

March 16, 2017

Buy Around:	691
SL:	645
Target:	774
Upside:	12%
Horizon:	1 Month

VALUE PARAMETERS

Current Mkt.Price (Rs.)	677.65
Face Value (Rs.)	1.00
52 Week High/Low	895.00/622.00
M.Cap (Rs. in Cr.)	39701.30
EPS (Rs.)	39.80
P/E Ratio (times)	17.02
P/B Ratio (times)	4.70
Dividend Yield (%)	0.37
Stock Exchange	BSE

STOCK DATA

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

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 12/2016
Foreign	24.50
Institutions	10.95
Non Promoter Corporate Holding	2.87
Promoters	51.94
Public & Others	9.76

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. During Q3FY17, it has recorded good overall growth on YoY basis. Despite pricing pressure in select products, it has registered a growth of 11.4% YoY due to diversified product basket and markets. The management of the company remains focused on developing a differentiated and speciality product basket which will drive future growth.

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, Gastroenterological, Anti-Allergies and Anti-Diabetics, supported by an outstanding R&D set-up. The Company is marketing these products globally, in over 150 countries.

INVESTMENT RATIONALE

- Aurobindo Pharma's consolidated net profit rose 6.3% to Rs 578.59 crore on 11.7% growth in net sales to Rs 3844.47 crore in Q3 December 2016 over Q3 December 2015.
- 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.
- In Q3 FY16-17, the company filed 9 ANDAs with USFDA including 5 in the Oral Category and 4 in the Injectable category. On 9 M FY16-17 bases, the company filed 23 ANDAs with USFDA including 14 in Oral and 9 in Injectable segments. During the quarter, the company received 22 ANDA approvals from USFDA including 19 Final approvals (3 tentative approvals received final approvals) and 3 tentative approvals. On a cumulative basis, the company received 303 approvals from USFDA including 41 Tentative* approvals
- Formulations business witnessed a growth of 11.4% during the quarter and accounted for 80% to the total revenues. The growth was on the back of healthy growth in US and RoW markets.
- The Active Pharmaceuticals Ingredients business contributed 20% to the total revenue and registered a growth of 11.6% YoY in Q3 FY17. The strong growth in Betalactam APIs led to overall API growth. The company sells API to domestic as well as the global market.

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.622 and 52 week high of Rs 895.00. Buy around at 691 with a closing below stop loss of Rs.645 levels for the target of Rs.774.

Note:

- Follow Strict Stop Loss.

E-mail: researchfeedback@smcindiaonline.com



Moneywise. Be wise.

Corporate Office:

11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:

Lotus Corporate Park , A Wing 401 / 402 ,
4th Floor ,Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:

18, Rabindra Sarani,
Poddar Court, Gate No.- 4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

Disclaimer: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions.