

## Enhancement of capabilities; maintain Buy

We maintain our Buy rating on Aurobindo Pharma (APL) and revise TP to Rs1,010 (earlier Rs1,070) based on 18x March'20E EPS of Rs56.2. The company's Q1FY19 revenue was in-line with our expectations. However, EBITDA margin and net profit were below expectation. APL's sales grew 16% YoY, margin declined 460bps to 18.3% and net profit declined by 12% YoY. Its specialised segments such as injectables, penam, microspheres, hormones, oncology, vaccines, neutraceutical, depot injections, OTC and peptides would improve margins due to complexity in the manufacturing. APL has developed a robust pipeline of 487 ANDAs for the US market through differentiated products. APL is among our top picks in the pharma sector.

- EU formulations-good growth:** APL's formulations business' revenue (82% of total) grew 15% YoY to Rs35.00bn from Rs30.51bn. Its US-based formulations business (44% of revenues) grew by 12%YoY to Rs18.90bn from Rs16.95bn. Formulations in the EU (28% of revenues) grew 31% YoY to Rs11.99bn from Rs9.18bn due to the integration of the acquired Portuguese business. The emerging market formulations business (6% of revenues) grew by 32%YoY to Rs2.56bn. The company's API business (18% of revenues) grew by 20% to Rs7.48bn. The management expects new product launches, volume growth of existing products and good growth of injectable business in the US to drive growth.
- Margin likely to improve:** APL's EBITDA margins declined by 460bps YoY to 18.3% from 22.9% due to the increase in material cost and personnel expenses. Its material cost grew by 420bps to 44.9% from 40.7% due to the unfavourable product mix. Personnel expenses grew 70bps to 14.0% from 13.3% due to Portuguese acquisition. Other expenses declined 30bps to 22.8% from 23.1%. We expect new product launches, ARV tender supplies, controlled substances, neutraceutical and the injectable businesses in the US to aid in margin improvement.
- Net profit set to improve:** APL's net profit declined by 12% YoY to Rs4.56bn from Rs5.18bn. The company's tax rate declined to 20.2% from 27.0% of PBT. Other income grew by 98% to Rs437mn from Rs221mn. APL reported forex loss of Rs682mn against forex loss of Rs77mn. We expect its net profit to grow further led by expected revenue growth and margin improvement.
- Attractive valuations and key risks:** We maintain our Buy rating on the scrip, with a TP of Rs1,010 based on 18x March'20E EPS of Rs56.2, and with an upside of 65.4% from CMP. We have revised our FY19E and FY20E EPS downwards by 9% and 5% respectively. Key risks to our assumptions include slower growth in the US business and regulatory risks for its manufacturing facilities. APL is among our top picks in the pharma sector.

Particulars (Rs mn)	Q1FY19	Q1FY18	YoY (%)	Q4FY18	QoQ (%)	Q1FY19E	% Var.
<b>Total Revenues</b>	<b>42,503</b>	<b>36,788</b>	<b>15.5</b>	<b>40,491</b>	<b>5.0</b>	<b>43,010</b>	<b>(1.2)</b>
Raw material cost	19,072	14,978	27.3	16,694	14.2	17,300	10.2
Employee cost	5,961	4,902	21.6	5,813	2.5	5,900	1.0
Other expenses	9,677	8,492	14.0	9,943	(2.7)	10,700	(9.6)
<b>EBITDA</b>	<b>7,793</b>	<b>8,416</b>	<b>(7.4)</b>	<b>8,041</b>	<b>(3.1)</b>	<b>9,110</b>	<b>(14.5)</b>
EBITDA margin (%)	18.3	22.9	-	19.9	-	21.2	-
Depreciation	1,545	1,312	17.8	1,566	(1.3)	1,700	(9.1)
Interest	295	169	74.6	247	19.4	320	(7.8)
Other income	437	221	97.7	438	(0.2)	300	45.7
Forex exchange gain / (loss)	(682)	(77)	785.7	(159)	328.9	40	NA
PBT	5,708	7,079	(19.4)	6,507	(12.3)	7,430	(23.2)
Prov. For tax	1,155	1,910	(39.5)	1,224	(5.6)	1,900	(39.2)
<b>Adj. PAT</b>	<b>4,557</b>	<b>5,184</b>	<b>(12.1)</b>	<b>5,289</b>	<b>(13.8)</b>	<b>5,535</b>	<b>(17.7)</b>

Source: Company, Centrum Research Estimates

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj. PAT	YoY (%)	DEPS Rs.	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY16	1,39,552	15.1	31,877	22.8	20,232	28.4	34.5	31.9	19.9	17.7	14.8
FY17	1,50,898	8.1	34,342	22.8	23,013	13.7	39.3	27.6	19.7	15.6	13.5
FY18	1,64,999	9.3	37,886	23.0	24,229	5.3	41.3	23.0	17.3	14.8	11.2
FY19E	1,93,593	17.3	43,688	22.6	26,396	8.9	45.0	20.5	15.7	13.6	8.9
FY20E	2,24,510	16.0	52,860	23.5	32,960	24.9	56.2	21.2	17.2	10.9	7.3

Source: Company, Centrum Research Estimates

In the interest of timeliness, this document is not edited

**Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet**

Target Price	Rs1,010	Key Data	
CMP*	Rs611	Bloomberg Code	ARBP IN
Upside	65.4%	Curr Shares O/S (mn)	585.9
Previous Target	Rs1,070	Diluted Shares O/S(mn)	585.9
Previous Rating	Buy	Mkt Cap (Rsbn/USDbn)	357.9/5.1
<b>Price Performance (%)*</b>		52 Wk H / L (Rs)	809.5/527
	1M 6M 1Yr	5 Year H / L (Rs)	895/81.6
ARBP IN	1.5 0.6 (13.3)	Daily Vol. (3M NSE Avg.)	2460581
Nifty	3.1 7.7 16.9		

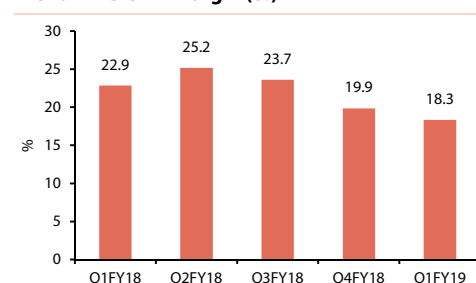
\*as on 10<sup>th</sup> August 2018 Source: Bloomberg, Centrum Research

### Shareholding pattern (%)\*

	June-18	Mar-18	Dec-17	Sept-17
Promoter	51.9	51.9	51.9	51.9
FII's	17.8	18.0	18.9	18.8
DII's	15.8	15.7	15.6	15.3
Others	14.5	14.4	13.6	14.0

Source: BSE, \*as on 10<sup>th</sup> August 2018

### Trend in EBITDA margin (%)



Source: Company, Centrum Research

### Earning Revision

Particulars (Rs mn)	FY19E			FY20E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	1,93,593	1,93,593	(0.0)	2,24,510	2,24,510	0.0
EBITDA	43,688	45,988	(5.0)	52,860	54,560	(3.1)
EBITDA Margin (%)	22.6	23.8	(120)bps	23.5	24.3	(80)bps
PAT	26,396	28,978	(8.9)	32,960	34,760	(5.2)

Source: Centrum Research Estimates

### Centrum vs. Bloomberg Consensus\*

Particulars (Rs mn)	FY19E			FY20E		
	Centrum	BBG	Var (%)	Centrum	BBG	Var (%)
Sales	1,93,593	1,82,708	6.0	2,24,510	2,01,342	11.5
EBITDA	43,688	40,625	7.5	52,860	45,480	16.2
PAT	26,396	25,692	2.7	32,960	28,865	14.2

Bloomberg Consensus*				Centrum Target Price (Rs)	Variance (%)
BUY	SELL	HOLD	Target Price (Rs)		
38	1	1	751	1,010	34.5

\*as on 10<sup>th</sup> August 2018 Source: Bloomberg, Centrum Research

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## Concall highlights

### Major products and key markets

- As per the management, the US growth of 12%YoY during Q1FY19 was due to new product launches and volume growth of existing products. APL launched 14 new products in the US in Q1FY19.
- The management informed that the company filed 7 ANDAs in Q1FY19 and has received 13 ANDA approvals from US FDA.
- The management indicated that 94 products of Actavis have been site transferred to Vizag, and plans to transfer total 112 products to Vizag.
- APL plans to launch differentiated products in the US with new launches across oncology, microsphere, peptide, liposomal, hormones, oral contraceptives, depot injections and complex substance filings. The upside from these businesses is expected from FY19 onwards.
- APL is the leading player in ARV and faces limited competition due to few players in this space. The decline in revenues by 36%YoY was due to the absence of profitable tenders. The management indicated the launch of combination product in FY19.
- The management expects 30-40 product launches in the US in FY19 of which 10 are approved.

### US FDA approvals and new product launches

- For Q1FY19, the management indicated \$16mn (Rs1.09bn) revenues from the injectable business in US and expects 30% growth in this business.
- APL filed 487 ANDAs with US FDA, of which 375 (including 33 tentative approvals) have been approved and 112 are pending approval. Hence, it has a rich product pipeline for the US market.
- APL has filed 231 DMFs with US FDA till date and filed 4 DMFs in Q1FY19.
- As per the management, the pricing pressure in the US business was partially offset by new product launches, volume growth of existing products and growth in Natrol products.
- The management has indicated the filing for two dermatology products and 10-12 products are in the pipeline.

### Financials

- The management indicated one-time provision of Rs1.00bn due to product recall of injectable batches.
- The management indicated a net debt of \$571mn (Rs38.8bn) by the end of Q1FY19. Majority of the debt is in foreign currency. The rise in debt was attributed to the launch of high cost products in the US, increase in working capital on GST implementation and Portugal and Apotex acquisitions. The average interest cost 2.3% as per the management.
- The management has indicated WC increase of \$63mn (Rs4.90bn) of which the inventory increase was \$33mn (Rs2.24bn).
- The management expects \$100mn (Rs6.8bn) debt reduction in FY19.
- Forex loss was Rs682mn in Q1FY19 as against a forex loss of Rs77mn a year ago.
- The management has guided for R&D expenses of ~5% of revenues during FY19. The same was Rs1.69bn or 4.0% in Q1FY19.
- As per the management, the increase in raw material prices have been passed to the customers with a lag of one quarter.
- The management indicated capex of \$70mn (Rs4.76bn) in FY19.

## Sales Composition

APL's revenue grew 16%YoY to Rs42.50bn in Q1FY19 from Rs36.79bn a year ago, led by 15%YoY growth in its formulations business. APL's formulations business (82% of revenues) grew by 15% YoY to Rs35.01bn from Rs30.51bn due to the good growth across geographies. Formulation sales in the US (44% of revenues) grew by 12%YoY despite pricing pressure in the US generic market. Formulations sales in the EU (28% of revenues) grew by 31% YoY to Rs11.99bn from Rs9.18bn due to integration of Portugal acquisition from May'17. APL's ARV formulations business (4% of revenues) declined by 36% YoY due to lack of profitable tenders and pricing pressure.

The company's API business (18% of revenues) grew by 20%YoY to Rs7.48bn from Rs6.25bn due to the lower base in Q1FY18 due to GST uncertainties. The vertical integration of in-house APIs stood at ~70%.

The major growth is likely to come from EU and RoW markets.

The details of sales composition in Q1FY19 are as follows:

### Exhibit 1: Sales composition

Particulars (Rs mn)	Q1FY19	Q1FY18	YoY (%)	Q4FY18	QoQ (%)	Q1FY19E	% Var.
<b>FORMULATIONS</b>							
Formulations-USA	18,896	16,949	11.5	17,388	8.7	18,800	0.5
Formulations-EU	11,991	9,176	30.7	11,516	4.1	12,000	(0.1)
Formulations- ROW	2,565	1,939	32.3	2,096	22.4	2,200	16.6
Formulations-ARV	1,556	2,446	(36.4)	1,486	4.7	1,600	(2.8)
<b>Formulations-total</b>	<b>35,008</b>	<b>30,510</b>	<b>14.7</b>	<b>32,486</b>	<b>7.8</b>	<b>34,600</b>	<b>1.2</b>
<b>API</b>							
API-Betalactum	4,919	4,089	20.3	5,327	(7.7)	5,600	(12.2)
API- Non betalactum	2,561	2,162	18.5	2,669	(4.0)	2,800	(8.5)
<b>API-Total</b>	<b>7,480</b>	<b>6,251</b>	<b>19.7</b>	<b>7,996</b>	<b>(6.5)</b>	<b>8,400</b>	<b>(11.0)</b>
Dossier income	15	28	(46.4)	8	87.5	10	50.0
<b>Total income</b>	<b>42,503</b>	<b>36,789</b>	<b>15.5</b>	<b>40,490</b>	<b>5.0</b>	<b>43,010</b>	<b>(1.2)</b>
Excise duty	0	0	NA	0	NA	0	NA
Net sales	42,503	36,789	15.5	40,490	5.0	43,010	(1.2)

Source: Company, Centrum Research

## Acquisitions well- integrated

The Actavis generics business in Europe and Natrol nutraceutical business in the US are well integrated with APL and are performing well. The Actavis business reported double-digit margin during Q1FY19. APL has site transferred 94 products from Europe to Vizag for cost optimisation. APL has plans to transfer 112 products from Europe to India under site transfer.

Natrol is expected to grow at a 15% CAGR over the next two to three years and has margin higher than the average company margin. The company has plans to expand the product portfolio of Natrol and export Natrol brands to other countries. APL has completed the acquisition of the Portugal based company Generis Farmaceutica SA during FY18. With this acquisition, APL has become the No.1 Company in the Portuguese generic market. It has merged the operations of three Portuguese subsidiaries for cost optimisation. APL has recently concluded the buying of Apotex business in five European countries.

We expect APL to report good performance, driven by good growth in the US market from injectable business, new ANDA approvals and volume growth in existing products. APL has one of the largest basket of injectable products. We have revised our FY19E and FY20E EPS downwards by 9% and 5% respectively. At the CMP of Rs611, the stock trades at 13.6x FY19E EPS of Rs45.0 and 10.9x FY20E EPS of Rs56.2. We maintain our Buy rating on the scrip, with a revised TP of Rs1,010 based on 18x March'20E EPS of Rs56.2, and with an upside of 65.4% from CMP. Key risks to our assumptions include slower growth in the US business and regulatory risks for its manufacturing facilities. APL is among our top picks in the pharma sector.

## Earning Revision

Based on the Q1FY19 results, we have revised our FY19E and FY20E EPS downwards by 9% and 5% respectively as follows:

### Exhibit 2: Earning Revision

Particulars (Rsmn)	FY19E			FY20E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	1,93,593	1,93,593	(0.0)	2,24,510	2,24,510	0.0
EBITDA	43,688	45,988	(5.0)	52,860	54,560	(3.1)
EBITDA Margin (%)	22.6	23.8	(120)bps	23.5	24.3	(80)bps
PAT	26,396	28,978	(8.9)	32,960	34,760	(5.2)

Source: Centrum Research Estimates

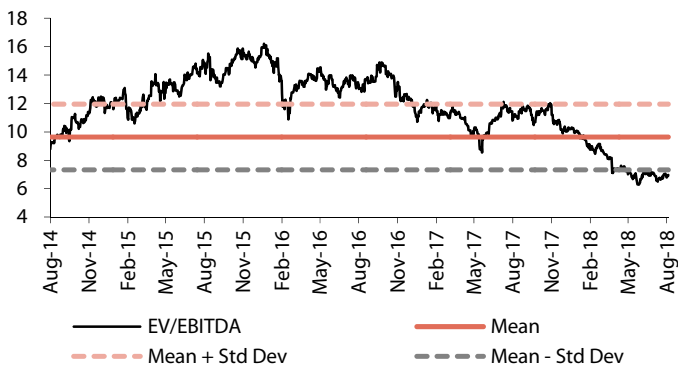
## Valuation

### Exhibit 3: Sensitivity Analysis

Sensitivity to key variables – FY19E	% change	% impact on EBITDA	% impact on EPS
Sales	1	4.4	7.3
Material cost	1	(1.8)	(3.0)

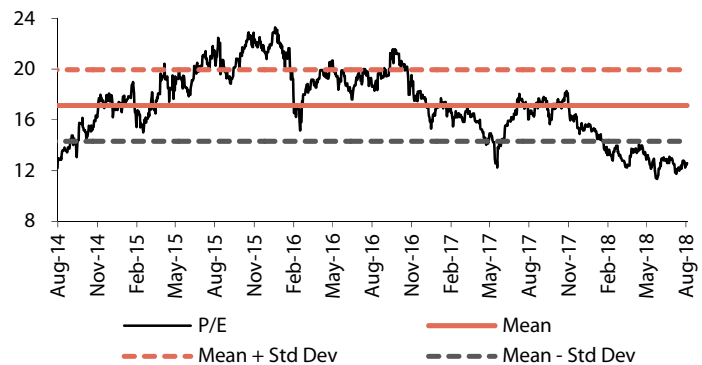
Source: Company, Centrum Research Estimates

### Exhibit 4: 1 year forward EV/EBITDA chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 5: 1 year forward P/E chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 6: Comparative Valuations

Sector	Mkt Cap (Rs mn)	CAGR FY18-FY20E (%)			EBITDA Margin (%)			PE (x)			EV/EBITDA (x)			RoE (%)			Div Yield (%)		
		Rev.	EBITDA	PAT	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Aurobindo	3,58,046	16.6	18.1	16.6	23.0	22.6	23.5	14.8	13.6	10.9	11.2	8.9	7.3	23.0	20.5	21.2	0.3	0.7	0.8
Cipla	4,99,905	16.6	24.4	29.2	18.6	19.6	21.2	31.1	27.0	20.0	17.1	14.9	11.9	10.6	12.3	14.9	0.6	0.7	0.8
Dr. Reddy's Labs	3,67,524	8.9	17.8	35.4	16.5	18.0	19.3	41.9	27.0	21.2	18.9	14.9	12.4	7.6	10.5	12.4	1.0	1.3	1.6
Lupin	3,65,668	8.6	10.6	2.6	19.9	19.0	20.6	26.6	25.6	20.2	16.2	13.3	10.9	1.9	10.1	11.6	0.6	0.9	1.0

Source: Company, Centrum Research Estimates Prices as on 10<sup>th</sup> August 2018

## Quarterly financials, Operating Metrics and Key Performance Indicators

### Exhibit 7: Quarterly Financials -consolidated

PARTICULARS (Rs mn)	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
<b>P &amp; L</b>								
Revenues	37,755	39,062	36,416	36,788	44,359	43,361	40,491	42,503
Material cost	15,848	17,097	15,028	14,978	17,679	18,175	16,694	19,072
Personnel expenses	4,266	4,456	4,635	4,902	5,187	5,407	5,813	5,961
Other Expenses	8,349	8,560	9,541	8,492	10,319	9,524	9,943	9,677
Total Expenses	28,463	30,113	29,204	28,372	33,185	33,106	32,450	34,710
EBIDTA	9,292	8,949	7,212	8,416	11,174	10,255	8,041	7,793
Other income	83	79	218	221	103	331	438	437
PBDIT	9,375	9,028	7,430	8,637	11,277	10,586	8,479	8,230
Interest	175	143	143	169	173	189	247	295
Depreciation	1102	1111	1001	1312	1321	1381	1566	1545
Forex gain /(loss)	202	158	190	(77)	(4)	-	(159)	(682)
Profit before tax	8,300	7,932	6,476	7,079	9,779	9,016	6,507	5,708
Tax provision	2240	2177	1171	1910	1980	3069	1224	1155
Net profit before minority	6,060	5,755	5,305	5,169	7,799	5,947	5,283	4,553
Share of profit of JV	(4)	31	19	15	13	3	6	4
Net profit	6,056	5,786	5,324	5,184	7,812	5,950	5,289	4,557
<b>Growth (%)</b>								
Revenues	12.2	11.4	(2.8)	(2.3)	17.5	11.0	11.2	15.5
EBIDTA	19.3	9.4	(16.8)	(5.3)	20.3	14.6	11.5	(7.4)
Net profit	33.5	6.3	(4.0)	(11.4)	29.0	2.8	(0.7)	(12.1)
<b>Margin (%)</b>								
EBIDTA	24.6	22.9	19.8	22.9	25.2	23.7	19.9	18.3
Profit before tax	22.0	20.3	17.8	19.2	22.0	20.8	16.1	13.4
Net margin before EO	16.0	14.8	14.6	14.1	17.6	13.7	13.1	10.7

Source: Company, Centrum Research

### Exhibit 8: Key performance indicators

Key performance indicator	FY16	FY17	FY18	FY19E	FY20E
Sales Growth %	15.1	8.1	9.3	17.3	16.0
Material cost %	44.2	42.6	40.9	41.2	40.7

Source: Centrum Research Estimates

## Financials -consolidated

### Exhibit 9: Income Statement

Y/E March (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
<b>Revenues</b>	<b>1,39,552</b>	<b>1,50,898</b>	<b>1,64,999</b>	<b>1,93,593</b>	<b>2,24,510</b>
Material cost	61,622	64,342	67,528	79,725	91,420
% of revenues	44.2	42.6	40.9	41.2	40.7
Employee cost	15,427	17,678	21,308	26,230	29,870
% of revenues	11.1	11.7	12.9	13.5	13.3
Other Expenses	30,626	34,536	38,277	43,950	50,360
% of revenues	21.9	22.9	23.2	22.7	22.4
<b>EBIDTA</b>	<b>31,877</b>	<b>34,342</b>	<b>37,886</b>	<b>43,688</b>	<b>52,860</b>
<b>EBIDTA margin (%)</b>	<b>22.8</b>	<b>22.8</b>	<b>23.0</b>	<b>22.6</b>	<b>23.5</b>
Depreciation & Amortisation	3,923	4,276	5,580	6,150	6,650
EBIT	27,954	30,066	32,306	37,538	46,210
Interest Expenses	927	667	777	1,030	1,250
PBT from operations	27,027	29,399	31,529	36,508	44,960
Other income	399	1,160	852	1,118	2,100
PBT	27,426	30,559	32,381	37,626	47,060
Tax provision	7,208	7,596	8,183	11,270	14,150
Effective tax rate (%)	26.3	24.9	25.3	30.0	30.1
Net profit	20,218	22,963	24,198	26,356	32,910
Minority interest	14	50	31	40	50
Reported net profit	20,232	23,013	24,229	26,396	32,960
<b>Adj. Net profit</b>	<b>20,232</b>	<b>23,013</b>	<b>24,229</b>	<b>26,396</b>	<b>32,960</b>

Source: Company, Centrum Research Estimates

### Exhibit 10: Key Ratios

Y/E March (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
<b>Growth Ratios (%)</b>					
Revenues	15.1	8.1	9.3	17.3	16.0
EBIDTA	24.3	7.7	10.3	15.3	21.0
Adj. Net Profit	28.4	13.7	5.3	8.9	24.9
<b>Margin Ratios (%)</b>					
EBIDTA margin	22.8	22.8	23.0	22.6	23.5
PBT from operations margin	19.4	19.5	19.1	18.9	20.0
Adj. PAT margin	14.5	15.3	14.7	13.6	14.7
<b>Return Ratios (%)</b>					
RoCE	19.9	19.7	17.3	15.7	17.2
RoE	31.9	27.6	23.0	20.5	21.2
RoIC	20.9	20.0	18.0	16.4	17.4
<b>Turnover ratios (days)</b>					
Gross Block Turnover (x)	3.2	3.5	3.1	3.1	3.0
Debtors	120	67	68	72	67
Creditors	67	62	59	93	96
Inventory	106	105	130	114	126
Cash Conversion Cycle	160	110	139	93	98
<b>Solvency Ratio</b>					
Debt-Equity	0.6	0.3	0.4	0.3	0.2
Net Debt-Equity	0.5	0.3	0.3	0.2	0.2
Current Ratio	2.5	2.6	2.7	2.6	2.6
Interest Coverage Ratio	0.0	0.0	0.0	0.0	0.0
Gross Debt/EBIDTA	1.4	0.9	1.2	0.9	0.7
<b>Per Share (Rs)</b>					
FDEPS (adjusted)	34.5	39.3	41.3	45.0	56.2
CEPS	41.2	46.6	50.9	55.5	67.6
Book Value	124.6	159.9	199.3	239.6	289.9
Dividend	2.3	1.9	3.5	4.0	5.0
Dividend Payout (%)	7.7	7.0	5.7	9.2	8.5
<b>Valuations (x) (Avg Mkt Cap)</b>					
PER	17.7	15.6	14.8	13.6	10.9
P/BV	4.9	3.8	3.1	2.5	2.1
EV/EBIDTA	14.8	13.5	11.2	8.9	7.3
Dividend Yield (%)	0.4	0.4	0.3	0.7	0.8
5-yr Avg AOCF/EV yield(%)	1.6	2.8	3.9	5.2	5.8

Source: Company, Centrum Research Estimates

### Exhibit 11: Balance Sheet

Y/E March (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
Share capital	585	586	586	586	586
Reserves & surplus	72,290	93,133	1,16,218	1,39,824	1,69,301
Total shareholders Funds	72,875	93,719	1,16,804	1,40,410	1,69,887
Total Debt	44,155	30,841	44,825	40,800	39,200
Minority interest	26	21	18	16	15
Deferred tax Liab.	(1,823)	(1,185)	765	1,040	1,350
<b>Total Liabilities</b>	<b>1,15,233</b>	<b>1,23,396</b>	<b>1,62,412</b>	<b>1,82,266</b>	<b>2,10,452</b>
Gross Block	37,259	47,998	58,219	67,521	80,521
Less: Acc. Depreciation	3,457	7,168	10,854	14,589	18,689
Net Block	33,802	40,830	47,366	52,932	61,833
Capital WIP	8,481	14,581	15,830	17,700	19,500
Intangible assets	7,994	7,508	17,840	18,200	18,825
<b>Net Fixed Assets</b>	<b>50,277</b>	<b>62,919</b>	<b>81,036</b>	<b>88,832</b>	<b>1,00,158</b>
Investments	1,229	2,459	3,115	8,500	10,700
Inventories	40,562	43,305	58,584	60,700	77,600
Debtors	46,067	27,653	30,844	38,000	41,500
Loans & Advances	3,229	11,210	156	250	300
Cash & Bank Balance	8,003	5,135	12,616	10,884	9,994
Other assets	7,775	8,136	23,113	26,700	31,500
<b>Total Current Assets</b>	<b>1,05,636</b>	<b>95,439</b>	<b>1,25,313</b>	<b>1,36,534</b>	<b>1,60,894</b>
Trade payable	25,479	25,523	26,705	49,500	59,000
Other current Liabilities	15,687	11,040	17,778	-	-
Provisions	743	858	2,568	2,100	2,300
<b>Net Current Assets</b>	<b>63,727</b>	<b>58,018</b>	<b>78,262</b>	<b>84,934</b>	<b>99,594</b>
<b>Total Assets</b>	<b>1,15,233</b>	<b>1,23,396</b>	<b>1,62,412</b>	<b>1,82,266</b>	<b>2,10,452</b>

Source: Company, Centrum Research Estimates

### Exhibit 12: Cash Flow

Y/E March (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
CF before WC changes	24,979	27,597	32,233	33,295	40,394
Working Capital Changes	(7,383)	2,841	(12,763)	(8,404)	(15,550)
<b>CF from Operations</b>	<b>17,596</b>	<b>30,438</b>	<b>19,470</b>	<b>24,891</b>	<b>24,844</b>
Adj OCF (OCF-Interest)	16,669	29,771	18,693	23,861	23,594
Addition of Fixed Assets	(15,492)	(17,404)	(13,365)	(13,587)	(17,351)
Adj. FCF (AOCF-Capex)	1,176	12,367	5,329	10,274	6,244
<b>CF from Investing</b>	<b>(13,763)</b>	<b>(18,153)</b>	<b>(24,356)</b>	<b>(19,334)</b>	<b>(20,177)</b>
<b>CF from Financing</b>	<b>(198)</b>	<b>(14,686)</b>	<b>11,543</b>	<b>(6,814)</b>	<b>(5,088)</b>
<b>Net change in Cash</b>	<b>3,635</b>	<b>(2,401)</b>	<b>6,658</b>	<b>(1,257)</b>	<b>(420)</b>

Source: Company, Centrum Research Estimates



## Appendix A

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### Aurobindo Pharma price chart



Source: Bloomberg, Centrum Research



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