Retail Equity Research

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Aurobindo Pharma Ltd.

BUY

Sector: Pharmaceuticals

16th November, 2026

Key Changes	Target	Rating	Earnings			Target	Rs. 2,111
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 1,829
Mid Cap	ARBP:IN	81,592	AUROPHARMA	524804	12 Months	Return	+15%

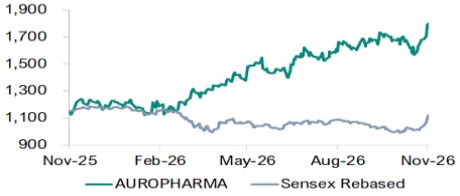
Data as of: 13-11-2026, 18:00hrs

Company Data	
Market Cap (Rs.cr)	105,237
52 Week High — Low (Rs.)	1,857 - 1,106
Enterprise Value (Rs.cr)	105,635
Outstanding Shares (cr.)	57.5
Free Float (%)	47.9
Dividend Yield (%)	0.4
6m average volume (cr)	0.1
Beta	0.6
Face value (Rs.)	1.0

Shareholding (%)	Q4FY26	Q1FY27	Q2FY27
Promoters	51.8	51.9	51.9
FII's	15.2	16.4	17.4
MFs/Institutions	25.9	25.0	24.4
Public	6.3	6.0	5.5
Others	0.8	0.7	0.8
Total	100.0	100.0	100.0
Promoter Pledge	23.7	13.8	12.0

Price Performance	3 Month	6 Month	1 Year
Absolute Return	13.1%	21.1%	57.6%
Absolute Sensex	2.6%	3.9%	-2.7%
Relative Return	10.4%	17.2%	60.3%

*over or under performance to the benchmark index



Y.E March (Rs.cr)	FY26A	FY27E	FY28E
Sales	33,653	40,028	44,826
Growth (%)	*6.1*	*18.9*	*12.0*
EBITDA	6,856	8,582	9,764
EBITDA Margin (%)	*20.4*	*21.4*	*21.8*
Adj. PAT	3,570	4,711	5,520
Growth (%)	*2.4*	*32.0*	*17.2*
Adj. EPS	61.5	81.9	95.9
Growth (%)	*2.4*	*33.2*	*17.2*
P/E	29.2	21.9	18.7
P/B	2.8	2.5	2.2
EV/EBITDA	15.3	12.3	10.7
ROE (%)	*9.2*	*11.1*	*11.8*
D/E	0.2	0.2	0.2

Broad-based Growth Drives Performance

Aurobindo Pharma Ltd (ARBP) is a leading vertically integrated pharmaceutical company. Its business units comprise formulations, custom synthesis, peptides, aurozymes, research and development and active pharmaceutical ingredients (API).

- Revenue grew 23.9% YoY to a record Rs. 10,263cr in Q2FY27, supported by broad-based growth across formulations and APIs, successful integration of Lannett Company LLC, strong injectables momentum and contribution from differentiated product launches.
- US formulations revenue grew 25.2% YoY to Rs. 4,555cr, aided by Lannett consolidation, volume expansion and the ramp-up of injectables.
- Europe revenue rose 27.5% YoY to Rs. 3,161cr in the quarter on robust execution, an expanding product portfolio and improved supply chain support.
- EBITDA increased 28.5% YoY to Rs. 2,156cr, while the margin expanded 70bps to 21.0%, driven by scale benefits, a stronger product mix, manufacturing efficiencies and improving operating leverage.

Outlook & Valuation

Aurobindo Pharma delivered another strong quarter, supported by broad-based momentum across its core formulations businesses, continued growth in key geographies and steady progress in differentiated segments. The successful integration of Lannett further enhances its US franchise and expands opportunities in complex and controlled substances. Additionally, advancements in biosimilars, biologics contract manufacturing and Contract Development and Manufacturing Organisation (CDMO) initiatives provide multiple medium-term growth avenues beyond the traditional generics portfolio. Management remains focused on sustaining profitability through an improved product mix, operating leverage and better utilisation of recently established capacities. Key monitorable remains further regulatory action at the Lannett facility. **Therefore, we retain our BUY rating on the stock with a revised target price of Rs. 2,111, based on 22x FY28E Adj. EPS.**

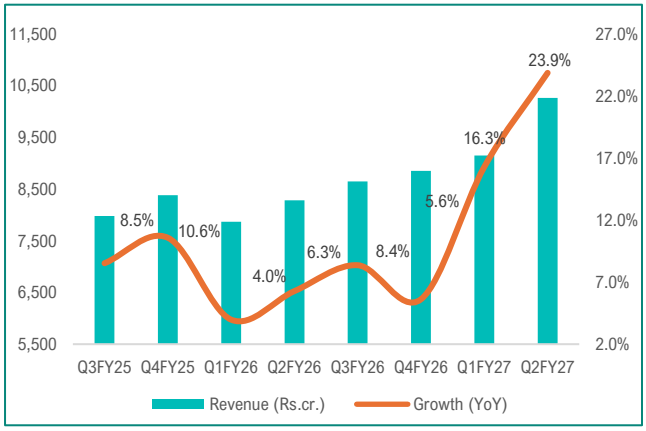
Quarterly Financials Consolidated

Rs.cr	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)
Sales	10,263	8,286	*23.9*	9,150	*12.2*	19,414	16,154	*20.2*
EBITDA	2,156	1,678	*28.5*	1,881	*14.6*	4,037	3,282	*23.0*
Margin (%)	*21.0*	*20.3*	*70bps*	*20.6*	*40bps*	*20.8*	*20.3*	*50bps*
EBIT	1,625	1,249	*30.1*	1,394	*16.5*	3,019	2,447	*23.4*
PBT	1,688	1,276	*32.3*	1,515	*11.4*	3,203	2,483	*29.0*
Rep. PAT	1,124	848	*32.5*	1,032	*8.9*	2,156	1,672	*28.9*
Adj PAT	1,126	848	*32.8*	1,073	*5.0*	2,199	1,672	*31.5*
Adj. EPS (Rs)	19.6	14.6	*34.0*	18.6	*5.0*	38.2	28.8	*32.7*

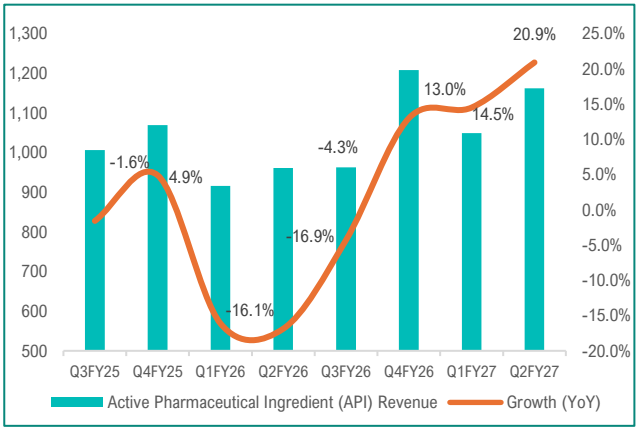
Key Concall Highlights

- Management reiterated FY27 guidance of double-digit revenue growth, an EBITDA margin above 21%, and EBITDA exceeding Rs. 8,000cr.
- The acquisition of Lannett Company LLC was completed for $245.7mn, expanding the US product portfolio and manufacturing capabilities.
- The company acquired A1 Biochem Labs, strengthening integrated contract research, development and manufacturing organisation capabilities with over 800 development projects experience.
- Launched gAdvair and received approval for gQVAR, marking important progress in its high-value respiratory portfolio.
- The oral solid dosage facility in China has started gaining traction with ~15 products commercialised and management expects it to achieve break-even during the current quarter.
- The Raleigh facility received Voluntary Action Indicated status and is expected to become a meaningful platform for inhalation, transdermal and dermatology products over the coming quarters.
- Europe continues to deliver above industry growth with management confident of sustaining double-digit expansion.

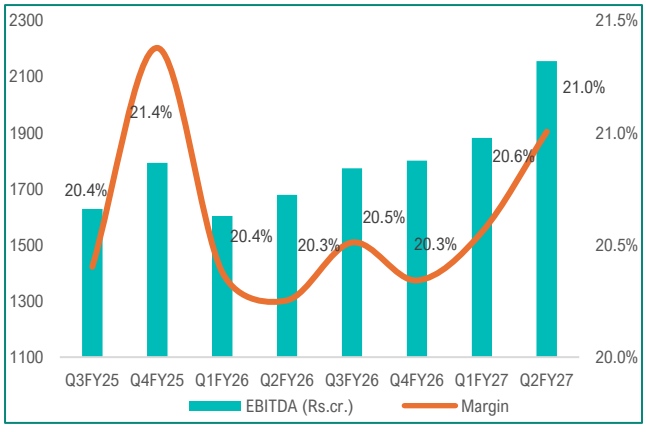
Revenue



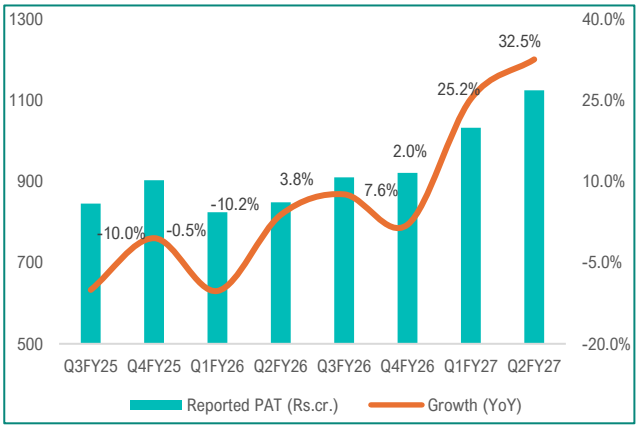
API Revenue



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs. cr	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Revenue	37,652	40,710	40,028	44,826	*6.3*	*10.1*
EBITDA	7,810	8,646	8,582	9,764	*9.9*	*12.9*
Margins (%)	*20.7*	*21.2*	*21.4*	*21.8*	*70bps*	*60bps*
Adj. PAT	4,455	5,014	4,711	5,520	*5.7*	*10.1*
Adj. EPS	76.7	86.3	81.9	95.9	*6.7*	*11.1*

Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Sales	**29,002**	**31,724**	**33,653**	**40,028**	**44,826**
% change	*16.7*	*9.4*	*6.1*	*18.9*	*12.0*
EBITDA	**5,843**	**6,605**	**6,856**	**8,582**	**9,764**
% change	*55.5*	*13.0*	*3.8*	*25.2*	*13.8*
Depreciation	1,522	1,649	1,778	2,095	2,349
EBIT	**4,321**	**4,956**	**5,078**	**6,487**	**7,415**
Interest	290	457	384	430	368
Other Income	348	568	418	711	951
PBT	**4,380**	**5,066**	**5,112**	**6,768**	**7,999**
% change	*67.7*	*15.7*	*0.9*	*32.4*	*18.2*
Tax	1,211	1,583	1,609	2,098	2,480
Tax Rate (%)	*27.6*	*31.2*	*31.5*	*31.0*	*31.0*
Reported PAT	**3,169**	**3,484**	**3,503**	**4,670**	**5,519**
PAT att. to common shareholders	3,173	3,486	3,505	4,671	5,520
Adj*	192	-	65	40	-
Adj PAT	**3,365**	**3,486**	**3,570**	**4,711**	**5,520**
% change	*74.6*	*3.6*	*2.4*	*32.0*	*17.2*
No. of shares (cr)	58.6	58.1	58.1	57.5	57.5
Adj EPS (Rs.)	**57.4**	**60**	**61.5**	**81.9**	**95.9**
% change	*74.6*	*4.5*	*2.4*	*33.2*	*17.2*
DPS (Rs.)	5	-	4	9	10

Balance Sheet

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	3,393	5,569	7,191	5,919	6,547
Accounts Receivable	4,817	5,746	7,094	8,366	9,324
Inventories	9,808	10,544	12,053	14,189	15,924
Other Cur. Assets	6,187	5,304	6,370	8,798	10,513
Investments	227	206	195	234	281
Gross Fixed Assets	12,918	14,883	17,522	19,964	22,026
Net Fixed Assets	11,546	12,189	14,330	14,617	14,380
CWIP	2,739	3,266	3,009	3,069	3,019
Intangible Assets	4,077	4,239	5,281	6,602	7,003
Def. Tax Assets	1,213	1,293	1,484	1,679	1,736
Other Assets	1,065	1,429	1,495	1,561	1,633
Total Assets	**45,072**	**49,785**	**58,502**	**65,032**	**70,360**
Current Liabilities	8,019	8,302	11,166	12,538	13,625
Provisions	226	283	400	408	417
Debt Funds	6,315	7,942	7,676	8,167	7,330
Other Liabilities	661	611	1,377	1,883	2,031
Equity Capital	59	58	58	58	58
Reserves & Surplus	29,784	32,595	37,833	41,986	46,907
Shareholders' Funds	29,843	32,653	37,891	42,044	46,965
Minority Interest	8	-6	-8	-9	-9
Total Liabilities	**45,072**	**49,785**	**58,502**	**65,032**	**70,360**
BVPS	509	562	652	731	816

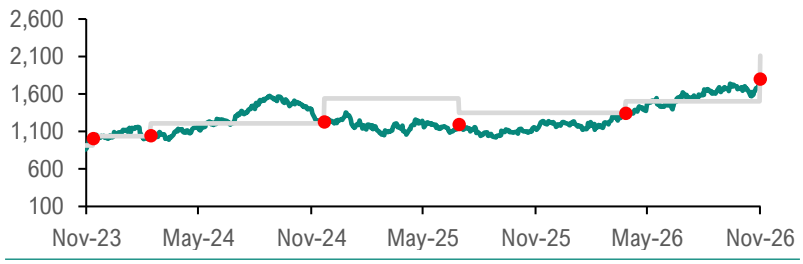
Cash Flow

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	**4,691**	**5,133**	**5,281**	**6,765**	**7,868**
Non-cash adj.	-1,271	700	1,634	151	-660
Other adjustments	-	-	-	-	-
Changes in W.C	-985	-1,908	-1,389	-2,654	-1,796
C.F. Operation	**2,435**	**3,925**	**5,526**	**4,262**	**5,412**
Capital exp.	-2,720	-1,965	-2,640	-2,442	-2,062
Change in inv.	-628	-475	-1,204	-2,637	-919
Other invest.CF	-908	564	385	-	-
C.F – Investment	**-4,256**	**-1,876**	**-3,459**	**-5,079**	**-2,981**
Issue of equity	-	-	-	-	-
Issue/repay debt	1,315	1,494	-693	491	-837
Dividends paid	-264	-1	-232	-518	-598
Other finance.CF	-251	-1,373	-344	-430	-368
C.F – Finance	**800**	**120**	**-1,269**	**-457**	**-1,803**
Chg. in cash	-1,021	2,169	799	-1,273	629
Closing cash	**3,393**	**5,569**	**7,191**	**5,919**	**6,547**

Ratios

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	20.1	20.8	20.4	21.4	21.8
EBIT margin (%)	14.9	15.6	15.1	16.2	16.5
Net profit mgn.(%)	10.9	11.0	10.4	11.7	12.3
ROE (%)	10.6	10.7	9.2	11.1	11.8
ROCE (%)	11.9	12.2	11.1	12.9	13.7
W.C & Liquidity					
Receivables (days)	60.6	66.1	76.9	76.3	75.9
Inventory (days)	284.1	295.4	326.2	306.6	303.0
Payables (days)	129.0	117.4	150.7	136.6	137.3
Current ratio (x)	2.0	1.9	1.8	1.9	2.1
Quick ratio (x)	0.9	1.0	1.0	1.0	1.0
Turnover & Leverage					
Gross asset T.O (x)	2.4	2.5	2.4	2.5	2.4
Total asset T.O (x)	0.7	0.7	0.6	0.6	0.7
Int. coverage ratio (x)	14.9	10.8	13.2	15.1	20.2
Adj. debt/equity (x)	0.2	0.2	0.2	0.2	0.2
Valuation					
EV/Sales (x)	3.7	3.4	3.1	2.6	2.3
EV/EBITDA (x)	18.5	16.2	15.3	12.3	10.7
P/E (x)	31.3	29.9	29.2	21.9	18.7
P/BV (x)	3.5	3.2	2.8	2.5	2.2

Recommendation Summary - (Last 3 years)



Dates	Rating	Target
1-Mar-23	BUY	554
23-Aug-23	HOLD	915
17-Nov-23	HOLD	1,037
19-Feb-24	BUY	1,209
27-Nov-24	BUY	1,540
4-Jul-25	BUY	1,348
1-Apr-26	BUY	1,502
16-Nov-26	BUY	2,111

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition: Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock. **Symbols definition:** ▲ Upgrade ● No Change ▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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