

May 09, 2016

Buy Around:	₹ 809-810
SL:	₹ 770
Target:	₹ 865-870
Upside:	7.50%
Horizon:	1 Month

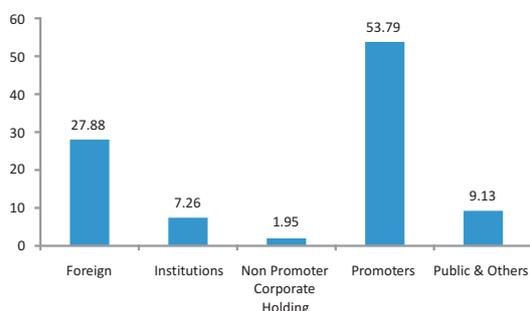
VALUE PARAMETERS

Current Mkt.Price (Rs.)	799.80
Face Value (Rs.)	1.00
52 Week High/Low	891.50/582.00
M.Cap (Rs. in Cr.)	46801.86
EPS (Rs.)	31.15
P/E Ratio (times)	25.67
P/B Ratio (times)	9.08
Dividend Yield (%)	0.28
Stock Exchange	BSE

STOCK DATA

BSE Code	524804
NSE Symbol	AUROPHARMA
Reuters	ARBN.BO
Bloomberg	ARBP IN

SHAREHOLDING PATTERN (MARCH 2016)



The company is a beneficiary of faster approvals for its drugs in the US and all key plants of the company are compliant with the US Food and Drug Administration (USFDA) norms. Recently, it has received final approval from the USFDA to manufacture and market Fenofibrate tablets, used for the treatment of high level of cholesterol, in the American market and the product is expected to be launched in the first quarter of this fiscal. Almost 80% of company's net profit contribution are basically from US market and the management of the company expects that US sales to rise at a CAGR of 20% over next two years.

INVESTMENT ARGUMENTS

- Aurobindo Pharma's consolidated net profit rose 39.2% to Rs 534.95 crore on 9.2% growth in net sales to Rs 3432.08 crore in Q3 December 2015 over Q3 December 2014.
- It manufactures generic pharmaceuticals and active pharmaceutical ingredients. The company's manufacturing facilities are approved by several leading regulatory agencies like US FDA, UK MHRA, Japan PMDA, WHO, Health Canada, MCC South Africa, ANVISA Brazil.
- It has a total of 259 ANDA approvals (222 final approvals including 11 from Aurolife Pharma LLC and 37 tentative approvals) from the US.
- Management has expected for EBITDA Margin in the range of 21 - 22%, while there is peak potential of EBITDA margin at 25% in coming years. Net debt decreased by US\$52m to US\$610m in Q3FY16. With increase in approvals and TADs (Target Action Date) in key drugs, there is strong visibility in earnings in FY17.
- Increase in volume of Aurolife's products, increase in government orders and higher sales of inject able drive impactful growth of the business of the company.

BUSINESS PROFILE

AURO PHARMA manufactures generic pharmaceuticals and active pharmaceutical ingredients. The company's manufacturing facilities are approved by several leading regulatory agencies like US FDA, UK MHRA, Japan PMDA, WHO, Health Canada, MCC South Africa, ANVISA Brazil. The company's robust product portfolio is spread over 7 major therapeutic/product areas encompassing Antibiotics, Anti-Retrovirals, CVS, CNS, Gastroenterologicals, Anti-Allergies and Anti-Diabetics, supported by an outstanding R&D set-up. The Company is marketing these products globally, in over 150 countries.

TECHNICAL TRENDS



We recommend a buy in the stock of AURO PHARMA from a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low Rs.582 and 52 week high of Rs 891.50. Buy around at 809-810 with a closing below stop loss of Rs.770 levels for the target of Rs.865-870.

Note:

- Follow Strict Stop Loss.

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