

## Aurobindo Pharma

### Performance Highlights

Y/E march (₹ cr)	2QFY17	1QFY17	% chg (QoQ)	2QFY16	% chg (yoy)
<b>Net sales</b>	<b>3,715</b>	<b>3,664</b>	<b>1.4</b>	<b>3,280</b>	<b>13.3</b>
Other income	82	78	5.4	65	26.2
Operating profit	869	828	5.0	722	20.3
Interest	18	14	29.0	82	(78.6)
<b>Adj. Net profit</b>	<b>606</b>	<b>585</b>	<b>3.5</b>	<b>454</b>	<b>33.5</b>

Source: Company, Angel Research

Aurobindo Pharma (APL) posted numbers lower than expected on sales and net profit front, while OPM was more or less in line with expectations. On sales front, the company posted sales of ₹3715cr vs. ₹3,900cr expected vs. ₹3,280cr in 2QFY2016, posting a yoy growth of 13.3%. On the operating front, the EBITDA margin came in at 23.4% vs. 24.1% expected and vs. 22.0% in 2QFY2016. Consequently, the Adj. PAT came in at ₹606cr vs. ₹660cr expected vs. ₹454cr in 2QFY2016, a yoy growth of 33.5%. Apart from better than expected OPM, the company also posted higher than expected other income (₹82cr in 2QFY2017 vs. ₹65cr in 2QFY2016). **We maintain our Buy rating on the stock.**

**Sales marginally lower than expected:** Aurobindo Pharma posted numbers lower than expected on sales and net profit front, while OPM was more or less in line with expectations. On sales front, the company posted sales of ₹3715cr vs. ₹3,900cr expected vs. ₹3,280cr in 2QFY2016, posting a yoy growth of 13.3%. The formulation sales (₹3,004cr) posted a yoy growth of 12.4%, while API (₹768.8cr) posted a yoy growth of 11.3%. On the operating front, the EBITDA margin came in at 23.4% vs. 24.1% expected and vs. 22.0% in 2QFY2016. Consequently, the Adj. PAT came in at ₹606cr vs. ₹660cr expected vs. ₹454cr in 2QFY2016, a yoy growth of 33.5%. Apart from better than expected OPM, the company also posted higher than expected other income (₹82cr in 2QFY2017 vs. ₹65cr in 2QFY2016).

**Outlook and valuation:** We estimate the company's net sales to log a CAGR of 15.1% over FY2016–18E to ₹18,078cr on back of US formulations, which will be supplemented through the recent 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.**

### Key financials (Consolidated)

Y/E March (₹ cr)	FY2015	FY2016	FY2017E	FY2018E
<b>Net sales</b>	<b>12,043</b>	<b>13,651</b>	<b>15,720</b>	<b>18,078</b>
% chg	49.8	13.3	15.2	15.0
<b>Adj. Net profit</b>	<b>1,619</b>	<b>1,982</b>	<b>2,418</b>	<b>2,763</b>
% chg	21.5	22.4	22.0	14.2
<b>EPS (₹)</b>	<b>27.7</b>	<b>33.9</b>	<b>41.4</b>	<b>47.3</b>
EBITDA margin (%)	20.6	21.7	23.7	23.7
P/E (x)	26.4	21.6	17.7	15.5
RoE (%)	36.4	32.5	29.6	26.1
RoCE (%)	25.3	24.8	24.0	22.5
P/BV (x)	4.2	6.1	4.6	3.6
EV/Sales (x)	2.2	3.6	3.1	2.7
EV/EBITDA (x)	10.6	16.6	13.3	11.5

Source: Company, Angel Research; Note: CMP as of November 15, 2016

## BUY

CMP	₹733
Target Price	₹877

Investment Period	12 months
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### Stock Info

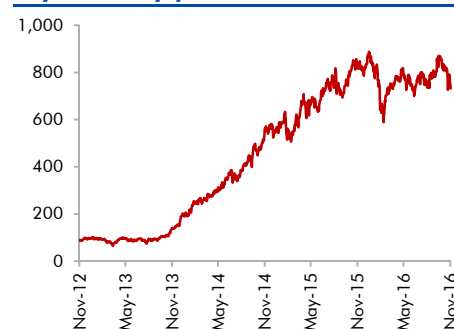
Sector	Pharmaceutical
Market Cap (₹ cr)	42,890
Net debt (₹ cr)	3,265
Beta	1.2
52 Week High / Low	895/582
Avg. Daily Volume	175,012
Face Value (₹)	1
BSE Sensex	26,305
Nifty	8,108
Reuters Code	ARBN.BO
Bloomberg Code	ARBPA@IN

### Shareholding Pattern (%)

Promoters	53.8
MF / Banks / Indian FIs	10.2
FII / NRIs / OCBs	27.0
Indian Public / Others	9.0

Abs. (%)	3m	1yr	3yr
Sensex	(6.6)	2.7	28.9
Aurobindo	(1.9)	(11.7)	419.7

### 3-year daily price chart



Source: Company, Angel Research

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**Exhibit 1: 2QFY2017 performance (Consolidated)**

Y/E March (₹ cr)	2QFY2017	1QFY2017	% chg (QoQ)	2QFY2016	% chg (YoY)	1HFY2017	1HFY2016	% chg (YoY)
<b>Net sales</b>	<b>3,715</b>	<b>3,664</b>	<b>1.4</b>	<b>3,280</b>	<b>13.3</b>	<b>7,418</b>	<b>6,594</b>	<b>12.5</b>
Other income	82	78	5.4	65	26.2	148	152	(2.3)
<b>Total income</b>	<b>3,797</b>	<b>3,742</b>	<b>1.5</b>	<b>3,345</b>	<b>13.5</b>	<b>7,566</b>	<b>6,745</b>	<b>12.2</b>
Gross profit	2,085	2,027	2.9	1,811	15.2	4,111	3,624	13.4
<b>Gross margins</b>	<b>56.1</b>	<b>55.3</b>		<b>55.2</b>		<b>55.4</b>	<b>55.0</b>	
Operating profit	869	828	5.0	722	20.3	1,694	1,394	21.5
<b>OPM (%)</b>	<b>23.4</b>	<b>22.6</b>		<b>22.0</b>		<b>22.8</b>	<b>21.1</b>	
Interest	18	14	29.0	82	(78.6)	11	99	(89.0)
Dep & amortisation	110	106	3.7	93	18.8	216	182	19.2
PBT	823	786	4.8	613	34.4	1,615	1,265	27.7
Provision for taxation	224	201	11.5	162	38.1	425	340	24.9
<b>Net profit</b>	<b>599</b>	<b>585</b>	<b>2.5</b>	<b>450</b>	<b>33.1</b>	<b>1,190</b>	<b>925</b>	<b>28.7</b>
Less : Exceptional items (gains)/loss	-	-		-		0	-	-
MI & share in associates	(6)	(1)	-	(1)		-	(2)	-
<b>PAT after Exceptional items</b>	<b>606</b>	<b>585</b>	<b>3.5</b>	<b>454</b>	<b>33.5</b>	<b>1,191</b>	<b>926</b>	<b>28.6</b>
<b>Adjusted PAT</b>	<b>606</b>	<b>585</b>	<b>3.5</b>	<b>454</b>	<b>33.5</b>	<b>1,191</b>	<b>926</b>	<b>28.6</b>
<b>EPS (₹)</b>	<b>10.4</b>	<b>10.0</b>		<b>7.8</b>		<b>20.4</b>	<b>15.9</b>	

Source: Company, Angel Research

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

(₹ cr)	Actual	Estimate	Variation %
<b>Net sales</b>	<b>3,715</b>	<b>3,900</b>	<b>(4.7)</b>
Other operating income	82	65	26.2
Operating profit	869	941	(7.6)
Tax	224	227	(1.2)
<b>Adj. Net profit</b>	<b>606</b>	<b>660</b>	<b>(8.3)</b>

Source: Company, Angel Research

**Revenue up by 13.3% yoy; marginally lower than our expectation:** On sales front, the company posted sales of ₹3715cr vs. ₹3,900cr expected vs. ₹3,280cr in 2QFY2016, posting a yoy growth of 13.3%. The formulation sales (₹3,004cr) posted a yoy growth of 12.4% and constituted around 79.6% of overall sales, while API (₹768.8cr) posted a yoy growth of 11.3%. The US business, which contributed 46% to the gross sales, witnessed a yoy growth of 17.8% in 2QFY2017.

In the formulation segment, the US (₹1,735cr) posted a yoy growth of 17.8%, while Europe & ROW (₹990cr) posted a yoy growth of 7.6%. ARV (₹279cr) posted a yoy de-growth of 0.6%. Overall, formulations now contribute around 79.6% of sales, while the balance is accounted by APIs. The company has 269 approved ANDAs including 41 tentative approvals.

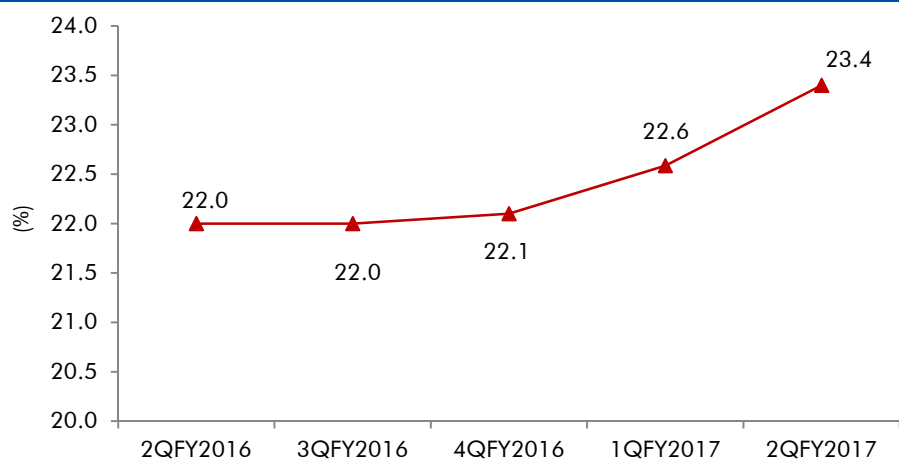
During 2QFY2017, the company filed 9 ANDAs with the USFDA, i.e. 6 in the oral category and 3 in the injectable category. The company received 17 ANDA approvals from the USFDA including 15 final approvals and 2 tentative approvals during the quarter.

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

(₹ cr)	2QFY2017	1QFY2017	% chg (qoq)	2QFY2016	% chg (yoy)	1HFY2017	1HFY2016	% chg
<b>Formulations</b>	<b>3,004</b>	<b>3,033</b>	<b>(0.9)</b>	<b>2673</b>	<b>12.4</b>	<b>6,036</b>	<b>5,318</b>	<b>13.5</b>
US	1,735	1,704	1.8	1473	17.8	3,439	2,907	18.3
Europe & ROW	990	1,026	(3.5)	920	7.6	2,016	1,845	9.3
ARV	279	303	(8.1)	280	(0.6)	582	566	2.7
<b>API</b>	<b>769</b>	<b>735</b>	<b>4.7</b>	<b>691</b>	<b>11.2</b>	<b>1,503</b>	<b>1,415</b>	<b>6.2</b>
SSP	511	495	3.3	428	19.6	1,006	906	11.1
Cephs	258	240	7.5	264	(2.3)	497	509	(2.3)
<b>NPNC</b>	<b>3,773</b>	<b>3,767</b>	<b>0.1</b>	<b>3364</b>	<b>12.1</b>	<b>7,540</b>	<b>6,733</b>	<b>12.0</b>

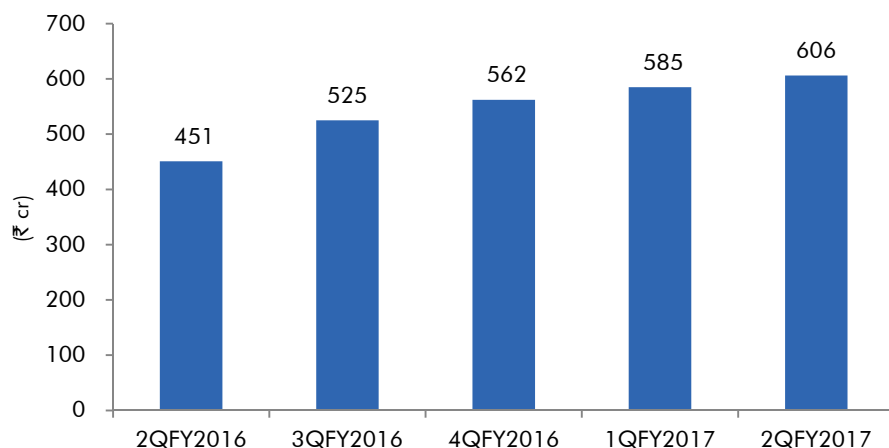
Source: Company, Angel Research

**OPM expands to 23.4%:** On the operating front, the EBITDA margin came in at 23.4% vs. 24.1% expected and vs. 22.0% in 2QFY2016. Apart from the gross margin expansion (which came in at 56.1% in 2QFY2017 vs. 55.2% in 2QFY2016), lower expenses during the quarter aided the OPM expansion. Other expenses posted a yoy growth of 10.8%.

**Exhibit 4: OPM Trend**


Source: Company, Angel Research

**Net profit marginally lower than estimate:** Consequently, the Adj. PAT came in at ₹606cr vs. ₹660cr expected vs. ₹454cr in 2QFY2016, a yoy growth of 33.5%. Apart from better than expected OPM, the company also posted higher than expected other income (₹82cr in 2QFY2017 vs. ₹65cr in 2QFY2016).

**Exhibit 5: Adj. net profit**


Source: Company, Angel Research

**Management takeaways**

- At the end of 2QFY2017, the company had filed 412 ANDAs, with 284 final approvals, and 41 tentative approvals.
- Depot injectable trials to commence toward end of CY2018, which will lead the R&D to rise toward 7-8%.
- R&D as % of sales to be ~4-4.5% in FY2017.
- Tax rate to be ~26-27% in FY2017.

**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 403 ANDAs filed until 1QFY2017. 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 for 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 market, 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

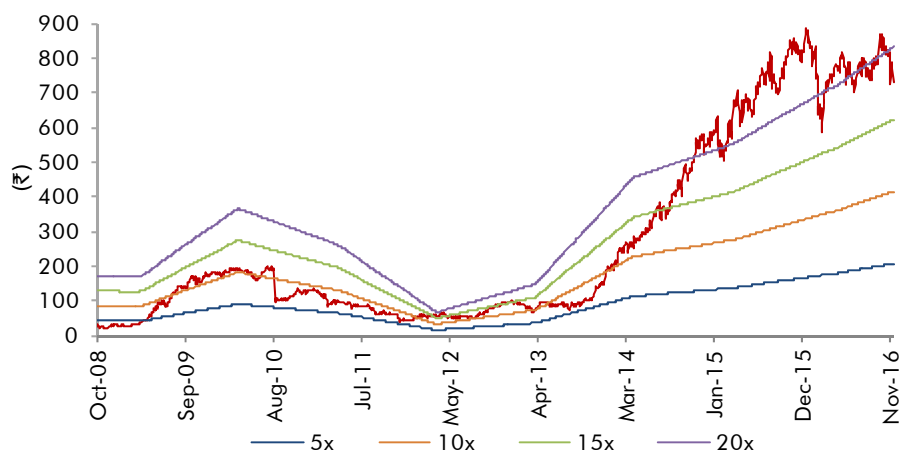
We estimate the company's net sales to log a CAGR of 15.1% over FY2016–18E to ₹18,078cr on the back of US, which accounts for the largest portion of its product pipeline. This, along with the recent acquisitions of the Western European formulation businesses of Actavis and US' Natrol, will led APL to 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

	FY2017E	FY2018E
Sales Growth (%)	15.2	15.0
Operating Margins (%)	23.7	23.7
Capex (₹cr)	800	800

Source: Company, Angel Research

**Exhibit 7: One-year forward PE**


Source: Company, Angel Research

**Exhibit 8: Recommendation summary**

Company	Reco	CMP (₹)	Tgt. price (₹)	Upside %	FY2018E			FY16-18E		FY2018E	
					PE (x)	EV/Sales (x)	EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)	
Alembic Pharma	Neutral	631	-	-	20.7	2.8	13.0	(10.8)	27.5	25.3	
<b>Aurobindo Pharma</b>	<b>Buy</b>	<b>733</b>	<b>877</b>	<b>19.7</b>	<b>15.5</b>	<b>2.7</b>	<b>11.5</b>	<b>18.1</b>	<b>22.5</b>	<b>26.1</b>	
Cadila Healthcare	Accumulate	358	400	11.7	18.7	2.9	13.0	13.4	22.7	25.7	
Cipla	Neutral	553	-	-	20.3	2.6	14.0	20.4	13.5	15.2	
Dr Reddy's	Neutral	3,309	-	-	22.9	2.9	13.3	1.7	16.2	15.9	
Dishman Pharma	Neutral	229	-	-	20.2	3.0	10.0	3.1	10.3	10.9	
GSK Pharma*	Neutral	2,650	-	-	43.6	6.6	32.0	17.3	35.3	32.1	
Indoco Remedies	Sell	286	240	(18.5)	17.9	2.1	11.5	33.2	19.1	20.1	
Ipca labs	Accumulate	540	613	13.4	27.5	1.9	12.4	36.5	8.8	9.4	
Lupin	Buy	1,440	1,809	25.6	20.8	3.4	12.8	17.2	24.4	20.9	
Sanofi India*	Neutral	4,253	-	-	24.7	2.6	17.7	22.2	24.9	28.8	
Sun Pharma	Buy	683	944	38.3	20.8	4.1	13.2	22.0	33.1	18.9	

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 FY2015).

**Profit & loss statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Gross sales</b>	<b>5,863</b>	<b>8,198</b>	<b>12,221</b>	<b>13,878</b>	<b>15,959</b>	<b>18,353</b>
Less: Excise duty	80	159	178	227	239	275
<b>Net Sales</b>	<b>5,783</b>	<b>8,038</b>	<b>12,043</b>	<b>13,651</b>	<b>15,720</b>	<b>18,078</b>
Other operating income	72	61	77	245	245	245
<b>Total operating income</b>	<b>5,855</b>	<b>8,100</b>	<b>12,121</b>	<b>13,896</b>	<b>15,965</b>	<b>18,323</b>
% chg	26.5	38.3	49.6	14.6	14.9	14.8
Total Expenditure	4,966	5,968	9,557	10,691	12,001	13,802
Net Raw Materials	2,792	3,606	5,506	6,158	6,288	7,231
Other Mfg costs	578	804	1,204	1,365	1,572	1,808
Personnel	663	832	1,302	1,551	1,783	2,051
Other	932	726	1,545	1,617	2,358	2,712
<b>EBITDA</b>	<b>817</b>	<b>2,071</b>	<b>2,486</b>	<b>2,960</b>	<b>3,718</b>	<b>4,276</b>
% chg	53.2	153.5	20.1	19.1	25.6	15.0
(% of Net Sales)	14.1	25.8	20.6	21.7	23.7	23.7
Depreciation & Amort.	249	313	333	393	532	588
<b>EBIT</b>	<b>568</b>	<b>1,758</b>	<b>2,154</b>	<b>2,567</b>	<b>3,187</b>	<b>3,689</b>
% chg	38.8	209.5	22.5	19.2	24.1	15.7
(% of Net Sales)	9.8	21.9	17.9	18.8	20.3	20.4
Interest & other Charges	131	108	84	159	192	220
Other Income	29	23	81	68	68	68
(% of PBT)	5.3	1.3	3.6	2.5	2.1	1.8
Share in profit of Asso.	-	-	-	-	-	-
<b>Recurring PBT</b>	<b>538</b>	<b>1,735</b>	<b>2,227</b>	<b>2,722</b>	<b>3,309</b>	<b>3,782</b>
% chg	62.3	222.7	28.4	22.2	21.5	14.3
Extraordinary Exp./ (Inc.)	163.4	203.1	59.6	-	-	-
<b>PBT (reported)</b>	<b>374</b>	<b>1,532</b>	<b>2,168</b>	<b>2,722</b>	<b>3,309</b>	<b>3,782</b>
Tax	82.7	363.5	596.6	744.4	893.4	1,021.2
(% of PBT)	22.1	23.7	27.5	27.3	27.0	27.0
<b>PAT (reported)</b>	<b>291</b>	<b>1,168</b>	<b>1,571</b>	<b>1,978</b>	<b>2,416</b>	<b>2,761</b>
Less: Minority int. (MI)	(2)	(4)	(5)	(4)	(3)	(2)
<b>PAT after MI (reported)</b>	<b>294</b>	<b>1,172</b>	<b>1,576</b>	<b>1,982</b>	<b>2,418</b>	<b>2,763</b>
<b>ADJ. PAT</b>	<b>432</b>	<b>1,333</b>	<b>1,619</b>	<b>1,982</b>	<b>2,418</b>	<b>2,763</b>
% chg	118.5	208.6	21.5	22.4	22.0	14.2
(% of Net Sales)	5.1	14.6	13.1	14.5	15.4	15.3
<b>Basic EPS (₹)</b>	<b>7.4</b>	<b>22.8</b>	<b>27.7</b>	<b>33.9</b>	<b>41.4</b>	<b>47.3</b>
% chg	8.9	208.6	21.5	22.4	22.0	14.2



**Balance sheet (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>SOURCES OF FUNDS</b>						
Equity Share Capital	29	29	29	58	58	58
Share Application Money	-	-	-	-	-	-
Reserves & Surplus	2,577	3,721	5,127	6,998	9,246	11,838
<b>Shareholders Funds</b>	<b>2,606</b>	<b>3,750</b>	<b>5,156</b>	<b>7,057</b>	<b>9,304</b>	<b>11,896</b>
<b>Minority Interest</b>	<b>11</b>	<b>26</b>	<b>26</b>	<b>60</b>	<b>57</b>	<b>55</b>
Long-term provisions	9	9	24	24	24	24
Total Loans	3,384	3,769	3,864	4,076	5,500	5,500
Deferred Tax Liability	68	205	211	236	236	236
<b>Total Liabilities</b>	<b>6,069</b>	<b>7,760</b>	<b>9,280</b>	<b>11,452</b>	<b>15,098</b>	<b>17,688</b>
<b>APPLICATION OF FUNDS</b>						
Gross Block	3,316	4,107	6,095	7,195	7,995	8,795
Less: Acc. Depreciation	1,140	1,461	1,794	2,187	2,718	3,306
<b>Net Block</b>	<b>2,175</b>	<b>2,645</b>	<b>3,752</b>	<b>4,865</b>	<b>5,277</b>	<b>5,490</b>
Capital Work-in-Progress	645	310	310	310	310	310
Goodwill	55	76	64	89	89	89
<b>Investments</b>	<b>22</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term loans and adv.	243	789	486	434	434	436
Current Assets	4,128	5,631	8,279	10,001	12,249	15,113
Cash	208	179	469	834	2,089	2,275
Loans & Advances	332	789	692	784	409	1,625
Other	3,587	4,664	7,118	8,383	9,751	11,213
Current liabilities	1,200	1,730	3,634	4,247	3,261	3,750
<b>Net Current Assets</b>	<b>2,928</b>	<b>3,901</b>	<b>4,645</b>	<b>5,755</b>	<b>8,988</b>	<b>11,363</b>
Mis. Exp. not written off	-	18	5	-	-	-
<b>Total Assets</b>	<b>6,069</b>	<b>7,760</b>	<b>9,280</b>	<b>11,452</b>	<b>15,098</b>	<b>17,688</b>

**Cash flow statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
Profit before tax	374	1,532	2,168	2,722	3,309	3,782
Depreciation	249	313	333	393	532	588
(Inc)/Dec in Working Capital	(191)	(457)	(757)	(796)	(1,979)	(2,188)
Less: Other income	29	23	81	68	68	68
Direct taxes paid	(83)	(363)	(597)	(744)	(893)	(1,021)
<b>Cash Flow from Operations</b>	<b>321</b>	<b>1,001</b>	<b>1,066</b>	<b>1,507</b>	<b>900</b>	<b>1,093</b>
(Inc.)/Dec.in Fixed Assets	(283)	(455)	(1,989)	(1,100)	(800)	(800)
(Inc.)/Dec. in Investments	(16)	(2)	-	(20)	-	-
Other income	29	23	81	68	68	68
<b>Cash Flow from Investing</b>	<b>(271)</b>	<b>(435)</b>	<b>(1,908)</b>	<b>(1,051)</b>	<b>(732)</b>	<b>(732)</b>
Issue of Equity	-	-	-	-	-	-
Inc./ (Dec.) in loans	288	385	94	213	1,424	-
Dividend Paid (Incl. Tax)	(17)	(102)	(171)	(171)	(171)	(171)
Others	(183)	(879)	1,209	(132)	(167)	(4)
<b>Cash Flow from Financing</b>	<b>88</b>	<b>(596)</b>	<b>1,133</b>	<b>(90)</b>	<b>1,086</b>	<b>(175)</b>
Inc./ (Dec.) in Cash	138	(30)	291	365	1,255	186
<b>Opening Cash balances</b>	<b>71</b>	<b>208</b>	<b>179</b>	<b>469</b>	<b>834</b>	<b>2,089</b>
<b>Closing Cash balances</b>	<b>208</b>	<b>179</b>	<b>469</b>	<b>834</b>	<b>2,089</b>	<b>2,275</b>

**Key ratios**

Y/E March	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	107.9	99.1	32.1	26.4	21.6	17.7
P/CEPS	278.4	39.3	14.4	11.2	18.0	14.5
P/BV	9.8	8.2	5.7	4.2	6.1	4.6
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1	0.1
EV/Sales	5.7	4.5	3.3	2.2	3.6	3.1
EV/EBITDA	48.7	32.0	12.8	10.6	16.6	13.3
EV / Total Assets	4.8	4.3	3.4	2.8	4.3	3.3
<b>Per Share Data (₹)</b>						
EPS (Basic)	7.4	22.8	27.7	33.9	41.4	47.3
EPS (fully diluted)	7.4	22.8	27.7	33.9	41.4	47.3
Cash EPS	18.6	51.0	65.4	40.7	50.5	57.4
DPS	0.5	0.5	0.5	0.5	0.5	0.5
Book Value	89.5	128.8	176.6	120.8	159.3	203.7
<b>Dupont Analysis</b>						
EBIT margin	9.8	21.9	17.9	18.8	20.3	20.4
Tax retention ratio	77.9	76.3	72.5	72.7	73.0	73.0
Asset turnover (x)	1.0	1.2	1.5	1.4	1.4	1.3
ROIC (Post-tax)	8.0	20.1	19.2	19.5	20.0	19.2
Cost of Debt (Post Tax)	3.2	2.3	1.6	2.9	2.9	2.9
Leverage (x)	1.3	1.1	0.8	0.6	0.4	0.3
Operating ROE	14.0	39.5	33.4	28.9	27.1	24.4
<b>Returns (%)</b>						
ROCE (Pre-tax)	9.9	25.4	25.3	24.8	24.0	22.5
Angel ROIC (Pre-tax)	11.5	28.5	27.6	27.5	27.9	26.7
ROE	17.5	41.9	36.4	32.5	29.6	26.1
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	1.8	2.2	2.4	2.1	2.1	2.2
Inventory / Sales (days)	98	49	90	95	101	108
Receivables (days)	129	95	93	95	63	63
Payables (days)	78	73	114	119	81	81
WC cycle (ex-cash) (days)	159	145	119	119	135	159
<b>Solvency ratios (x)</b>						
Net debt to equity	1.2	1.0	0.7	0.5	0.4	0.3
Net debt to EBITDA	3.9	1.7	1.4	1.1	0.9	0.8
Interest Coverage (EBIT / Int.)	4.3	16.3	25.5	16.2	16.6	16.8

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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)