

## Strong growth in key markets; maintain Buy

We maintain our Buy rating on Aurobindo Pharma (APL) and revise TP to Rs1,030 (earlier Rs970) based on 18x March'19E EPS of Rs57.1. The company's Q2FY18 results exceeded our and consensus expectations. APL's sales grew 18% YoY, margin improved 60bps to 25.2%, and net profit grew 29% YoY. Its specialised segments such as injectables, penam, microspheres, hormones, oncology, nutraceutical, depot injections and peptides would improve margins due to complexity in the manufacturing. APL has developed a robust pipeline of 463 ANDAs for the US market through differentiated products. APL is among our top picks in the pharma sector.

- **US formulations-strong growth:** APL's formulations business' revenue (83% of total) grew 22% YoY to Rs36.63bn from Rs30.04bn. Its US-based formulations business (47% of revenues) grew by 21%YoY to Rs20.99bn due to 180-days exclusivity for generic Renvela in the US. Formulations in the EU (25% of revenues) grew 37% YoY to Rs11.13bn from Rs8.13bn due to the integration of the acquired Portuguese business. The emerging market formulations business (5% of revenues) grew by 38%YoY to Rs2.43bn. The company's API business (17% of revenues) was flat at Rs7.72bn. The management expects new product launches, volume growth of existing products and good growth of injectable business in the US.
- **Margins improved by 60bps YoY:** APL's EBITDA margins improved 60bps YoY to 25.2% from 24.6% due to the reduction in material cost. Its material cost declined by 210bps to 39.9% from 42.0% due to the presence of high margin generic Renvela. Personnel expenses grew 40bps to 11.7% from 11.3% due to Portuguese acquisition. Other expenses grew 120bps to 23.3% from 22.1% due to increase in carriage outward and customer settlement charges. We expect new product launches, ARV tender supplies, controlled substances, nutraceuticals and the injectable businesses in the US to aid in margin improvement.
- **Net profit grew 29%YoY:** APL's net profit grew by 29% YoY to Rs7.81bn from Rs6.06bn. The company's tax rate declined to 22.2% from 27.0% of PBT due to SEZ benefits. Other income grew by 24% to Rs103mn from Rs83mn. 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 Rs1,030 based on 18x March'19E EPS of Rs57.1, and with an upside of 30.5% from CMP. APL is among our top picks in the pharma sector. Key risks to our assumptions include slower growth in the US business and regulatory risks for its manufacturing facilities.

Particulars (Rs mn)	Q2FY18	Q2FY17	YoY (%)	Q1FY18	QoQ (%)	Q2FY18E	% Var.
<b>Total Revenues</b>	<b>44,359</b>	<b>37,755</b>	<b>17.5</b>	<b>36,788</b>	<b>20.6</b>	<b>39,815</b>	<b>11.4</b>
Raw material cost	17,679	15,848	11.6	14,978	18.0	15,800	11.9
Employee cost	5,187	4,266	21.6	4,902	5.8	4,900	5.9
Other expenses	10,319	8,349	23.6	8,492	21.5	8,850	16.6
<b>EBIDTA</b>	<b>11,174</b>	<b>9,292</b>	<b>20.3</b>	<b>8,416</b>	<b>32.8</b>	<b>10,265</b>	<b>8.9</b>
EBIDTA margin (%)	25.2	24.6	-	22.9	-	25.8	-
Depreciation	1,321	1,102	19.9	1,312	0.7	1,450	(8.9)
Interest	173	175	(1.1)	169	2.4	190	(8.9)
Other income	103	83	24.1	221	(53.4)	350	(70.6)
PBT	9,779	8,300	17.8	7,079	38.1	9,055	8.0
Prov. For tax	1,980	2,240	(11.6)	1,910	3.7	2,350	(15.7)
<b>Adj. PAT</b>	<b>7,812</b>	<b>6,056</b>	<b>29.0</b>	<b>5,184</b>	<b>50.7</b>	<b>6,695</b>	<b>16.7</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)
FY15	1,21,204	49.6	25,636	21.2	15,758	12.9	26.9	33.6	18.8	33.4	11.6
FY16	1,39,552	15.1	31,877	22.8	20,232	28.4	34.5	31.9	19.9	21.5	14.8
FY17	1,50,898	8.1	34,340	22.8	23,011	13.7	39.3	27.6	19.7	19.0	13.5
FY18E	1,73,101	14.7	41,675	24.1	27,376	19.0	46.7	25.8	20.0	14.5	10.4
FY19E	1,97,379	14.0	50,094	25.4	33,484	22.3	57.1	25.0	20.8	11.8	8.3

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	Rs1,030	Key Data	
CMP*	Rs789	Bloomberg Code	ARBP IN
Upside	30.5%	Curr Shares O/S (mn)	584.0
Previous Target	Rs970	Diluted Shares O/S(mn)	584.0
Previous Rating	Buy	Mkt Cap (Rsbn/USDbn)	462.5/7.1
<b>Price Performance (%)*</b>		52 Wk H / L (Rs)	809.5/503.1
		5 Year H / L (Rs)	895/63.6
ARBP IN	7.4	27.5	(0.4)
Nifty	2.9	9.6	20.9
		Daily Vol. (3M NSE Avg.)	2794109

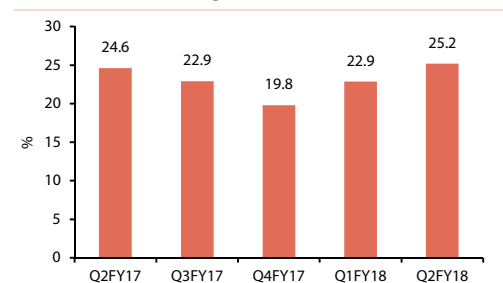
\*as on 9<sup>th</sup> November 2017 Source: Bloomberg, Centrum Research

### Shareholding pattern (%)\*

	Sept-17	June-17	Mar-17	Dec-16
Promoter	51.9	51.9	51.9	51.9
Flls	18.8	19.6	21.0	24.1
Dlls	15.3	14.2	12.7	11.0
Others	14.0	14.3	14.4	13.0

Source: BSE, \*as on 9<sup>th</sup> November 2017

### Trend in EBITDA margin (%)



Source: Company, Centrum Research

### Earning Revision

Particulars (Rs mn)	FY18E			FY19E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	1,73,101	1,72,090	0.6	1,97,379	1,95,033	1.2
EBIDTA	41,675	40,664	2.5	50,094	47,748	4.9
EBIDTA margin (%)	24.1	23.6	50bps	25.4	24.5	90bps
Net profit	27,376	26,444	3.5	33,484	31,348	6.8

Source: Centrum Research Estimates

### Centrum vs. Bloomberg Consensus\*

Particulars (Rs mn)	FY18E			FY19E		
	Centrum	BBG	Var (%)	Centrum	BBG	Var (%)
Sales	1,73,101	1,67,620	3.3	1,97,379	1,84,870	6.8
EBITDA	41,675	40,838	2.0	50,094	44,151	13.5
PAT	27,376	26,500	3.3	33,484	29,187	14.7

Bloomberg Consensus*				Centrum Target Price (Rs)	Variance (%)
BUY	SELL	HOLD	Target Price (Rs)		
34	2	2	841	1,030	22.5%

\*as on 9<sup>th</sup> November 2017 Source: Bloomberg, Centrum Research

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## Concall highlights

### Major products and key markets

- As per the management, APL has filed 90 ANDAs for injectables of which 51 have been approved. Hence, the company has a rich pipeline of high margin injectables.
- The management informed that the company filed 21 ANDAs (11 oral+10 injectable) with US FDA and launched 8 products (6 oral+ 2 injectable) in Q2FY18.
- APL witnessed 10-12% YoY price erosion in the base business in US in Q2FY18.
- As per the management, there are four players and AG for Renvela in the US. The company has already provided the chargeback for generic Renvela.
- The company has launched Pentaprazole injection in the US market and expects good upside from the same as there is shortage of injectable products in the US.
- The management indicated that 74 products of Actavis have been site transferred to Vizag, and plans to transfer more 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 FY18 onwards.
- APL is the leading player in ARV and faces limited competition due to a few players in this space. The management indicated the launch of combination product in FY19.

### US FDA approvals and new product launches

- For FY18, the management indicated 40-50% YoY growth in the injectable business in US.
- APL filed 463 ANDAs with US FDA, of which 334 have been approved and 129 are pending approval. Hence, it has a rich product pipeline for the US market. The company has received tentative approvals for 40 ANDAs .
- No major observations regarding its manufacturing facilities are pending with the US FDA except Unit VI which has 2 observations.
- APL has filed 226 DMFs with US FDA till date and filed 3 DMFs in Q2FY18.
- 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.
- APL has file 9 oncology products with US FDA which have addressable market size of \$1.8bn(Rs117.0bn).
- The management has indicated the launch of Nexium OTC product in the US market. It has addressable market of \$70mn (Rs4.6bn).

### Financials

- The management indicated a net debt of \$616mn (Rs40.0bn) by the end of Q2FY18. Majority of the debt is in foreign currency. The rise in debt was attributed to the launch of high cost products in the US and increase in working capital on GST implementation.
- Forex loss was Rs4mn in Q2FY18 as against a forex gain of Rs202mn a year ago.
- The management has guided for R&D expenses of ~5% of revenues during FY18. The same was Rs1.6bn or 3.6% in Q2FY18.
- The management indicated capex of \$130mn (Rs8.45bn) in FY18 excluding vaccines and biosimilars.
- The management has guided tax rate of 25-26% from FY18.

## Sales Composition

APL's revenue grew 18%YoY to Rs44.36bn in Q2FY18 from Rs37.76bn a year ago, led by strong 22%YoY growth in its formulations business. APL's formulations business (83% of revenues) grew by 22% YoY to Rs36.63bn from Rs30.04bn due to the strong growth across geographies. Formulation sales in the US (47% of revenues) grew by 21%YoY due to the launch of generic Renvela under 180-days exclusivity in the US. Formulations sales in the EU (25% of revenues) grew by 37% YoY to Rs11.13bn from Rs8.13bn due to integration of Portugal acquisition from May'17 and strong growth in Germany, UK, France and Spain. APL's ARV formulations business (6% of revenues) declined by 22% YoY due to lack of profitable tenders.

The company's API business (17% of revenues) was flat at Rs7.72bn due to the impact of GST in the domestic market. The vertical integration of in-house APIs stood at ~70%.

The details are as follows:

### Exhibit 1: Sales composition

Particulars (Rs mn)	Q2FY18	Q2FY17	YoY (%)	Q1FY18	QoQ (%)	Q2FY18E	% Var.
<b>FORMULATIONS</b>							
Formulations-USA	20,989	17,351	21.0	16,949	23.8	19,000	10.5
Formulations-EU	11,135	8,134	36.9	9,176	21.3	9,350	19.1
Formulations- ROW	2,434	1,768	37.7	1,939	25.5	2,000	21.7
Formulations-ARV	2,075	2,785	(25.5)	2,446	(15.2)	2,700	(23.1)
<b>Formulations-total</b>	<b>36,633</b>	<b>30,038</b>	<b>22.0</b>	<b>30,510</b>	<b>20.1</b>	<b>33,050</b>	<b>10.8</b>
<b>API</b>							
API-Betalactum	5,142	5,113	0.6	4,089	25.8	4,300	19.6
API- Non betalactum	2,576	2,575	0.0	2,162	19.1	2,450	5.1
<b>API-Total</b>	<b>7,718</b>	<b>7,688</b>	<b>0.4</b>	<b>6,251</b>	<b>23.5</b>	<b>6,750</b>	<b>14.3</b>
Dossier income	7	28	(75.0)	28	NA	15	(53.3)
Total income	44,358	37,754	17.5	36,789	20.6	39,815	11.4

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 Q2FY18. APL has site transferred 74 products from Europe to Vizag for cost optimisation. 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. APL has completed the acquisition of the Portugal based company Generis Farmaceutica SA. With this acquisition, APL has become the No.1 company in the Portuguese generic market.

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 benefited from Renvela tablets 180-days exclusivity in the US. At the CMP of Rs789, the stock trades at 14.5x FY18E EPS of Rs46.7 and 11.8x FY19E EPS of Rs57.1. We maintain our Buy rating on the scrip, with a revised TP of Rs1,030 based on 18x March'19E EPS of Rs57.1, and with an upside of 30.5% 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 above results, we have revised our FY18E and FY19E by 4% and 7% respectively as follows:

### Exhibit 2: Earning Revision

Particulars	FY18E			FY19E		
	Current	Earlier	Chg(%)	Current	Earlier	Chg(%)
Sales	1,73,101	1,72,090	0.6	1,97,379	1,95,033	1.2
EBIDTA	41,675	40,664	2.5	50,094	47,748	4.9
EBIDTA margin (%)	24.1	23.6	50bps	25.4	24.5	90bps
Net profit	27,376	26,444	3.5	33,484	31,348	6.8

Source: Centrum Research Estimates

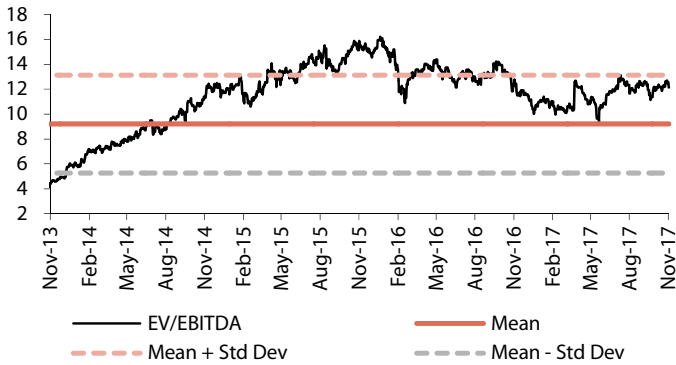
## Valuation

### Exhibit 3: Sensitivity Analysis

Sensitivity to key variables – FY18E	% change	% impact on EBITDA	% impact on EPS
Sales	1	4.2	6.3
Material cost	1	(1.7)	(2.7)

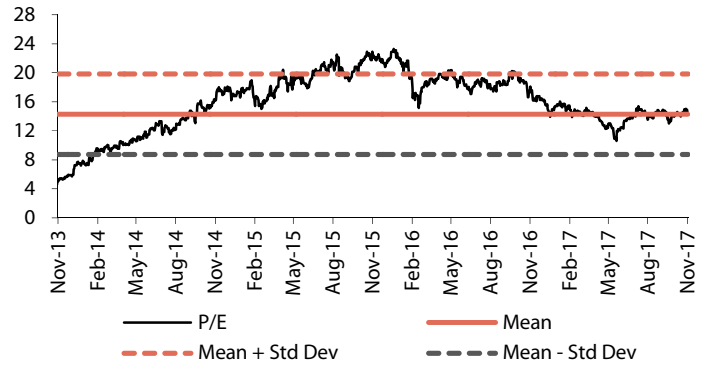
Source: Company, Centrum Research Estimates

### 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 FY16-FY18E (%)			EBITDA Margin (%)			PE (x)			EV/EBITDA (x)			RoE (%)			Div Yield (%)		
		Rev.	EBITDA	PAT	FY16	FY17P	FY18E	FY16	FY17P	FY18E	FY16	FY17P	FY18E	FY16	FY17P	FY18E	FY16	FY17P	FY18E
Aurobindo	4,62,354	14.4	20.8	20.6	22.8	24.1	25.4	19.0	14.5	11.8	13.5	10.4	8.3	27.6	25.7	24.9	0.4	0.3	0.6
Cipla	4,94,768	13.3	26.6	50.4	16.9	19.2	21.1	42.9	25.3	19.2	19.0	15.1	11.9	8.6	13.3	15.5	0.4	0.5	0.6
Dr. Reddy's Labs	3,92,946	7.5	15.9	23.1	17.4	18.6	20.3	39.5	26.8	20.9	22.7	16.1	13.6	10.4	12.0	14.0	0.8	1.2	1.4
Lupin	3,74,745	8.0	1.1	(2.4)	25.7	22.5	22.5	26.8	23.2	21.0	16.8	13.9	12.4	20.7	15.2	14.7	0.6	0.9	1.0

Source: Company, Centrum Research Estimates Prices as on 9<sup>th</sup> November 2017

## Quarterly financials, Operating Metrics and Key Performance Indicators

### Exhibit 7: Quarterly Financials -consolidated

PARTICULARS (Rs mn)	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18
<b>P &amp; L</b>								
Revenues	35,056	37,460	37,666	37,755	39,062	36,416	36,788	44,359
Material cost	15,508	16,259	16,370	15,848	17,097	15,028	14,978	17,679
Personnel expenses	4,016	4,068	4,321	4,266	4,456	4,635	4,902	5,187
Other Expenses	7,355	8,469	8,086	8,349	8,560	9,541	8,492	10,319
Total Expenses	26,879	28,796	28,777	28,463	30,113	29,204	28,372	33,185
EBIDTA	8,177	8,664	8,889	9,292	8,949	7,212	8,416	11,174
Other income	75	210	159	83	79	218	221	103
PBDIT	8,252	8,874	9,048	9,375	9,028	7,430	8,637	11,277
Interest	227	251	206	175	143	143	169	173
Depreciation	994	1114	1062	1102	1111	1001	1312	1321
Forex gain /(loss)	140	103	70	202	158	190	(77)	(4)
Profit before tax	7,171	7,612	7,850	8,300	7,932	6,476	7,079	9,779
Tax provision	1742	2064	2008	2240	2177	1171	1910	1980
Net profit before minority	5,429	5,548	5,842	6,060	5,755	5,305	5,169	7,799
Share of profit of JV	14	(1)	7	(4)	30	17	15	13
Net profit	5,443	5,547	5,849	6,056	5,785	5,322	5,184	7,812
<b>Growth (%)</b>								
Revenues	10.7	18.5	14.2	12.2	11.4	(2.8)	(2.3)	17.5
EBIDTA	33.5	32.1	22.6	19.3	9.4	(16.8)	(5.3)	20.3
Net profit	41.6	37.7	23.8	33.5	6.3	(4.1)	(11.4)	29.0
<b>Margin (%)</b>								
EBIDTA	23.3	23.1	23.6	24.6	22.9	19.8	22.9	25.2
Profit before tax	20.5	20.3	20.8	22.0	20.3	17.8	19.2	22.0
Net margin before EO	15.5	14.8	15.5	16.0	14.8	14.6	14.1	17.6

Source: Company, Centrum Research

### Exhibit 8: Key performance indicators

Key performance indicator	FY15	FY16	FY17	FY18E	FY19E
Sales Growth %	49.6	15.1	8.1	14.7	14.0
Material cost %	45.4	44.2	42.6	42.0	41.3

Source: Centrum Research Estimates

## Financials -consolidated

### Exhibit 9: Income Statement

Y/E March (Rs mn)	FY15	FY16	FY17	FY18E	FY19E
<b>Revenues</b>	<b>1,21,204</b>	<b>1,39,552</b>	<b>1,50,898</b>	<b>1,73,101</b>	<b>1,97,379</b>
Material cost	55,055	61,622	64,343	72,656	81,525
% of revenues	45.4	44.2	42.6	42.0	41.3
Employee cost	13,023	15,427	17,678	20,000	22,030
% of revenues	10.7	11.1	11.7	11.6	11.2
Other Expenses	27,490	30,626	34,537	38,770	43,730
% of revenues	22.7	21.9	22.9	22.4	22.2
<b>EBIDTA</b>	<b>25,636</b>	<b>31,877</b>	<b>34,340</b>	<b>41,675</b>	<b>50,094</b>
<b>EBIDTA margin (%)</b>	<b>21.2</b>	<b>22.8</b>	<b>22.8</b>	<b>24.1</b>	<b>25.4</b>
Depreciation & Amortisation	3,326	3,923	4,276	5,400	6,050
EBIT	22,310	27,954	30,064	36,275	44,044
Interest Expenses	843	927	667	650	580
PBT from operations	21,467	27,027	29,397	35,625	43,464
Other income	212	399	1,160	980	1,200
PBT	21,679	27,426	30,557	36,605	44,664
Tax provision	5,966	7,208	7,596	9,299	11,270
Effective tax rate (%)	27.5	26.3	24.9	25.4	25.2
Net profit	15,713	20,218	22,961	27,306	33,394
Minority interest	45	14	50	70	90
Reported net profit	15,758	20,232	23,011	27,376	33,484
<b>Adj. Net profit</b>	<b>15,758</b>	<b>20,232</b>	<b>23,011</b>	<b>27,376</b>	<b>33,484</b>

Source: Company, Centrum Research Estimates

### Exhibit 10: Key Ratios

Y/E March (Rs mn)	FY15	FY16	FY17	FY18E	FY19E
<b>Growth Ratios (%)</b>					
Revenues	49.6	15.1	8.1	14.7	14.0
EBIDTA	8.5	24.3	7.7	21.4	20.2
Adj. Net Profit	12.2	29.0	13.6	18.9	22.3
<b>Margin Ratios (%)</b>					
EBIDTA margin	21.2	22.8	22.8	24.1	25.4
PBT from operations margin	17.7	19.4	19.5	20.6	22.0
Adj. PAT margin	12.9	14.5	15.2	15.8	16.9
<b>Return Ratios (%)</b>					
RoCE	18.8	19.9	19.7	20.0	20.8
RoE	33.4	31.9	27.6	25.7	24.9
RoIC	19.4	20.9	20.0	19.9	20.5
<b>Turnover ratios (days)</b>					
Gross Block Turnover (x)	2.7	3.2	3.5	2.9	2.5
Debtors	107	120	67	119	73
Creditors	62	67	62	77	57
Inventory	109	106	105	109	105
Cash Conversion Cycle	153	160	110	151	121
<b>Solvency Ratio</b>					
Debt-Equity	0.7	0.6	0.3	0.3	0.1
Net Debt-Equity	0.6	0.5	0.3	0.3	0.1
Current Ratio	2.4	2.5	2.6	2.4	2.7
Interest Coverage Ratio	0.0	0.0	0.0	0.0	0.0
Gross Debt/EBIDTA	1.5	1.4	0.9	0.9	0.4
<b>Per Share (Rs)</b>					
FDEPS (adjusted)	26.9	34.5	39.3	46.7	57.1
CEPS	32.6	41.2	46.6	55.9	67.5
Book Value	184.5	124.6	159.9	202.5	254.9
Dividend	4.5	2.3	1.9	3.5	4.0
Dividend Payout (%)	6.7	7.7	7.0	5.0	7.3
<b>Valuations (x) (Avg Mkt Cap)</b>					
PER	33.4	21.5	19.0	14.5	11.8
P/BV	4.9	6.0	4.7	3.3	2.7
EV/EBIDTA	11.6	14.8	13.5	10.4	8.3
Dividend Yield (%)	0.4	0.4	0.4	0.3	0.6
5-yr Avg AOCF/EV yield(%)	1.6	1.6	2.8	3.4	5.3

Source: Company, Centrum Research Estimates

### Exhibit 11: Balance Sheet

Share capital	FY15	FY16	FY17	FY18E	FY19E
Share capital	292	585	586	586	586
Reserves & surplus	53,579	72,290	93,133	1,18,068	1,48,762
Total shareholders Funds	53,871	72,875	93,719	1,18,654	1,49,348
Total Debt	38,635	44,155	30,841	37,500	21,500
Minority interest	258	26	21	20	20
Deferred tax Liab.	2,057	(1,823)	(1,185)	(1,000)	(840)
<b>Total Liabilities</b>	<b>94,821</b>	<b>1,15,233</b>	<b>1,23,396</b>	<b>1,55,174</b>	<b>1,70,028</b>
Gross Block	51,071	37,259	47,998	70,821	87,121
Less: Acc. Depreciation	14,708	3,457	7,168	10,854	14,589
Net Block	36,363	33,802	40,830	59,968	72,532
Capital WIP	5,013	8,481	14,581	10,000	11,500
Intangible assets	2,190	7,994	7,508	7,417	7,248
<b>Net Fixed Assets</b>	<b>43,566</b>	<b>50,277</b>	<b>62,919</b>	<b>77,385</b>	<b>91,280</b>
Investments	197	1,229	2,458	1,650	1,900
Inventories	36,113	40,562	43,307	51,600	57,000
Debtors	35,392	46,067	27,653	56,400	39,600
Loans & Advances	10,237	3,229	11,210	12,700	14,300
Cash & Bank Balance	4,688	8,003	5,134	1,254	2,748
Other assets	1,215	7,775	8,136	8,480	9,250
<b>Total Current Assets</b>	<b>87,645</b>	<b>1,05,636</b>	<b>95,440</b>	<b>1,30,434</b>	<b>1,22,898</b>
Trade payable	20,646	25,479	25,523	36,285	30,978
Other current Liabilities	13,515	15,687	11,040	17,050	13,972
Provisions	2,426	743	858	960	1,100
<b>Net Current Assets</b>	<b>51,058</b>	<b>63,727</b>	<b>58,019</b>	<b>76,139</b>	<b>76,848</b>
<b>Total Assets</b>	<b>94,821</b>	<b>1,15,233</b>	<b>1,23,396</b>	<b>1,55,174</b>	<b>1,70,028</b>

Source: Company, Centrum Research Estimates

### Exhibit 12: Cash Flow

Y/E March (Rs mn)	FY15	FY16	FY17	FY18E	FY19E
CF before WC changes	20,785	24,979	27,595	33,435	40,168
Working Capital Changes	(8,417)	(7,383)	2,839	(22,000)	785
<b>CF from Operations</b>	<b>12,368</b>	<b>17,596</b>	<b>30,434</b>	<b>11,435</b>	<b>40,953</b>
Adj OCF (OCF-Interest)	11,525	16,669	29,767	10,785	40,373
Addition of Fixed Assets	(7,459)	(15,492)	(17,404)	(19,957)	(20,115)
Adj. FCF (AOCF-Capex)	4,066	1,176	12,363	(9,172)	20,258
<b>CF from Investing</b>	<b>(10,169)</b>	<b>(13,763)</b>	<b>(18,152)</b>	<b>(19,059)</b>	<b>(20,196)</b>
<b>CF from Financing</b>	<b>932</b>	<b>(198)</b>	<b>(14,686)</b>	<b>4,218</b>	<b>(18,789)</b>
<b>Net change in Cash</b>	<b>3,131</b>	<b>3,635</b>	<b>(2,404)</b>	<b>(3,405)</b>	<b>1,968</b>

Source: Company, Centrum Research Estimates



## Appendix A

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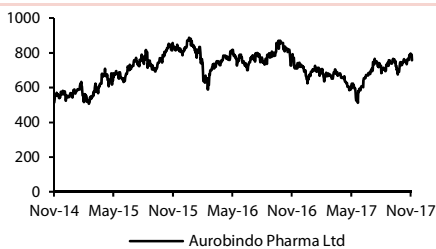
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### Aurobindo Pharma price chart



Source: Bloomberg, Centrum Research



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