

## Aurobindo Pharma

### Performance Highlights

Y/E march (` cr)	4QFY17	3QFY17	% chg (QoQ)	4QFY16	% chg (yoy)
<b>Net sales</b>	<b>3582</b>	<b>3844</b>	<b>(6.8)</b>	<b>3674</b>	<b>(2.5)</b>
Other income	102	70	46.4	108	(6.0)
Operating profit	662	833	(20.6)	794	(16.7)
Interest	14	(2)	-	25	-
<b>Adj. Net profit</b>	<b>532</b>	<b>579</b>	<b>(8.0)</b>	<b>555</b>	<b>(4.0)</b>

Source: Company, Angel Research

For 4QFY2017, Aurobindo Pharma (APL) posted numbers which were lower than expectations on sales, OPM & net profit fronts. On sales front, the company posted sales of ₹3,582cr (v/s. ₹4,460cr expected) v/s. ₹3,674cr in 4QFY2016, posting a yoy de-growth of 2.5%. On the operating front, the EBITDA margin came in at 18.5% (v/s. 23.4% expected) v/s. 21.6% in 4QFY2016. Consequently, the Adj. PAT came in at ₹532cr (v/s. ₹754cr expected) v/s. ₹555cr in 4QFY2016, a yoy de-growth of 4.0%. **We maintain our Buy rating on the stock, on the back of attractive valuations.**

**Results much lower than expectation:** On sales front, the company posted sales of ₹3,582cr (v/s. ₹4,460cr expected) v/s. ₹3,674cr in 4QFY2016, posting a yoy de-growth of 2.5%. The formulation sales (₹2,879cr) posted a yoy de-growth of 2.9%, while API (₹762.8cr) posted a yoy de-growth of 1.5%. On the operating front, the EBITDA margin came in at 18.5% (v/s. 23.4% expected) v/s. 21.6% in 4QFY2016. While the gross margins came in at 58.0% v/s 55.7% in 4QFY2016, but a 13.9% and 12.6% rise in the employee and other expenses respectively, lead to the margin contraction. Consequently, the Adj. PAT came in at ₹532cr (v/s. ₹754cr expected) v/s. ₹555cr in 4QFY2016, a yoy de-growth of 4.0%.

**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 its acquisitions of the Western European formulation businesses of Actavis and US' Natrol. **We recommend a Buy rating with a target price of ₹823.**

### Key financials (Consolidated)

Y/E March (₹ cr)	FY2016	FY2017	FY2018E	FY2019E
<b>Net sales</b>	<b>13,651</b>	<b>14,845</b>	<b>17,086</b>	<b>19,478</b>
% chg	13.3	8.7	15.1	14.0
<b>Adj. Net profit</b>	<b>1,982</b>	<b>2,302</b>	<b>2,611</b>	<b>3,004</b>
% chg	22.4	16.1	13.5	15.0
<b>EPS (₹)</b>	<b>33.9</b>	<b>39.4</b>	<b>44.7</b>	<b>51.4</b>
EBITDA margin (%)	21.7	21.5	22.1	22.0
P/E (x)	16.9	14.6	12.8	11.2
RoE (%)	31.9	27.6	24.7	22.7
RoCE (%)	24.7	23.1	24.3	25.3
P/BV (x)	4.6	3.6	2.8	2.3
EV/Sales (x)	2.7	2.4	2.1	1.7
EV/EBITDA (x)	12.6	11.3	9.4	7.8

Source: Company, Angel Research; Note: CMP as of June 2, 2017

## BUY

CMP	₹580
Target Price	₹823

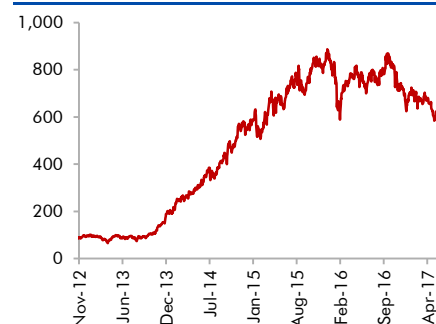
Investment Period	12 months
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Stock Info	
Sector	Pharmaceutical
Market Cap (₹ cr)	33,981
Net debt (₹ cr)	2,593
Beta	1.1
52 Week High / Low	895/504
Avg. Daily Volume	1,01,877
Face Value (₹)	1
BSE Sensex	31,138
Nifty	9,616
Reuters Code	ARB.N.BO
Bloomberg Code	ARBP@IN

Shareholding Pattern (%)	
Promoters	51.9
MF / Banks / Indian Fls	16.0
FII / NRIs / OCBs	24.7
Indian Public / Others	10.7

Abs. (%)	3m	1yr	3yr
Sensex	7.4	16.6	26.1
Aurobindo	(14.6)	(26.5)	81.4

### 3-year daily price chart



Source: Company, Angel Research

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**Exhibit 1: 4QFY2017 performance (Consolidated)**

Y/E March (` cr)	4QFY2017	3QFY2017	% chg (QoQ)	4QFY2016	% chg (YoY)	FY2017	FY2016	% chg (YoY)
<b>Net sales</b>	<b>3,582</b>	<b>3,844</b>	<b>(6.8)</b>	<b>3,674</b>	<b>(2.5)</b>	<b>14,845</b>	<b>13,710</b>	<b>8.3</b>
Other income	102	70	46.4	108	(6.0)	366	451	(18.8)
<b>Total income</b>	<b>3,684</b>	<b>3,914</b>	<b>(5.9)</b>	<b>3,782</b>	<b>(2.6)</b>	<b>15,211</b>	<b>14,160</b>	<b>7.4</b>
Gross profit	2,079	2,135	(2.6)	2,048	1.5	8,411	7,548	11.4
<b>Gross margins</b>	<b>58.0</b>	<b>55.5</b>		<b>55.7</b>		<b>56.7</b>	<b>55.1</b>	
Operating profit	662	833	(20.6)	794	(16.7)	3,189	2,779	14.8
<b>OPM (%)</b>	<b>18.5</b>	<b>21.7</b>	<b>(14.8)</b>	<b>21.6</b>		<b>21.5</b>	<b>20.3</b>	
Interest	14	(2)	-	25	(43.1)	67	93	(28.0)
Dep & amortisation	100	111	(10.0)	111	(10.1)	428	392	9.0
PBT	649	793	(18.1)	766	(15.2)	3,061	2,744	11.5
Provision for taxation	117	218	(46.2)	206	(43.2)	760	721	5.4
<b>Net profit</b>	<b>532</b>	<b>575</b>	<b>(7.5)</b>	<b>555</b>	<b>(4.0)</b>	<b>2,301</b>	<b>2,024</b>	<b>13.7</b>
Less : Exceptional items (gains)/loss	-	-		-		-	-	-
MI & share in associates	(0)	3		0		(0)	(2)	-
<b>PAT after Exceptional items</b>	<b>532</b>	<b>579</b>	<b>(8.0)</b>	<b>555</b>	<b>(4.0)</b>	<b>2,301</b>	<b>2,025</b>	<b>13.7</b>
<b>Adjusted PAT</b>	<b>532</b>	<b>579</b>	<b>(8.0)</b>	<b>555</b>	<b>(4.0)</b>	<b>2,301</b>	<b>2,025</b>	<b>13.7</b>
<b>EPS (`)</b>	<b>9.1</b>	<b>9.9</b>		<b>9.5</b>		<b>39.3</b>	<b>34.7</b>	

Source: Company, Angel Research

**Exhibit 2: Actual v/s Estimate**

(` cr)	Actual	Estimate	Variation %
<b>Net sales</b>	<b>3582</b>	<b>4460</b>	<b>(19.7)</b>
Other operating income	102	93	10.1
Operating profit	662	1045	(36.7)
Tax	117	256	(54.3)
<b>Adj. Net profit</b>	<b>532</b>	<b>754</b>	<b>(29.4)</b>

Source: Company, Angel Research

**Revenue down 2.5% yoy; lower than our expectation:** On sales front, the company posted sales of ₹3,582cr (v/s. ₹4,460cr expected) v/s. ₹3,674cr in 4QFY2016, a yoy de-growth of 2.5%. The formulation sales (₹2,879.4cr) posted a yoy de-growth of 2.9%, while API (₹762.8cr) posted a yoy de-growth of 1.5%. The US business, which contributed 45% to the gross sales, witnessed a flat growth.

In the formulation segment, the US (₹1,643cr) posted a yoy flat growth of 0.6%, while Europe (`777cr) & ROW (`197cr) posted a yoy de-growth of 7.6% and growth of 20.9% respectively. ARV (₹262cr) posted a yoy de-growth of 20.2%. Overall, formulations now contribute around 80% of sales, while the balance is accounted by APIs. The company has 314 approved ANDAs including 38 tentative approvals.

During 4QFY2017, the company filed 8 ANDAs with the USFDA, i.e. 5 in the oral category and 3 in the injectable category. The company received 16 ANDA approvals from the USFDA including 14 final approvals and 2 tentative approvals during the quarter.

As on 31st March, 2017, on a cumulative basis, the company filed 429 ANDAs with USFDA and received approvals for 314 ANDAs including 38 tentative approvals.

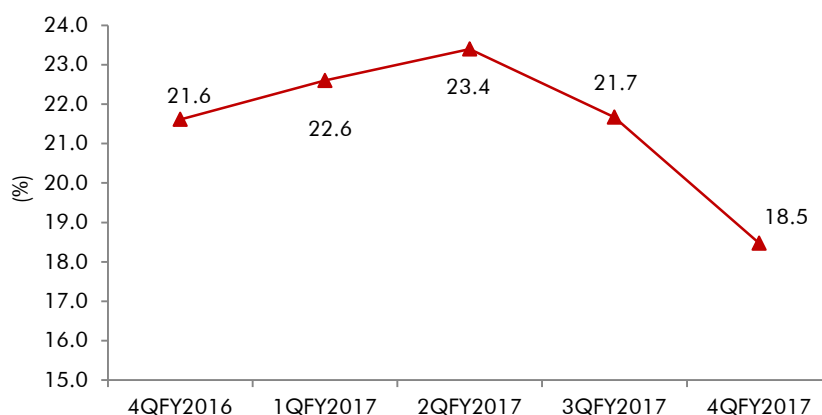
### Exhibit 3: Sales break-up (Consolidated)

(` cr)	4QFY2017	3QFY2017	% chg (qoq)	4QFY2016	% chg (yoy)	FY2017	FY2016	% chg
<b>Formulations</b>	<b>2,879</b>	<b>3,130</b>	<b>(8.0)</b>	<b>2,966</b>	<b>(2.9)</b>	<b>12,045</b>	<b>11,064</b>	<b>8.9</b>
US	1643	1745	(5.8)	1634	0.6	6827	6079	12.3
Europe & ROW	974	1043	(6.6)	1004	(2.9)	4033	3777	6.8
ARV	262	342	(23.4)	328	(20.2)	1185	1209	(2.0)
<b>API</b>	<b>763</b>	<b>776</b>	<b>(1.7)</b>	<b>775</b>	<b>(1.5)</b>	<b>3,042</b>	<b>2,893</b>	<b>5.2</b>
SSP	512	525	(2.5)	502	2.0	2043	1866	9.5
Cephs	251	251	(0.1)	273	(8.1)	999	1027	(2.8)
<b>Total</b>	<b>3,642</b>	<b>3,906</b>	<b>(6.8)</b>	<b>3,741</b>	<b>(2.6)</b>	<b>15,087</b>	<b>13,957</b>	<b>8.1</b>

Source: Company, Angel Research

**OPM comes in at 18.5%:** On the operating front, the EBITDA margin came in at 18.5% (v/s. 23.4% expected) v/s. 21.6% in 4QFY2016. While the gross margins came in at 58.0% v/s. 55.7% in 4QFY2016, but a 13.9% and 12.6% rise in the employee and other expenses respectively, lead to the margin contraction.

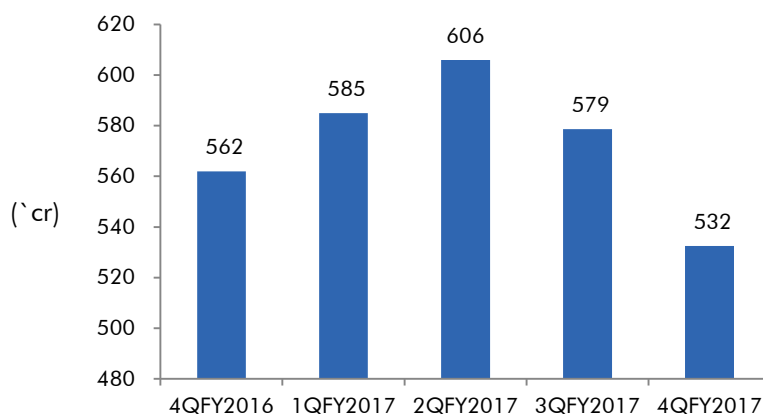
### Exhibit 4: OPM Trend



Source: Company, Angel Research

**Net profit lower than estimate:** Consequently, the Adj. PAT came in at ₹532cr (v/s. ₹754cr expected) v/s. ₹560cr in 4QFY2016, a yoy de-growth of 4.9%. The lower than estimated net profit growth was aided by lower than expected OPM.

#### Exhibit 5: Adj. net profit



Source: Company, Angel Research

#### Management takeaways

- At the end of 4QFY2017, the company had filed 429 ANDAs, with 314 final approvals, and 38 tentative approvals.
- Single-digit price erosion expected in the US in FY2018.
- R&D as % of sales to be 4-5% in FY2018/FY2019.
- Naidupet plant inspection over with zero 483s.
- Capex guidance of US\$120mn in FY2018.
- Guided for improvement in EBITDA margin in 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 429 ANDAs filed until 4QFY2017. 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. Going forward, the US business of the company is expected to post a CAGR of 14% over FY2017-19E.
- **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 injectables.

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.

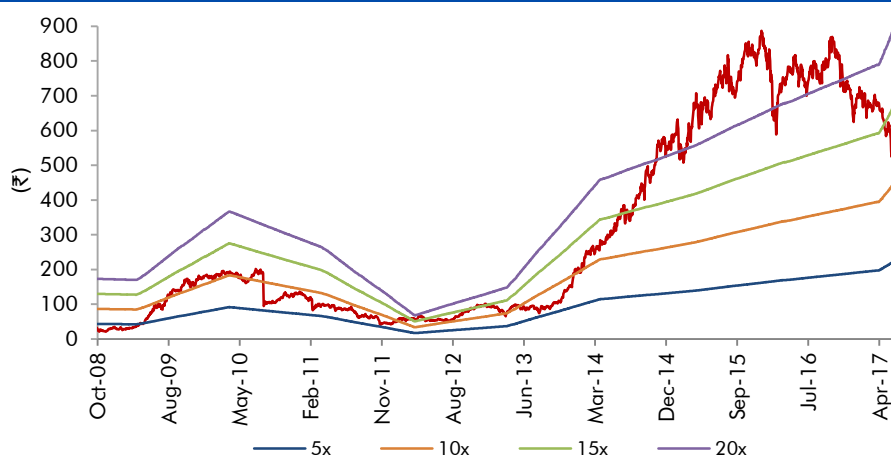
## Outlook and valuation

We estimate the company's net sales to log a CAGR of 15.1% over FY2016–18E 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, has lead APL to become a ~ 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 %	PE (x)	FY2018E		FY16-18E		FY2018E	
						EV/Sales (x)	EV/EBITDA (x)	CAGR in EPS (%)		RoCE (%)	RoE (%)
Alembic Pharma	Neutral	532	648	21.7	20.9	2.4	11.5	(10.8)		27.5	25.3
<b>Aurobindo Pharma</b>	<b>Buy</b>	<b>580</b>	<b>823</b>	<b>41.9</b>	<b>13.0</b>	<b>2.1</b>	<b>9.5</b>	14.8		24.3	24.7
Cadila Healthcare	Neutral	471	-	-	24.5	3.8	17.8	13.5		23.6	27.1
Cipla	Reduce	515	465	(9.7)	21.0	2.4	14.2	14.2		12.2	13.9
Dr Reddy's	Neutral	2,520	-	-	23.8	2.8	15.2	(13.7)		10.8	13.6
Dishman Pharma	Under Review	301	-	-	26.6	2.8	12.7	16.3		13.0	13.5
GSK Pharma*	Neutral	2,460	-	-	49.6	6.2	38.4	6.0		22.3	21.3
Indoco Remedies	Buy	193	240	24.4	12.0	1.4	7.8	33.2		19.1	20.1
Ipca labs	Buy	510	613	20.2	26.6	1.8	11.9	34.8		8.6	9.5
Lupin	Buy	1,150	1,809	57.3	16.6	2.7	10.2	17.2		24.4	20.9
Sanofi India	Neutral	4,111	-	-	29.4	3.4	20.1	16.8		22.5	26.4
Sun Pharma	Buy	509	847	66.6	14.4	2.9	8.8	26.5		18.9	20.1

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 FY2017).

**Profit & loss statement (Consolidated)**

Y/E March (` cr)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Gross sales</b>	<b>8,198</b>	<b>12,221</b>	<b>13,878</b>	<b>15,084</b>	<b>17,346</b>	<b>19,775</b>
Less: Excise duty	159	178	227	239	260	297
<b>Net Sales</b>	<b>8,038</b>	<b>12,043</b>	<b>13,651</b>	<b>14,845</b>	<b>17,086</b>	<b>19,478</b>
Other operating income	61	77	245	245	245	245
<b>Total operating income</b>	<b>8,100</b>	<b>12,121</b>	<b>13,896</b>	<b>15,090</b>	<b>17,331</b>	<b>19,723</b>
% chg	38.3	49.6	14.6	8.6	14.9	13.8
Total Expenditure	5,968	9,557	10,691	11,656	13,310	15,193
Net Raw Materials	3,606	5,506	6,158	6,434	7,005	7,986
Other Mfg costs	804	1,204	1,365	1,484	1,709	1,948
Personnel	832	1,302	1,551	1,768	2,033	2,338
Other	726	1,545	1,617	1,969	2,563	2,922
<b>EBITDA</b>	<b>2,071</b>	<b>2,486</b>	<b>2,960</b>	<b>3,189</b>	<b>3,776</b>	<b>4,285</b>
% chg	153.5	20.1	19.1	7.7	18.4	13.5
(% of Net Sales)	25.8	20.6	21.7	21.5	22.1	22.0
Depreciation & Amort.	313	333	393	428	551	586
<b>EBIT</b>	<b>1,758</b>	<b>2,154</b>	<b>2,567</b>	<b>2,762</b>	<b>3,225</b>	<b>3,698</b>
% chg	209.5	22.5	19.2	7.6	16.8	14.7
(% of Net Sales)	21.9	17.9	18.8	18.6	18.9	19.0
Interest & other Charges	108	84	159	67	112	60
Other Income	23	81	68	121	121	121
(% of PBT)	1.3	3.6	2.5	4.0	3.5	3.0
Share in profit of Asso.	-	-	-	-	-	-
<b>Recurring PBT</b>	<b>1,735</b>	<b>2,227</b>	<b>2,722</b>	<b>3,061</b>	<b>3,479</b>	<b>4,004</b>
% chg	222.7	28.4	22.2	12.4	13.7	15.1
Extraordinary Exp./ (Inc.)	203.1	59.6	-	-	-	-
<b>PBT (reported)</b>	<b>1,532</b>	<b>2,168</b>	<b>2,722</b>	<b>3,061</b>	<b>3,479</b>	<b>4,004</b>
Tax	363.5	596.6	744.4	759.6	869.9	1,001.1
(% of PBT)	23.7	27.5	27.3	24.8	25.0	25.0
<b>PAT (reported)</b>	<b>1,168</b>	<b>1,571</b>	<b>1,978</b>	<b>2,301</b>	<b>2,610</b>	<b>3,003</b>
Less: Minority int. (MI)	(4)	(5)	(4)	(0)	(2)	(1)
<b>PAT after MI (reported)</b>	<b>1,172</b>	<b>1,576</b>	<b>1,982</b>	<b>2,302</b>	<b>2,611</b>	<b>3,004</b>
<b>ADJ. PAT</b>	<b>1,333</b>	<b>1,619</b>	<b>1,982</b>	<b>2,302</b>	<b>2,611</b>	<b>3,004</b>
% chg	208.6	21.5	22.4	16.1	13.5	15.0
(% of Net Sales)	14.6	13.1	14.5	15.5	15.3	15.4
<b>Basic EPS (`)</b>	<b>22.8</b>	<b>27.7</b>	<b>33.9</b>	<b>39.3</b>	<b>44.6</b>	<b>51.3</b>
% chg	208.6	21.5	22.4	16.1	13.5	15.0



**Balance sheet (Consolidated)**

Y/E March (' cr)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>SOURCES OF FUNDS</b>						
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
<b>Shareholders Funds</b>	<b>3,750</b>	<b>5,156</b>	<b>7,287</b>	<b>9,372</b>	<b>11,812</b>	<b>14,646</b>
<b>Minority Interest</b>	<b>26</b>	<b>26</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>(0)</b>
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)
<b>Total Liabilities</b>	<b>7,760</b>	<b>9,280</b>	<b>11,546</b>	<b>12,362</b>	<b>14,194</b>	<b>15,027</b>
<b>APPLICATION OF FUNDS</b>						
Gross Block	4,107	6,095	6,093	7,625	8,125	8,625
Less: Acc. Depreciation	1,461	1,794	2,187	2,614	3,165	3,752
<b>Net Block</b>	<b>2,645</b>	<b>3,752</b>	<b>3,907</b>	<b>5,011</b>	<b>4,959</b>	<b>4,873</b>
Capital Work-in-Progress	310	310	310	310	310	310
Goodwill	76	64	812	971	971	971
<b>Investments</b>	<b>20</b>	<b>20</b>	<b>123</b>	<b>246</b>	<b>246</b>	<b>246</b>
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
<b>Net Current Assets</b>	<b>3,901</b>	<b>4,645</b>	<b>6,127</b>	<b>5,487</b>	<b>7,370</b>	<b>8,289</b>
Mis. Exp. not written off	18	5	-	-	-	-
<b>Total Assets</b>	<b>7,760</b>	<b>9,280</b>	<b>11,546</b>	<b>12,362</b>	<b>14,194</b>	<b>15,027</b>

**Cash flow statement (Consolidated)**

Y/E March (₹ cr)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
Profit before tax	1,532	2,168	2,722	3,061	3,479	4,004
Depreciation	313	333	393	428	551	586
(Inc)/Dec in Working Capital	(457)	(757)	(1,333)	388	(1,905)	(736)
Less: Other income	23	81	68	121	121	121
Direct taxes paid	(363)	(597)	(744)	(760)	(870)	(1,001)
<b>Cash Flow from Operations</b>	<b>1,001</b>	<b>1,066</b>	<b>969</b>	<b>2,996</b>	<b>1,135</b>	<b>2,732</b>
(Inc.)/Dec. in Fixed Assets	(455)	(1,989)	2	(1,532)	(500)	(500)
(Inc.)/Dec. in Investments	(2)	-	103	123	-	-
Other income	23	81	68	121	121	121
<b>Cash Flow from Investing</b>	<b>(435)</b>	<b>(1,908)</b>	<b>174</b>	<b>(1,288)</b>	<b>(379)</b>	<b>(379)</b>
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)	-
<b>Cash Flow from Financing</b>	<b>(596)</b>	<b>1,133</b>	<b>(778)</b>	<b>(2,029)</b>	<b>(777)</b>	<b>(2,171)</b>
Inc./(Dec.) in Cash	(30)	291	365	(321)	(21)	182
<b>Opening Cash balances</b>	<b>208</b>	<b>179</b>	<b>469</b>	<b>834</b>	<b>513</b>	<b>492</b>
<b>Closing Cash balances</b>	<b>179</b>	<b>469</b>	<b>834</b>	<b>513</b>	<b>492</b>	<b>674</b>

### Key ratios

Y/E March	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	25.5	21.0	17.1	14.7	13.0	11.3
P/CEPS	11.4	8.9	14.3	12.4	10.7	9.5
P/BV	4.5	3.3	4.7	3.6	2.9	2.3
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1	0.1
EV/Sales	2.5	1.7	2.8	2.5	2.1	1.7
EV/EBITDA	9.9	8.2	12.7	11.5	9.5	7.9
EV / Total Assets	2.6	2.2	3.3	3.0	2.5	2.2
<b>Per Share Data (₹)</b>						
EPS (Basic)	22.8	27.7	33.9	39.3	44.6	51.3
EPS (fully diluted)	22.8	27.7	33.9	39.3	44.6	51.3
Cash EPS	51.0	65.4	40.6	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
<b>Dupont Analysis</b>						
EBIT margin	21.9	17.9	18.8	18.6	18.9	19.0
Tax retention ratio	76.3	72.5	72.7	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	19.5	18.7	19.2	20.0
Cost of Debt (Post Tax)	2.3	1.6	2.8	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	29.0	25.4	22.8	21.4
<b>Returns (%)</b>						
ROCE (Pre-tax)	25.4	25.3	24.7	23.1	24.3	25.3
Angel ROIC (Pre-tax)	28.5	27.6	28.5	27.4	28.1	29.0
ROE	41.9	36.4	31.9	27.6	24.7	22.7
<b>Turnover ratios (x)</b>						
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	117	96	96	96
WC cycle (ex-cash) (days)	145	119	124	124	125	134
<b>Solvency ratios (x)</b>						
Net debt to equity	1.0	0.7	0.5	0.3	0.2	(0.0)
Net debt to EBITDA	1.7	1.4	1.2	0.8	0.5	(0.0)
Interest Coverage (EBIT / Int.)	16.3	25.5	16.2	41.4	28.9	61.6

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

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