

## Aurobindo Pharma

### Performance Highlights

Y/E march (` cr)	2QFY18	1QFY18	% chg (QoQ)	2QFY17	% chg (yoy)
<b>Net sales</b>	<b>4354</b>	<b>3621</b>	<b>20.2</b>	<b>3714</b>	<b>17.3</b>
Other income	93	91	2.4	82	13.5
Operating profit	1036	765	35.4	869	19.2
Interest	17	17	2.4	18	(1.5)
<b>Adj. Net profit</b>	<b>781</b>	<b>519</b>	<b>50.7</b>	<b>606</b>	<b>29.0</b>

Source: Company, Angel Research

For 2QFY2018, Aurobindo Pharma (APL) posted numbers slightly higher than expected sales, OPM and net profit fronts. On sales front, the company posted sales of `4,354cr (v/s. `4,200cr expected) v/s. `3,715cr in 2QFY2017, a yoy growth of 17.3%. On the operating front, the EBITDA margin was almost flat at 23.8% (v/s. 25.4% expected) v/s. 23.4% in 2QFY2017. Consequently, the Adj. PAT came in at `781cr (v/s. `730cr expected) v/s. `606cr in 2QFY2017, a yoy growth of 29.0%. **We**

**maintain our Buy rating on the stock.**

**Results better than expectation:** On sales front, the company posted sales of `4,354cr (v/s. `4,200cr expected) v/s. `3,715cr in 2QFY2017, posting a yoy growth of 17.3%. The formulation sales (`3,663cr) posted a yoy growth of 22.0%, while API (`772cr) posted a yoy growth of 0.4%. Europe (`1,357cr) posted a yoy growth of 37.0%, while company's key market USA (`2,099cr) posted a growth of 21.0% yoy. On the operating front, the EBITDA margin came in at 23.8% (v/s. 25.4% expected) v/s. 23.4% in 2QFY2017. Consequently, the Adj. PAT came in at `781cr (v/s. `730cr expected) v/s. `606cr in 2QFY2017, a yoy growth of 29.0%.

**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 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
<b>Net sales</b>	<b>13,710</b>	<b>14,845</b>	<b>17,086</b>	<b>19,478</b>
% chg	13.8	8.3	15.1	14.0
<b>Adj. Net profit</b>	<b>2,025</b>	<b>2,302</b>	<b>2,611</b>	<b>3,004</b>
% chg	25.1	13.7	13.5	15.0
<b>EPS (`)</b>	<b>34.7</b>	<b>39.4</b>	<b>44.7</b>	<b>51.4</b>
EBITDA margin (%)	20.3	21.5	22.1	22.0
P/E (x)	20.4	18.0	15.8	13.8
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)	16.2	13.8	11.5	9.6

Source: Company, Angel Research; Note: CMP as of November 17, 2017

## BUY

CMP	`708
Target Price	`823
Investment Period	12 months

### Stock Info

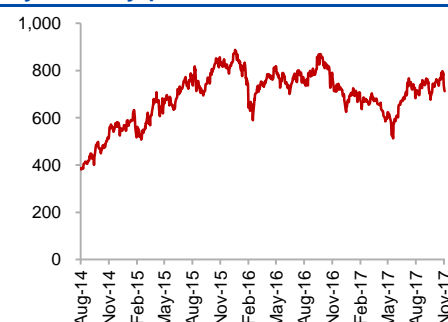
Sector	Pharmaceutical
Market Cap (` cr)	41,463
Net debt (` cr)	3,265
Beta	1.3
52 Week High / Low	895/504
Avg. Daily Volume	67,116
Face Value (`)	1
BSE Sensex	33,343
Nifty	10,284
Reuters Code	ARBN.BO
Bloomberg Code	ARBPA@IN

### 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	6.7	27.1	18.3
Aurobindo	1.8	(0.7)	27.8

### 3-year daily price chart



Source: Company, Angel Research

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**Exhibit 1: 2QFY2018 performance (Consolidated)**

Y/E March (₹ cr)	2QFY2018	1QFY2018	% chg (qoq)	2QFY2017	% chg (yoy)	1HFY2018	1HFY2017	% chg (yoy)
<b>Net sales</b>	<b>4,354</b>	<b>3,621</b>	<b>20.2</b>	<b>3,714</b>	<b>17.3</b>	<b>7,975</b>	<b>7,418</b>	<b>7.5</b>
Other income	93	91	2.4	82	13.5	184	176	4.8
<b>Total income</b>	<b>4,447</b>	<b>3,712</b>	<b>19.8</b>	<b>3,797</b>	<b>17.1</b>	<b>8,159</b>	<b>7,594</b>	<b>7.4</b>
Gross profit	2,586	2,123	21.8	2,085	24.0	4,709	4,101	14.8
<b>Gross margins</b>	<b>59.4</b>	<b>58.6</b>		<b>56.1</b>		<b>59.1</b>	<b>55.3</b>	
Operating profit	1,036	765	35.4	869	19.2	1,801	1,694	6.3
<b>OPM (%)</b>	<b>23.8</b>	<b>21.1</b>	<b>12.6</b>	<b>23.4</b>		<b>22.6</b>	<b>22.8</b>	
Interest	17	17	2.4	18	(1.5)	34	38	(10.6)
Dep & amortisation	132	131	0.7	110	19.9	263	216	21.6
PBT	979	708	38.3	823	18.9	1,687	1,615	4.5
Provision for taxation	198	191	3.6	218	(9.2)	389	425	(8.4)
<b>Net profit</b>	<b>781</b>	<b>518</b>	<b>50.7</b>	<b>606</b>	<b>29.0</b>	<b>1,298</b>	<b>1,190</b>	<b>9.1</b>
Less : Exceptional items (gains)/loss	-	-		-		-	-	-
MI & share in associates	(0)	(0)		(0)		(0)	(0)	-
<b>PAT after Exceptional items</b>	<b>781</b>	<b>519</b>	<b>50.7</b>	<b>606</b>	<b>29.0</b>	<b>1,299</b>	<b>1,191</b>	<b>9.2</b>
<b>Adjusted PAT</b>	<b>781</b>	<b>519</b>	<b>50.7</b>	<b>606</b>	<b>29.0</b>	<b>1,299</b>	<b>1,191</b>	<b>9.2</b>
<b>EPS (₹)</b>	<b>13.3</b>	<b>8.9</b>		<b>10.4</b>		<b>22.2</b>	<b>20.4</b>	

Source: Company, Angel Research

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

(₹ cr)	Actual	Estimate	Variation %
<b>Net sales</b>	<b>4354</b>	<b>4200</b>	<b>3.7</b>
Other operating income	93	82	13.5
Operating profit	1036	1068	(3.0)
Tax	198	270	(26.8)
<b>Adj. Net profit</b>	<b>781</b>	<b>730</b>	<b>7.0</b>

Source: Company, Angel Research

**Revenue down 17.2% yoy; marginally higher than our expectation:** On sales front, the company posted sales of ₹4,354cr (v/s. ₹4,200cr expected) v/s. ₹3,714cr in 2QFY2017, a yoy growth of 17.3%. The formulation sales (₹3,663cr) posted a yoy growth of 22.0%, while API (₹772cr) posted a yoy growth of 0.4%. The US business contributed 47.4% to the gross sales.

In the formulation segment, the US (₹2,099cr) posted a yoy growth of 21.0%, while Europe & ROW (₹1,357cr) grew 37.0%. ARV (₹208cr) posted a yoy de-growth of 25.5%. In USA, on constant currency basis, sales grew by 25.9% yoy. Overall, formulations now contribute around 82.8% of sales, while the balance is accounted by APIs. The company has 463 approved ANDAs including 40 tentative approvals.

In Europe, on constant currency basis, sales grew by 35.3% yoy. As on 30th September, 2017, it has transferred manufacturing of 74 products from Europe to India.

During 2QFY2018, the company filed 21 ANDAs with the USFDA, i.e. 11 in the oral category and 10 in the injectable category. The company received 2 ANDA

approvals from the USFDA including 3 tentative approvals during the quarter. As on 30th September 2017, on a cumulative basis, the company filed 463 ANDAs with USFDA and received approval for 294 ANDAs including 40 tentative approvals. The company has launched 8 products including 2 injectables during the quarter.

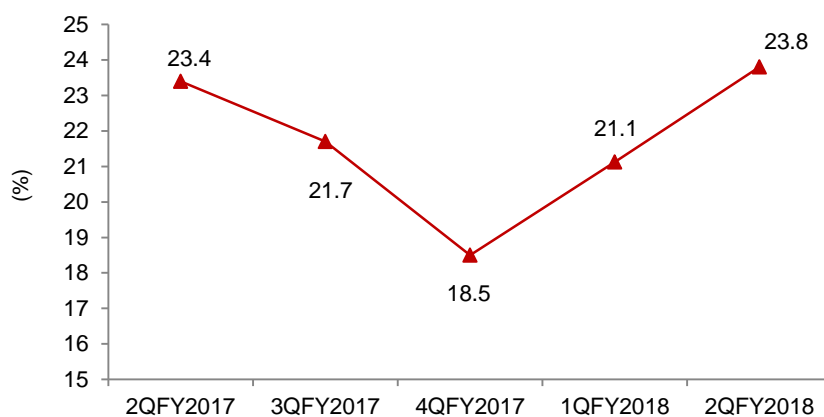
### Exhibit 3: Sales break-up (Consolidated)

(` cr)	2QFY2018	1QFY2018	% chg (qoq)	2QFY2017	% chg (yoy)	1HFY2018	1HFY2017	% chg
<b>Formulations</b>	<b>3663</b>	<b>3051</b>	<b>19.8</b>	<b>3004</b>	<b>22.0</b>	<b>6714</b>	<b>6037</b>	<b>11.2</b>
US	2099	1695	23.8	1735	21.0	3794	3439	10.3
Europe & ROW	1357	1112	22.1	990	37.0	2468	2016	22.4
ARV	208	245	(15.2)	279	(25.5)	452	582	(22.3)
<b>API</b>	<b>772</b>	<b>625</b>	<b>23.5</b>	<b>769</b>	<b>0.4</b>	<b>1397</b>	<b>1503</b>	<b>(7.1)</b>
SSP	514	409	25.8	511	0.6	923	1006	(8.2)
Cephs	258	216	19.1	258	0.0	474	497	(4.7)
<b>Total Sales</b>	<b>4426</b>	<b>3676</b>	<b>20.4</b>	<b>3775</b>	<b>17.2</b>	<b>8111</b>	<b>7540</b>	<b>7.6</b>

Source: Company, Angel Research

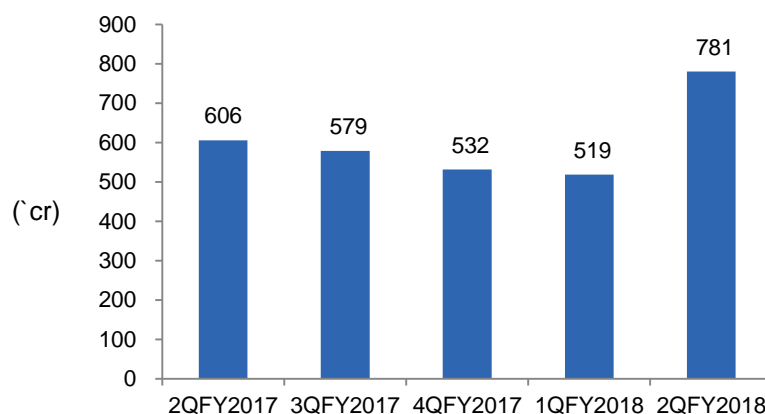
**OPM comes in at 23.8%:** On the operating front, the EBITDA margin came in at 23.8% (v/s. 25.4% expected) v/s. 23.4% in 2QFY2017. The gross margin came in at 59.4% in 2QFY2018 v/s. 56.1% in 2QFY2017. Other expense and staff cost were higher, posting a yoy growth of 30.7% and 21.6% respectively.

### Exhibit 4: OPM Trend



Source: Company, Angel Research

**Net profit marginally higher than estimate:** Consequently, the Adj. PAT came in at `781cr (v/s. `730cr expected) v/s. `606cr in 2QFY2017, a yoy growth of 29.0%. The lower tax outgo aided the net profit growth. Tax as a percentage of PBT was 20% v/s 26% of PBT in 2QFY2017.

**Exhibit 5: Adj. net profit**


Source: Company, Angel Research

**Management takeaways**

- US has witnessed 10-11% yoy and ~5% qoq price erosion.
- R&D as a percent of sales to be 4.5% of sales in FY2018E.
- Tax rate guidance of ~25-26% in FY2018.
- Capex guidance of US\$120-130m 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 being 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 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 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.

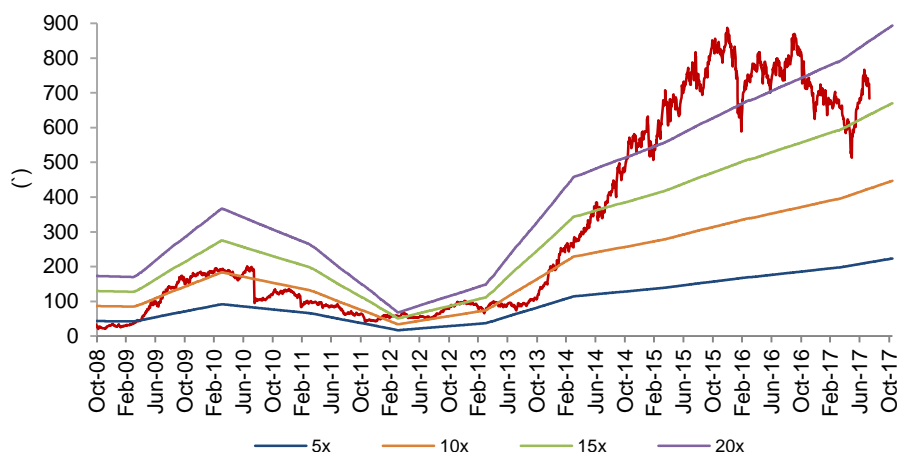
### Outlook and valuation

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	514	600	16.8	21.5	2.5	12.9	5.7	20.6	18.4
<b>Aurobindo Pharma</b>	<b>Buy</b>	<b>708</b>	<b>823</b>	<b>16.3</b>	<b>13.8</b>	<b>2.1</b>	<b>9.6</b>	<b>14.2</b>	<b>25.3</b>	<b>22.7</b>
Cadila Healthcare	Reduce	446	411	(7.9)	21.7	3.5	17.3	18.9	16.5	22.2
Cipla	Sell	609	426	(24.1)	25.0	2.7	16.0	39.3	10.9	13.1
Dr Reddy's	Reduce	2,325	2,040	(12.3)	22.8	2.8	13.7	18.5	10.8	12.4
Dishman Pharma	Under Review	301	-	-	19.3	2.7	11.5	23.3	4.5	4.4
GSK Pharma	Sell	2,511	2000	(20.4)	51.4	6.4	37.7	19.3	25.8	23.5
Indoco Remedies	Sell	267	153	(42.8)	16.7	2.1	14.9	16.2	10.1	14.5
Ipca labs	Neutral	529	-	-	22.1	1.7	11.2	24.7	12.4	11.0
Lupin	Buy	829	1,091	31.6	16.7	2.1	9.7	(6.6)	13.7	13.7
Sanofi India*	Neutral	4,485	-	-	27.4	3.2	17.1	12.8	25.8	27.5
Sun Pharma	Accumulate	517	558	7.9	20.9	3.5	15.4	(12.9)	12.3	15.2

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
<b>Gross sales</b>	<b>8,198</b>	<b>12,221</b>	<b>13,937</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>13,710</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>13,955</b>	<b>15,090</b>	<b>17,331</b>	<b>19,723</b>
% 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
<b>EBITDA</b>	<b>2,071</b>	<b>2,486</b>	<b>2,779</b>	<b>3,189</b>	<b>3,776</b>	<b>4,285</b>
% 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
<b>EBIT</b>	<b>1,758</b>	<b>2,154</b>	<b>2,386</b>	<b>2,762</b>	<b>3,225</b>	<b>3,699</b>
% 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.	-	-	-	-	-	-
<b>Recurring PBT</b>	<b>1,735</b>	<b>2,227</b>	<b>2,744</b>	<b>3,061</b>	<b>3,479</b>	<b>4,004</b>
% chg	222.7	28.4	23.2	11.5	13.7	15.1
Extraordinary Exp./ (Inc.)	203.1	59.6	-	-	-	-
<b>PBT (reported)</b>	<b>1,532</b>	<b>2,168</b>	<b>2,744</b>	<b>3,061</b>	<b>3,479</b>	<b>4,004</b>
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
<b>PAT (reported)</b>	<b>1,168</b>	<b>1,571</b>	<b>2,024</b>	<b>2,301</b>	<b>2,610</b>	<b>3,003</b>
Less: Minority int. (MI)	(4)	(5)	(2)	(0)	(2)	(1)
<b>PAT after MI (reported)</b>	<b>1,172</b>	<b>1,576</b>	<b>2,025</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>2,025</b>	<b>2,302</b>	<b>2,611</b>	<b>3,004</b>
% 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
<b>Basic EPS ( `)</b>	<b>22.8</b>	<b>27.7</b>	<b>34.6</b>	<b>39.3</b>	<b>44.6</b>	<b>51.3</b>
% 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
<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	2,186	2,614	3,165	3,751
<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	2,744	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)
<b>Cash Flow from Operations</b>	<b>1,001</b>	<b>1,066</b>	<b>877</b>	<b>2,996</b>	<b>1,135</b>	<b>2,732</b>
(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
<b>Cash Flow from Investing</b>	<b>(435)</b>	<b>(1,908)</b>	<b>311</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	410	(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)	31.1	25.6	20.5	18.0	15.9	13.8
P/CEPS	13.9	10.8	17.1	15.2	13.1	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	16.2	13.8	11.5	9.6
EV / Total Assets	3.1	2.6	3.9	3.6	3.1	2.7
<b>Per Share Data (₹)</b>						
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
<b>Dupont Analysis</b>						
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
<b>Returns (%)</b>						
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
<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	114	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	1.3	0.8	0.5	(0.0)
Interest Coverage (EBIT / Int.)	16.3	25.5	25.8	41.4	28.9	61.6

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3. Served as an officer, director or employee of the company covered under Research	No		
4. Broking relationship with company covered under Research	No		
<b>Ratings (Based on expected returns over 12 months investment period):</b>	<i>Buy (&gt; 15%)</i>	<i>Accumulate (5% to 15%) Reduce (-5% to -15%)</i>	<i>Neutral (-5 to 5%) Sell (&lt; -15)</i>