth of 0.6%, while API (`625cr) posted a yoy de-growth of 14.9%. Europe (`918cr), posted a yoy growth of 10.4%, while its key market USA (`1695cr), posted almost flat growth with a dip of 0.5% yoy. On the operating front, the EBITDA margin came in at 21.1% (v/s. 22.9% expected) v/s. 22.6% in 1QFY2017. Consequently, the Adj. PAT came in at ₹519cr (v/s. ₹641cr expected) v/s. ₹585cr in 1QFY2017, a yoy de-growth of 11.4%.

Outlook and valuation: We estimate the company's net sales to log a CAGR of 14.5% over FY2017–19E to ₹19,478cr on the back of US formulations, which will be supplemented through the acquisitions of the Western European formulation businesses of Actavis and US' Natrol. The acquisitions have also led APL to become a >US$2bn sales company, with ~80% of sales being accounted by formulations. **We recommend a Buy rating with a target price of `823.**

Key financials (Consolidated)

Y/E March (₹ cr)	FY2016	FY2017	FY2018E	FY2019E
Net sales	**13,710**	**14,845**	**17,086**	**19,478**
% chg	*13.8*	*8.3*	*15.1*	*14.0*
Adj. Net profit	**2,025**	**2,302**	**2,611**	**3,004**
% chg	*25.1*	*13.7*	*13.5*	*15.0*
EPS (₹)	**34.7**	**39.4**	**44.7**	**51.4**
EBITDA margin (%)	20.3	21.5	22.1	22.0
P/E (x)	20.3	17.9	15.8	13.7
RoE (%)	32.5	27.6	24.7	22.7
RoCE (%)	22.9	23.1	24.3	25.3
P/BV (x)	5.7	4.4	3.5	2.8
EV/Sales (x)	3.3	3.0	2.5	2.1
EV/EBITDA (x)	16.1	13.7	11.5	9.6

Source: Company, Angel Research; Note: CMP as of August 11, 2017

BUY

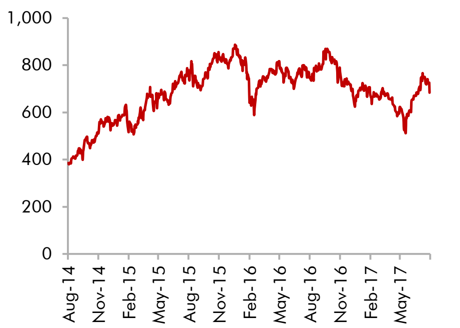
CMP	₹705
Target Price	₹823
Investment Period	12 months

Stock Info	
Sector	Pharmaceutical
Market Cap (₹ cr)	41,293
Net debt (₹ cr)	3,265
Beta	1.3
52 Week High / Low	895/504
Avg. Daily Volume	67,116
Face Value (₹)	1
BSE Sensex	31,214
Nifty	9,711
Reuters Code	ARBN.BO
Bloomberg Code	ARBP@IN

Shareholding Pattern (%)	
Promoters	51.9
MF / Banks / Indian FIs	17.2
FII / NRIs / OCBs	20.1
Indian Public / Others	10.8

Abs. (%)	3m	1yr	3yr
Sensex	4.8	12.0	22.3
Aurobindo	7.4	(6.0)	82.7

3-year daily price chart



Source: Company, Angel Research

Sarabjit Kour Nangra
+91 22 3935 7800 Ext: 6806
sarabjit@angelbroking.com

Exhibit 1: 1QFY2018 performance (Consolidated)

Y/E March (` cr)	1QFY2018	4QFY2017	% chg (qoq)	1QFY2017	% chg (yoy)	FY2017	FY2016	% chg (yoy)
Net sales	**3,621**	**3,582**	*1.1*	**3,664**	**(1.2)**	**14,845**	**13,710**	**8.3**
Other income	91	102	*(10.8)*	78	16.8	366	451	(18.8)
Total income	**3,712**	**3,684**	*0.8*	**3,742**	**(0.8)**	**15,211**	**14,160**	**7.4**
Gross profit	2,123	2,079	*2.1*	2,027	4.8	8,411	7,548	11.4
Gross margins	**58.6**	**58.0**		**55.3**		**56.7**	**55.1**	
Operating profit	765	662	*15.6*	828	(7.5)	3,189	2,779	14.8
OPM (%)	**21.1**	**18.5**		**22.6**		**21.5**	**20.3**	
Interest	17	14	*18.1*	14	24.0	67	93	(28.0)
Dep & amortisation	131	100	*31.1*	106	23.5	428	392	9.0
PBT	708	649	*9.0*	786	(9.9)	3,061	2,744	11.5
Provision for taxation	191	117	*63.0*	201	(4.9)	760	721	5.4
Net profit	**518**	**532**	*(2.6)*	**585**	**(11.4)**	**2,301**	**2,024**	**13.7**
Less : Exceptional items (gains)/loss	-	-		-		-	-	-
MI & share in associates	(0)	(0)		(0)		(0)	(2)	-
PAT after Exceptional items	**519**	**532**	**(2.6)**	**585**	**(11.4)**	**2,301**	**2,025**	**13.7**
Adjusted PAT	**519**	**532**	**(2.6)**	**585**	**(11.4)**	**2,301**	**2,025**	**13.7**
EPS (`)	**8.9**	**9.1**		**10.0**		**39.4**	**34.7**	

Source: Company, Angel Research

Exhibit 2: Actual v/s Estimate

(` cr)	Actual	Estimate	*Variation %*
Net sales	**3621**	**3900**	**(7.2)**
Other operating income	91	78	16.8
Operating profit	765	895	(14.5)
Tax	191	213	(10.4)
Adj. Net profit	**519**	**641**	**(19.1)**

Source: Company, Angel Research

Revenue down 1.2% yoy; marginally lower than our expectation: On sales front, the company posted sales of ₹3621cr (v/s. ₹3,900cr expected) v/s. ₹3,664cr in 1QFY2017, a yoy de-growth of 1.2%. The formulation sales (₹3,051cr) posted a yoy growth of 0.6%, while API (₹625cr) posted a yoy de-growth of 14.9%. The US business, which contributed 46% to the gross sales, witnessed a yoy de-growth of 0.5% in 1QFY2017.

In the formulation segment, the US (`1,695cr) posted a yoy de-growth of 0.5%, while Europe & ROW (`1,112cr) posted a yoy growth of 8.4%. ARV (`245cr) posted a yoy de-growth of 19.3%. In USA, on constant currency basis, sales grew by 3.2% yoy and 7.2% yoy. Overall, formulations now contribute around 82.9% of sales, while the balance is accounted by APIs. The company has 329 approved ANDAs including 37 tentative approvals.

In Europe, on constant currency basis, sales grew by 17.7% yoy. The acquired Actavis business continues to witness improvement in profitability. During the quarter, Agile Pharma B.V., Netherlands, a wholly owned step-down subsidiary of the Company has successfully completed the acquisition of Generis Farmaceutica

S.A. As on 30th June, 2017, and has transferred manufacturing of 71 products from Europe to India.

During 1QFY2018, the company filed 13 ANDAs with the USFDA, i.e. 9 in the oral category and 4 in the injectable category. The company received 17 ANDA approvals from the USFDA including 16 final approvals and 3 tentative approvals during the quarter. As on 30th June, 2017, on a cumulative basis, the company filed 442 ANDAs with USFDA and received approval for 329 ANDAs including 37 tentative approvals. The company has launched 15 products including 3 injectables during the quarter.

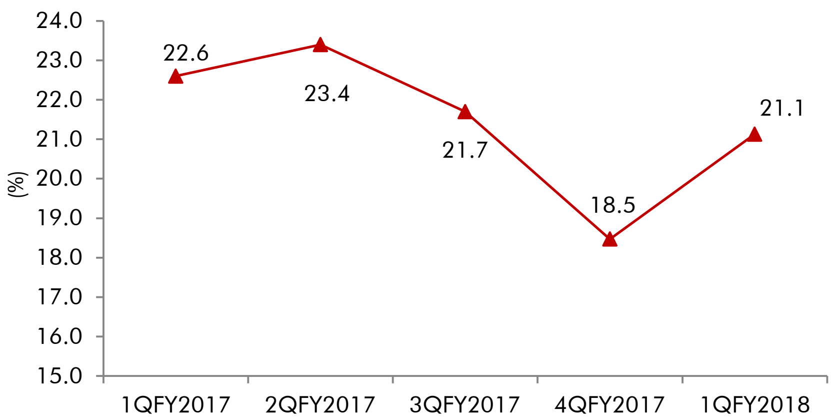
Exhibit 3: Sales break-up (Consolidated)

(₹ cr)	1QFY2018	4QFY2017	% chg (qoq)	1QFY2017	% chg (yoy)	FY2017	FY2016	% chg
Formulations	**3051**	**2879**	**6.0**	**3032**	**0.6**	**12045**	**11064**	**8.9**
US	1695	1643	3.1	1704	(0.5)	6827	6079	12.3
Europe & ROW	1112	974	14.1	1025	8.4	4033	3777	6.8
ARV	245	262	(6.6)	303	(19.3)	1185	1209	(2.0)
API	**625**	**763**	**(18.0)**	**735**	**(14.9)**	**3042**	**2893**	**5.2**
SSP	409	512	(20.2)	495	(17.4)	2043	1866	9.5
Cephs	216	251	(13.7)	240	(9.8)	999	1027	(2.8)
Total Sales	**3676**	**3642**	**0.9**	**3767**	**(2.4)**	**15087**	**13957**	**8.1**

Source: Company, Angel Research

OPM comes in at 21.1%: On the operating front, the EBITDA margin came in at 21.1% (v/s. 22.9% expected) v/s. 22.6% in 1QFY2017. The gross margin came in at 58.6% in 1QFY2018 v/s. 55.3% in 1QFY2017. Lower sales coupled with 13.5% and 13.1% rise in the staff and other expenses respectively aided the contraction in margins despite the gross margin expansion.

Exhibit 4: OPM Trend

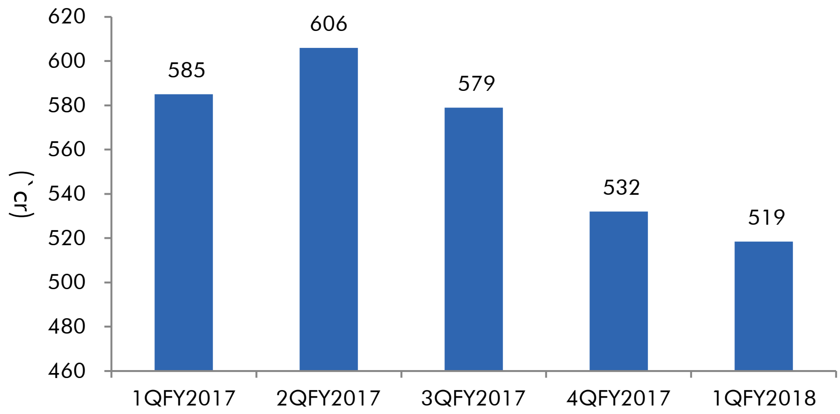


Source: Company, Angel Research

Net profit lower than estimate: Consequently, the Adj. PAT came in at ₹519cr (v/s. ₹641cr expected) v/s. ₹585cr in 1QFY2017, a yoy de-growth of 11.4%. The lower than estimated net profit growth was aided by lower than expected sales and

OPM. Also, depreciation & interest expenses during the quarter rose by 23.5% and 24.0% yoy respectively.

Exhibit 5: Adj. net profit



Source: Company, Angel Research

Management takeaways

- At the end of 1QFY2018, the company had filed 442 ANDAs, with 329 final approvals, and 37 tentative approvals.
- High-single-digit to low-double-digit price erosion expected in FY2018.
- gRenvela tablet launch in July-17 (market size: ~USD800m; currently ARBP is the only generic player) is expected to lead to strong growth sequentially.
- R&D as % of sales to be ~5/6% in FY2018/FY2019 respectively.
- Tax rate guidance of ~27% in FY2018 and lower in FY2019.
- EU business delivered EBITDA margin in double-digits.
- Capex guidance of US$100m for FY2018.

Recommendation rationale

- **US and ARV formulation segments – the key drivers for base business**: APL's business will primarily be driven by the US and ARV segments on the formulation front. The company has been an aggressive filer in the US market with 421 ANDAs filed until 3QFY2017. Amongst peers, APL has emerged as one of the top ANDA filers. The company has aggressively filed ANDAs in the last few years and is now geared to reap benefits, even though most of the filings are for highly competitive products. Going ahead, with US$70bn going off-patent in the US over the next three years, we believe APL is well placed to tap this opportunity and is one of the largest generic suppliers. The company enjoys high market share, as it is fully integrated in all its products apart from having a larger product basket. Also, the company plans to launch 18 injectables in the next 2 years, which would drive its growth and profitability. The US revenue has grown at a CAGR of 31% over FY2009-2015 to ₹4,832cr. Going forward, the US business of the company is expected to post a CAGR of 15% over FY2016-18E.

- **Acquisitions to augment growth and improve sales mix:** APL announced the signing of a binding offer to acquire commercial operations in seven Western European countries from Actavis. The net sales from the acquired businesses were around EUR320mn in 2013 with a growth rate of over 10% yoy. With this, the European sales of the company would now be ~EUR400mn. Although these businesses are currently loss-making (by around EUR20mn), APL expects them to return to profitability in combination with its vertically integrated platform and existing commercial infrastructure.

  The acquisition will make APL one of the leading Indian pharmaceutical companies in Europe with a position in the top 10 in several key markets, which it plans to leverage to supply or widen its product portfolio through introduction of its own products, especially high margin products like injectiables.

  Also, in December 2014, Aurobindo USA, spent US$132.5mn to acquire the assets of Natrol with an agreement to take on certain liabilities. With this acquisition, the company gets an entry into the nutraceutical markets. Aurobindo USA believes that Natrol is an excellent strategic fit and provides the right platform for creating a fully-integrated OTC platform in the USA and in other international markets. Natrol, which manufactures and sells nutritional supplements in USA and other international markets, provides Aurobindo with-strong brand reputation and presence in a variety of attractive supplement markets. Natrol has a proven performance in the mass market, health food and specialty channels, and has existing long term relationships with key distribution and retail partners. It addresses a broad range of consumers and has an effective growth strategy to expand market penetration.

Outlook and valuation

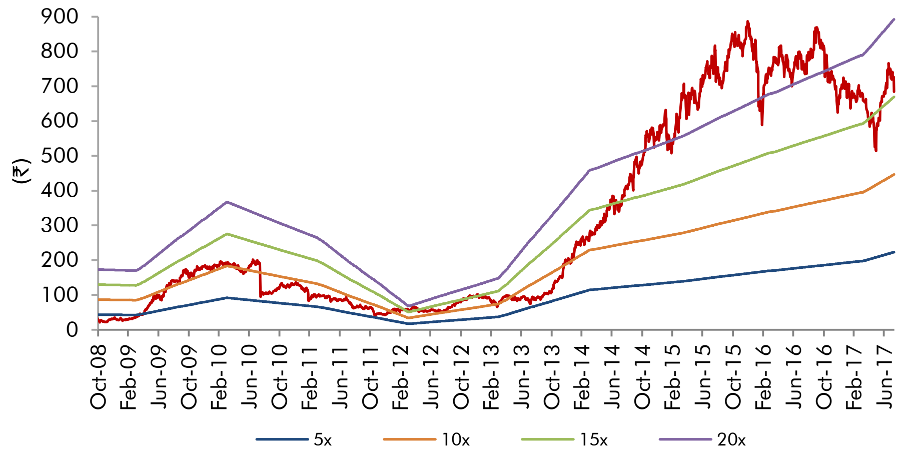
We estimate the company's net sales to log a CAGR of 14.5% over FY2017–19E to ₹19,478cr on the back of US, which accounts for the largest portion of its product pipeline. This, along with the recent acquisitions of the Western European formulation businesses of Actavis and US' Natrol, will lead APL to become a >US$2bn sales company, with ~ 80% of sales being accounted by formulations. **We maintain our Buy rating on the stock.**

Exhibit 6: Key assumptions

	FY2018E	FY2019E
Sales Growth (%)	15.1	14.0
Operating Margins (%)	22.1	22.0
Capex (₹cr)	500	500

Source: Company, Angel Research

Exhibit 7: One-year forward PE



Source: Company, Angel Research

Exhibit 8: Recommendation summary

Company	Reco	CMP	Tgt. price	*Upside*	FY2019E			FY17-19E	FY2019E	
		(₹)	(₹)	%	PE (x)	EV/Sales (x)	EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)
Alembic Pharma	Buy	512	600	*17.3*	18.8	2.1	11.0	12.8	24.3	20.6
Aurobindo Pharma	**Buy**	**705**	**823**	***16.8***	**13.7**	**2.1**	**9.6**	**14.2**	**25.3**	**22.7**
Cadila Healthcare	Reduce	483	420	*(13.0)*	22.7	3.7	18.0	21.0	17.3	22.9
Cipla	Sell	543	461	*(15.1)*	22.4	2.4	14.5	39.2	11.0	13.2
Dr Reddy's	Accumulate	2,011	2,219	*10.4*	19.0	2.3	12.3	23.6	11.2	13.0
Dishman Pharma	Under Review	301	-	-	18.9	1.3	10.1	(7.2)	2.9	2.5
GSK Pharma	Neutral	2,368	-	-	40.4	5.4	30.3	30.6	28.9	26.5
Indoco Remedies	Sell	191	153	*(20.0)*	15.0	1.5	10.0	23.0	11.3	15.6
Ipca labs	Buy	412	620	*50.5*	16.3	1.3	8.4	27.9	12.8	11.2
Lupin	Buy	942	1,467	*55.7*	14.1	1.9	8.2	8.2	20.5	17.5
Sanofi India*	Reduce	4,104	3,845	*(6.3)*	26.7	2.8	16.4	9.2	23.9	25.8
Sun Pharma	Buy	451	712	*57.8*	13.9	2.5	10.0	1.2	15.1	18.8

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

Company background

Aurobindo Pharma manufactures generic pharmaceuticals and APIs. The company's manufacturing facilities are approved by several leading regulatory agencies like the USFDA, UK MHRA, WHO, Health Canada, MCC South Africa and ANVISA Brazil among others. The company's robust product portfolio is spread over six major therapeutic/product areas encompassing antibiotics, antiretrovirals, CVS, CNS, gastroenterological, and anti-allergics. The company has acquired the generic business of Actavis, which has made it a US$2bn company and a leading company in Europe. With this acquisition, formulations now contribute around 80% to the company's sales (as in FY2016).

Profit & loss statement (Consolidated)

Y/E March (` cr)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
Gross sales	**8,198**	**12,221**	**13,937**	**15,084**	**17,346**	**19,775**
Less: Excise duty	159	178	227	239	260	297
Net Sales	**8,038**	**12,043**	**13,710**	**14,845**	**17,086**	**19,478**
Other operating income	61	77	245	245	245	245
Total operating income	**8,100**	**12,121**	**13,955**	**15,090**	**17,331**	**19,723**
% chg	*38.3*	*49.6*	*15.1*	*8.1*	*14.9*	*13.8*
Total Expenditure	5,968	9,557	10,931	11,656	13,310	15,193
Net Raw Materials	3,606	5,506	6,162	6,434	7,005	7,986
Other Mfg costs	804	1,204	1,371	1,484	1,709	1,948
Personnel	832	1,302	1,543	1,768	2,033	2,338
Other	726	1,545	1,855	1,969	2,563	2,922
EBITDA	**2,071**	**2,486**	**2,779**	**3,189**	**3,776**	**4,285**
% chg	*153.5*	*20.1*	*11.8*	*14.8*	*18.4*	*13.5*
(% of Net Sales)	*25.8*	*20.6*	*20.3*	*21.5*	*22.1*	*22.0*
Depreciation& Amort.	313	333	392	428	551	586
EBIT	**1,758**	**2,154**	**2,386**	**2,762**	**3,225**	**3,699**
% chg	*209.5*	*22.5*	*10.8*	*15.7*	*16.8*	*14.7*
(% of Net Sales)	*21.9*	*17.9*	*17.4*	*18.6*	*18.9*	*19.0*
Interest & other Charges	108	84	93	67	112	60
Other Income	23	81	205	121	121	121
(% of PBT)	1.3	3.6	7.5	4.0	3.5	3.0
Share in profit of Asso.	-	-	-	-	-	-
Recurring PBT	**1,735**	**2,227**	**2,744**	**3,061**	**3,479**	**4,004**
% chg	*222.7*	*28.4*	*23.2*	*11.5*	*13.7*	*15.1*
Extraordinary Exp./(Inc.)	203.1	59.6	-	-	-	-
PBT (reported)	**1,532**	**2,168**	**2,744**	**3,061**	**3,479**	**4,004**
Tax	363.5	596.6	720.7	759.6	869.9	1,001.1
(% of PBT)	*23.7*	*27.5*	*26.3*	*24.8*	*25.0*	*25.0*
PAT (reported)	**1,168**	**1,571**	**2,024**	**2,301**	**2,610**	**3,003**
Less: Minority int. (MI)	(4)	(5)	(2)	(0)	(2)	(1)
PAT after MI (reported)	**1,172**	**1,576**	**2,025**	**2,302**	**2,611**	**3,004**
ADJ. PAT	**1,333**	**1,619**	**2,025**	**2,302**	**2,611**	**3,004**
% chg	*208.6*	*21.5*	*25.1*	*13.7*	*13.5*	*15.0*
(% of Net Sales)	*14.6*	*13.1*	*14.8*	*15.5*	*15.3*	*15.4*
Basic EPS (₹)	**22.8**	**27.7**	**34.6**	**39.3**	**44.6**	**51.3**
% chg	*208.6*	*21.5*	*25.1*	*13.7*	*13.5*	*15.0*

Balance sheet (Consolidated)

Y/E March (₹ cr)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
SOURCES OF FUNDS						
Equity Share Capital	29	29	59	59	59	59
Share Application Money	-	-	-	-	-	-
Reserves & Surplus	3,721	5,127	7,229	9,313	11,754	14,587
Shareholders Funds	**3,750**	**5,156**	**7,287**	**9,372**	**11,812**	**14,646**
Minority Interest	**26**	**26**	**3**	**2**	**0**	**(0)**
Long-term provisions	9	24	23	22	22	22
Total Loans	3,769	3,864	4,415	3,084	2,500	500
Deferred Tax Liability	205	211	(182)	(118)	(118)	(118)
Total Liabilities	**7,760**	**9,280**	**11,546**	**12,362**	**14,194**	**15,027**
APPLICATION OF FUNDS						
Gross Block	4,107	6,095	6,093	7,625	8,125	8,625
Less: Acc. Depreciation	1,461	1,794	2,186	2,614	3,165	3,751
Net Block	**2,645**	**3,752**	**3,907**	**5,011**	**4,959**	**4,873**
Capital Work-in-Progress	310	310	310	310	310	310
Goodwill	76	64	812	971	971	971
Investments	**20**	**20**	**123**	**246**	**246**	**246**
Long-term loans and adv.	789	486	269	338	338	338
Current Assets	5,631	8,279	10,294	9,206	11,651	13,169
Cash	179	469	834	513	492	674
Loans & Advances	789	692	831	409	1,625	1,626
Other	4,664	7,118	8,629	8,284	9,534	10,869
Current liabilities	1,730	3,634	4,168	3,720	4,281	4,881
Net Current Assets	**3,901**	**4,645**	**6,127**	**5,487**	**7,370**	**8,289**
Mis. Exp. not written off	18	5	-	-	-	-
Total Assets	**7,760**	**9,280**	**11,546**	**12,362**	**14,194**	**15,027**

Cash flow statement (Consolidated)

Y/E March (` cr)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
Profit before tax	1,532	2,168	2,744	3,061	3,479	4,004
Depreciation	313	333	392	428	551	586
(Inc)/Dec in Working Capital	(457)	(757)	(1,333)	388	(1,905)	(736)
Less: Other income	23	81	205	121	121	121
Direct taxes paid	(363)	(597)	(721)	(760)	(870)	(1,001)
Cash Flow from Operations	**1,001**	**1,066**	**877**	**2,996**	**1,135**	**2,732**
(Inc.)/Dec.in Fixed Assets	(455)	(1,989)	3	(1,532)	(500)	(500)
(Inc.)/Dec. in Investments	(2)	-	103	123	-	-
Other income	23	81	205	121	121	121
Cash Flow from Investing	**(435)**	**(1,908)**	**311**	**(1,288)**	**(379)**	**(379)**
Issue of Equity	-	-	-	-	-	-
Inc./(Dec.) in loans	385	94	552	(1,331)	(584)	(2,000)
Dividend Paid (Incl. Tax)	(102)	(171)	(171)	(171)	(171)	(171)
Others	(879)	1,209	(1,159)	(527)	(22)	-
Cash Flow from Financing	**(596)**	**1,133**	**(778)**	**(2,029)**	**(777)**	**(2,171)**
Inc./(Dec.) in Cash	(30)	291	410	(321)	(21)	182
Opening Cash balances	**208**	**179**	**469**	**834**	**513**	**492**
Closing Cash balances	**179**	**469**	**834**	**513**	**492**	**674**

Key ratios

Y/E March	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
Valuation Ratio (x)						
P/E (on FDEPS)	30.9	25.5	20.4	17.9	15.8	13.7
P/CEPS	13.8	10.8	17.1	15.1	13.0	11.5
P/BV	5.5	4.0	5.7	4.4	3.5	2.8
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1	0.1
EV/Sales	3.0	2.0	3.3	3.0	2.5	2.1
EV/EBITDA	11.7	9.7	16.1	13.7	11.5	9.6
EV / Total Assets	3.1	2.6	3.9	3.5	3.0	2.7
Per Share Data (₹)						
EPS (Basic)	22.8	27.7	34.6	39.3	44.6	51.3
EPS (fully diluted)	22.8	27.7	34.6	39.3	44.6	51.3
Cash EPS	51.0	65.4	41.3	46.6	54.0	61.4
DPS	0.5	0.5	0.5	0.5	0.5	0.5
Book Value	128.8	176.6	124.5	160.1	201.9	250.3
Dupont Analysis						
EBIT margin	21.9	17.9	17.4	18.6	18.9	19.0
Tax retention ratio	76.3	72.5	73.7	75.2	75.0	75.0
Asset turnover (x)	1.2	1.5	1.4	1.3	1.4	1.4
ROIC (Post-tax)	20.1	19.2	18.3	18.7	19.2	20.0
Cost of Debt (Post Tax)	2.3	1.6	1.7	1.3	3.0	3.0
Leverage (x)	1.1	0.8	0.6	0.4	0.2	0.1
Operating ROE	39.5	33.4	27.9	25.4	22.8	21.4
Returns (%)						
ROCE (Pre-tax)	25.4	25.3	22.9	23.1	24.3	25.3
Angel ROIC (Pre-tax)	28.5	27.6	26.5	27.4	28.1	29.0
ROE	41.9	36.4	32.5	27.6	24.7	22.7
Turnover ratios (x)						
Asset Turnover (Gross Block)	2.2	2.4	2.3	2.2	2.2	2.4
Inventory / Sales (days)	49	90	97	80	88	88
Receivables (days)	95	93	93	76	77	77
Payables (days)	73	114	114	96	96	96
WC cycle (ex-cash) (days)	145	119	124	124	125	134
Solvency ratios (x)						
Net debt to equity	1.0	0.7	0.5	0.3	0.2	(0.0)
Net debt to EBITDA	1.7	1.4	1.3	0.8	0.5	(0.0)
Interest Coverage (EBIT / Int.)	16.3	25.5	25.8	41.4	28.9	61.6

Research Team Tel: 022 - 39357800 E-mail: research@angelbroking.com Website: www.angelbroking.com

DISCLAIMER

Disclosure of Interest Statement	**Aurobindo 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%)*	*Neutral (-5 to 5%)*
		Reduce (-5% to -15%)	*Sell (< -15)*