

May 27, 2025

## Q4FY25 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	1,440		1,510	
Sales (Rs. m)	3,42,259	3,73,649	3,44,753	3,76,792
% Chng.	(0.7)	(0.8)		
EBITDA (Rs. m)	71,527	79,520	73,094	81,782
% Chng.	(2.1)	(2.8)		
EPS (Rs.)	70.3	80.6	73.1	84.4
% Chng.	(3.9)	(4.4)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	2,90,019	3,17,237	3,42,259	3,73,649
EBITDA (Rs. m)	58,430	66,054	71,527	79,520
Margin (%)	20.1	20.8	20.9	21.3
PAT (Rs. m)	35,567	34,859	40,803	46,820
EPS (Rs.)	60.7	60.0	70.3	80.6
Gr. (%)	88.4	(1.1)	17.1	14.7
DPS (Rs.)	6.0	3.0	7.0	7.0
Yield (%)	0.5	0.3	0.6	0.6
RoE (%)	12.5	11.2	11.8	12.2
RoCE (%)	12.7	12.9	12.8	13.3
EV/Sales (x)	2.4	2.2	2.0	1.8
EV/EBITDA (x)	12.0	10.4	9.5	8.3
PE (x)	19.6	19.8	17.0	14.8
P/BV (x)	2.3	2.1	1.9	1.7

### Key Data

ARBN.BO | ARBP IN

52-W High / Low	Rs.1,593 / Rs.994
Sensex / Nifty	81,552 / 24,826
Market Cap	Rs.692bn / \$ 8,107m
Shares Outstanding	581m
3M Avg. Daily Value	Rs.1455.32m

### Shareholding Pattern (%)

Promoter's	51.82
Foreign	16.29
Domestic Institution	25.21
Public & Others	6.68
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(2.4)	(2.6)	(0.4)
Relative	(5.2)	(4.2)	(8.0)

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## Resumption of PenG plant remains key trigger

### Quick Pointers:

- FY26 guidance with high single digit revenue growth ex Revlimid and flat OPM.
- Awaiting approval from local pollution board to re-start PenG facility.

**Aurobindo Pharma's (ARBP) Q4FY25 EBITDA of Rs17.9bn (up 6% YoY) was in line with our estimate. FY26 guidance of high single digit revenue growth ex gRevlimid with flat margins was below our estimate. Resultant our FY26 and FY27E EPS stands reduced by 4-5%. Other expenses remained elevated on the back of higher PenG-related operational cost and supply disruptions due to ongoing remediation. However, we expect margins and revenues to improve from H2FY26/FY27 with ramp up in PenG facility, Vizag pant commercialization and launches in US. We believe ARBP has multiple growth drivers in place with investments in vaccines, injectables, biosimilars and PLI which are expected to be reflected from FY26. Given attractive valuations (8x EV/EBITDA / 14.5x P/E on FY27E), we maintain our "Buy" with revised TP of Rs1,440/share; valuing at 18x FY27E EPS.**

- Higher revenues aided by EU & US:** Overall Revenue came in at Rs8bn, up 11% YoY, 4% beat to our estimate. US revenues ex Puerto Rico increased 11% QoQ. In CC terms US revenues were up by 8% QoQ at \$471mn, aided by gRevlimid sales. EU sales were up 17% YoY while RoW business was down 8% YoY. ARV formulations came in higher (up 29% YoY). API sales increased 5% YoY.
- EBITDA in line, Rs1.1bn one off expenses:** Gross margins came in higher at 59.1% (up 70bps QoQ). R&D spent stood at Rs 4.2bn (5% of revenue), up 8% YoY. Other expenses ex R&D came in higher, up 12% YoY and up 8% QoQ. Resultant EBITDA margins came in at 21.4% up 100bps QoQ. There were Rs1.1bn one off expenses booked in COGS and opex. EBITDA came at Rs17.9bn (up 6% YoY), in line with our estimates. Forex gain during the quarter stood at Rs 116mn. Resultant PAT at Rs9bn; down 1% YoY
- Key concall takeaways: US:** Business was largely driven by price stability and volume gains. Mgmt cited Q4 achieved higher gRevlimid sales. FY26 gRevlimid sales will be lower than FY25. Strong portfolio helped maintain price stability despite challenges. There are certain oncology products going off patent which will drive US OSD in FY26/27. Launched 5 products and filed 9 ANDAs during the quarter. **Vizag plant** -Unit 5 -Four lines are present with 10 products being filed in the US. FY27 will be meaningful year. Guided muted growth for Eugia business in FY26 as unit 3 is yet to be cleared by USFDA. **Europe:** Growth supported by strong day 1 launches, efficient supply chain, capacity additions (Vizag, China). Guided for high single digit growth in EU market in FY26. **Biosimilars** ~\$400mn invested in biosimilars so far. Got 4 approvals which include Beva, Deno. FY28 will be inflection point for biosimilar business. **China plant** incurred Rs350mn loss in FY25 but expects significant revenue contribution over next 2-3 year towards US and EU market. **PenG** - Preliminary fire assessment at Kakinada Pen-G plant shows ~Rs40mn impact. Awaiting approval from local pollution board to re-start PenG facility. Guided for

potential EBITDA of Rs10bn p.a from PenG. **Margin** -The company remains on track to achieve similar EBITDA margin for FY26E. Average finance cost was 5.5%, while net cash of \$42mn vs net debt of \$84mn in Q3FY25. **Other:** Continued focus on backward integration. Tax rate to remain in 28-30% range in FY26E. **Tariff:** July 2025 tariff announcements (company awaiting clarity).

**Exhibit 1: 4QFY25 Result Overview (Rs m): In line EBITDA, revenues higher YoY**

Y/e March	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
<b>Net Sales</b>	<b>83,821</b>	<b>75,802</b>	<b>10.6</b>	<b>79,785</b>	<b>5.1</b>	<b>3,17,237</b>	<b>2,90,019</b>	<b>9.4</b>
Raw Material	34,279	30,609	12.0	33,154	3.4	1,30,262	1,26,029	3.4
% of Net Sales	40.9	40.4		41.6		41.1	43.5	
Personnel Cost	11,626	10,263	13.3	11,316	2.7	44,756	39,229	14.1
% of Net Sales	13.9	13.5		14.2		14.1	13.5	
Others	19,997	18,059	10.7	19,038	5.0	76,164	66,330	14.8
% of Net Sales	23.9	23.8		23.9		24.0	22.9	
Total Expenditure	65,902	58,931	11.8	63,507	3.8	2,51,183	2,31,587	8.5
<b>EBITDA</b>	<b>17,919</b>	<b>16,871</b>	<b>6.2</b>	<b>16,278</b>	<b>10.1</b>	<b>66,054</b>	<b>58,432</b>	<b>13.0</b>
Margin (%)	21.4	22.3		20.4		20.8	20.1	
Depreciation	4,444	3,543	25.4	4,185	6.2	16,494	15,217	8.4
<b>EBIT</b>	<b>13,475</b>	<b>13,328</b>	<b>1.1</b>	<b>12,093</b>	<b>11.4</b>	<b>49,560</b>	<b>43,215</b>	<b>14.7</b>
Other Income	1,232	1,213	1.5	1,075	14.7	6,219	5,186	19.9
Forex gain / (loss)	(116)	143	(181.2)	498		(227)	388	
Interest	1,150	894	28.6	1,185	(2.9)	4,572	2,897	57.8
<b>PBT</b>	<b>13,673</b>	<b>13,647</b>	<b>0.2</b>	<b>11,983</b>	<b>14.1</b>	<b>50,979</b>	<b>45,892</b>	<b>11.1</b>
Extra-Ord. Inc./Exps.	-	1,222		-		-	1,919	
Total Taxes	4,323	3,226	34.0	3,543	22.0	15,827	12,110	30.7
ETR (%)	31.6	23.6		29.6		31.0	26.4	
Minority interest	(315)	(113)		18		(294)	(132)	
<b>Reported PAT</b>	<b>9,035</b>	<b>9,087</b>	<b>(0.6)</b>	<b>8,458</b>	<b>6.8</b>	<b>34,858</b>	<b>31,731</b>	<b>9.9</b>

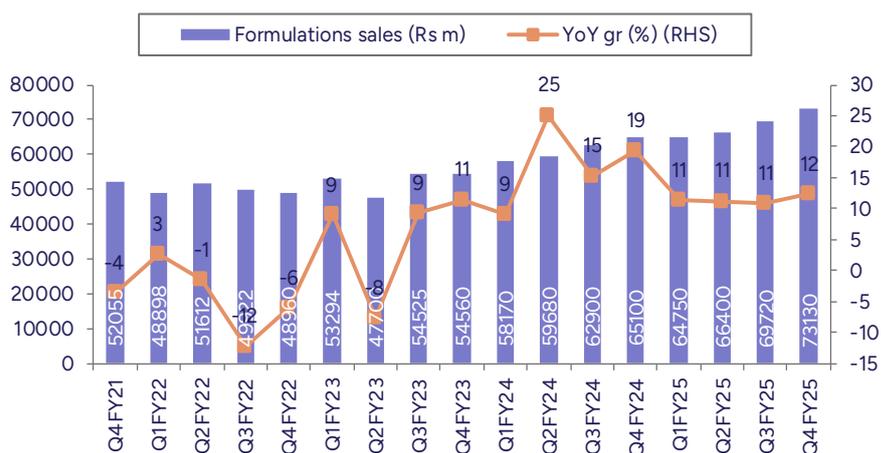
Source: Company, PL

**Exhibit 2: Growth aided by both EU and US revenues.**

Major sources of revenues	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Formulations	73,130	65,100	12.3	69,720	4.9	2,74,000	2,45,850	11.5
% of Net Sales	87.2%	86.5%		87.4%		86.4%	85.2%	
USA	40,720	35,880	13.5	36,710	10.9	1,48,280	1,40,330	5.7
% of Net Sales	48.6%	47.7%		46.0%		46.7%	48.6%	
Europe & Emerging Markets	29,330	26,840	9.3	29,940	(2.0)	1,15,350	96,950	19.0
% of Net Sales	35.0%	35.6%		37.5%		36.4%	33.6%	
ARV	3,080	2,380	29.4	3,070	0.3	10,370	8,570	21.0
% of Net Sales	3.7%	3.2%		3.8%		3.3%	3.0%	
API	10,690	10,190	4.9	10,060	6.3	43,230	42,790	1.0
% of Net Sales	12.8%	13.5%		12.6%		13.6%	14.8%	
Betalactam	7,890	6,980	13.0	7,220	9.3	31,390	30,090	4.3
% of Net Sales	9.4%	9.3%		9.0%		9.9%	10.4%	
Non-Betalactam	2,800	3,210	(12.8)	2,840	(1.4)	11,840	12,700	(6.8)
% of Net Sales	3.3%	4.3%		3.6%		3.7%	4.4%	

Source: Company, PL

**Exhibit 3: Sustained growth momentum**



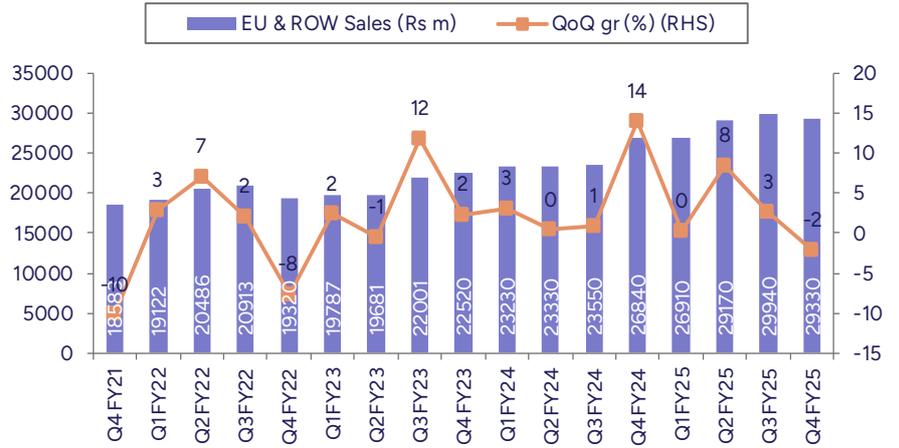
Source: Company, PL

**Exhibit 4: Uptick in US business QoQ aided by gRevlimid**



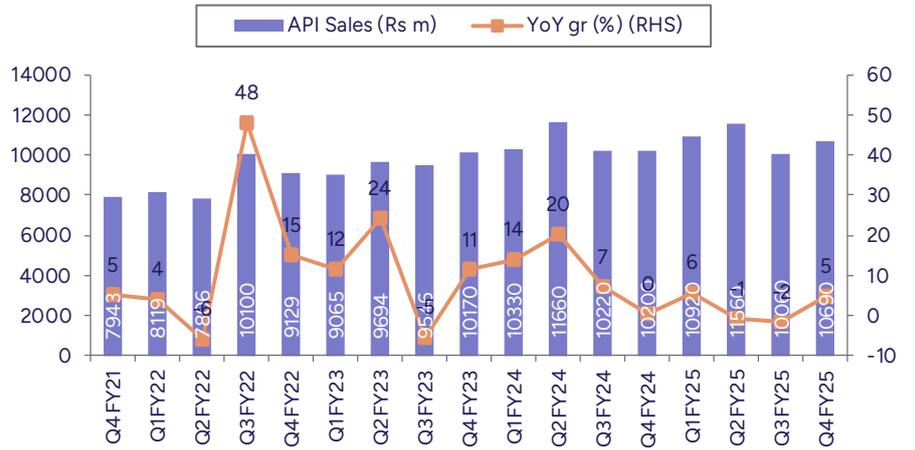
Source: Company, PL

**Exhibit 5: EU markets driven by new launches YoY**



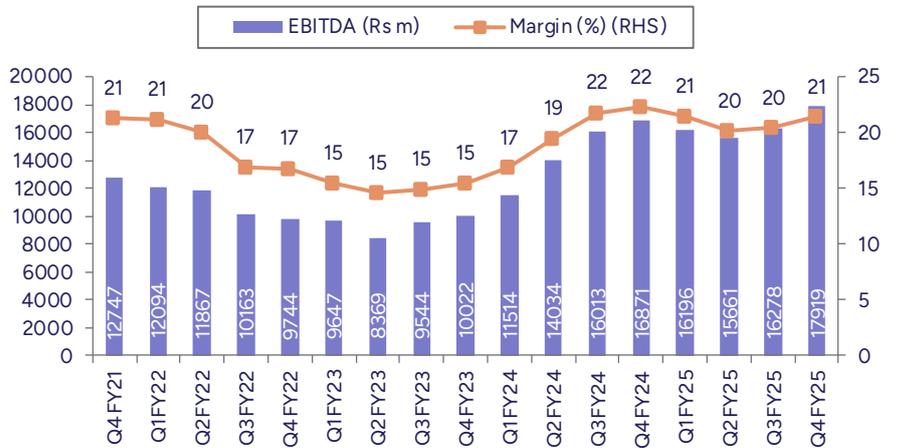
Source: Company, PL

**Exhibit 6: Improved utilization helped API volumes YoY**



Source: Company, PL

**Exhibit 7: Healthy GMs aided EBITDA performance**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>2,90,019</b>	<b>3,17,237</b>	<b>3,42,259</b>	<b>3,73,649</b>
YoY gr. (%)	16.7	9.4	7.9	9.2
Cost of Goods Sold	1,26,029	1,30,262	1,41,955	1,56,056
Gross Profit	1,63,990	1,86,975	2,00,304	2,17,593
Margin (%)	56.5	58.9	58.5	58.2
Employee Cost	39,229	44,756	48,337	52,687
Other Expenses	66,330	76,164	80,440	85,386
<b>EBITDA</b>	<b>58,430</b>	<b>66,054</b>	<b>71,527</b>	<b>79,520</b>
YoY gr. (%)	57.1	13.0	8.3	11.2
Margin (%)	20.1	20.8	20.9	21.3
Depreciation and Amortization	15,217	16,494	17,649	18,884
<b>EBIT</b>	<b>43,214</b>	<b>49,560</b>	<b>53,878</b>	<b>60,636</b>
Margin (%)	14.9	15.6	15.7	16.2
Net Interest	2,897	4,572	4,000	3,000
Other Income	5,574	5,992	7,200	7,800
<b>Profit Before Tax</b>	<b>45,890</b>	<b>50,980</b>	<b>57,078</b>	<b>65,436</b>
Margin (%)	15.8	16.1	16.7	17.5
Total Tax	12,110	15,827	15,982	18,322
Effective tax rate (%)	26.4	31.0	28.0	28.0
<b>Profit after tax</b>	<b>33,780</b>	<b>35,152</b>	<b>41,096</b>	<b>47,114</b>
Minority interest	132	294	294	294
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>35,567</b>	<b>34,859</b>	<b>40,803</b>	<b>46,820</b>
YoY gr. (%)	88.4	(2.0)	17.1	14.7
Margin (%)	12.3	11.0	11.9	12.5
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>35,567</b>	<b>34,859</b>	<b>40,803</b>	<b>46,820</b>
YoY gr. (%)	88.4	(2.0)	17.1	14.7
Margin (%)	12.3	11.0	11.9	12.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	35,567	34,859	40,803	46,820
<b>Equity Shares O/s (m)</b>	<b>586</b>	<b>581</b>	<b>581</b>	<b>581</b>
<b>EPS (Rs)</b>	<b>60.7</b>	<b>60.0</b>	<b>70.3</b>	<b>80.6</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>2,35,597</b>	<b>2,60,152</b>	<b>2,90,152</b>	<b>3,20,152</b>
Tangibles	2,35,597	2,60,152	2,90,152	3,20,152
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>79,376</b>	<b>95,870</b>	<b>1,13,519</b>	<b>1,32,403</b>
Tangibles	79,376	95,870	1,13,519	1,32,403
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>1,56,221</b>	<b>1,64,282</b>	<b>1,76,633</b>	<b>1,87,748</b>
Tangibles	1,56,221	1,64,282	1,76,633	1,87,748
Intangibles	-	-	-	-
Capital Work In Progress	27,394	32,660	32,660	32,660
Goodwill	-	-	-	-
Non-Current Investments	3,722	2,517	2,517	2,517
Net Deferred tax assets	8,561	9,887	9,887	9,887
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	98,082	1,05,437	1,13,753	1,24,186
Trade receivables	48,167	57,459	61,142	66,750
Cash & Bank Balance	62,783	82,355	90,319	1,00,398
Other Current Assets	-	-	-	-
<b>Total Assets</b>	<b>4,34,252</b>	<b>4,84,920</b>	<b>5,21,256</b>	<b>5,62,914</b>
<b>Equity</b>				
Equity Share Capital	586	581	581	581
Other Equity	2,97,842	3,25,952	3,61,998	4,04,062
<b>Total Networkth</b>	<b>2,98,428</b>	<b>3,26,533</b>	<b>3,62,579</b>	<b>4,04,642</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	41,803	63,800	58,800	53,801
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	21,349	15,617	15,617	15,617
Trade payables	44,542	41,889	46,885	51,185
Other current liabilities	36,611	47,032	47,032	47,032
<b>Total Equity &amp; Liabilities</b>	<b>4,34,252</b>	<b>4,84,920</b>	<b>5,21,256</b>	<b>5,62,914</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	45,890	50,980	57,078	65,436
Add. Depreciation	15,217	16,494	17,649	18,884
Add. Interest	2,897	4,572	4,000	3,000
Less Financial Other Income	5,574	5,992	7,200	7,800
Add. Other	(5,242)	-	-	-
Op. profit before WC changes	58,762	72,046	78,727	87,320
Net Changes-WC	(16,751)	(15,534)	(11,024)	(16,164)
Direct tax	(17,666)	(17,314)	(15,982)	(18,322)
<b>Net cash from Op. activities</b>	<b>24,345</b>	<b>39,199</b>	<b>51,721</b>	<b>52,834</b>
Capital expenditures	(35,851)	(25,540)	(30,000)	(30,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
<b>Net Cash from Inv. activities</b>	<b>(35,851)</b>	<b>(25,540)</b>	<b>(30,000)</b>	<b>(30,000)</b>
Issue of share cap. / premium	-	(9,302)	-	-
Debt changes	14,613	16,037	(5,000)	(4,999)
Dividend paid	(2,636)	10	(4,757)	(4,757)
Interest paid	302	730	(4,000)	(3,000)
Others	1,168	(1,562)	-	-
<b>Net cash from Fin. activities</b>	<b>13,447</b>	<b>5,912</b>	<b>(13,757)</b>	<b>(12,756)</b>
<b>Net change in cash</b>	<b>1,941</b>	<b>19,572</b>	<b>7,965</b>	<b>10,078</b>
Free Cash Flow	(11,270)	14,003	21,721	22,834

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
<b>Net Revenue</b>	<b>75,802</b>	<b>75,670</b>	<b>77,960</b>	<b>79,785</b>
YoY gr. (%)	17.1	10.5	8.0	8.5
Raw Material Expenses	30,609	30,727	32,103	33,154
Gross Profit	45,193	44,943	45,857	46,631
Margin (%)	59.6	59.4	58.8	58.4
<b>EBITDA</b>	<b>16,871</b>	<b>16,196</b>	<b>15,661</b>	<b>16,278</b>
YoY gr. (%)	68.3	40.7	11.6	1.7
Margin (%)	22.3	21.4	20.1	20.4
Depreciation / Depletion	3,543	4,042	3,823	4,185
<b>EBIT</b>	<b>13,328</b>	<b>12,154</b>	<b>11,838</b>	<b>12,093</b>
Margin (%)	17.6	16.1	15.2	15.2
Net Interest	894	1,110	1,127	1,185
Other Income	1,499	2,209	1,068	2,071
<b>Profit before Tax</b>	<b>13,932</b>	<b>13,253</b>	<b>11,779</b>	<b>12,979</b>
Margin (%)	18.4	17.5	15.1	16.3
Total Tax	3,226	4,057	3,905	3,543
Effective tax rate (%)	23.2	30.6	33.2	27.3
<b>Profit after Tax</b>	<b>10,707</b>	<b>9,196</b>	<b>7,874</b>	<b>9,436</b>
Minority interest	(113)	(14)	3	18
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>11,530</b>	<b>9,182</b>	<b>8,169</b>	<b>8,458</b>
YoY gr. (%)	122.8	61.2	8.5	(10.0)
Margin (%)	15.2	12.1	10.5	10.6
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>11,530</b>	<b>9,182</b>	<b>8,169</b>	<b>8,458</b>
YoY gr. (%)	122.8	43.6	8.5	(10.0)
Margin (%)	15.2	12.1	10.5	10.6
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>11,530</b>	<b>9,182</b>	<b>8,169</b>	<b>8,458</b>
Avg. Shares O/s (m)	-	-	-	-
<b>EPS (Rs)</b>	<b>15.9</b>	<b>15.7</b>	<b>13.9</b>	<b>14.4</b>

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	60.7	60.0	70.3	80.6
CEPS	86.7	88.4	100.6	113.1
BVPS	509.3	562.2	624.3	696.7
FCF	(19.2)	24.1	37.4	39.3
DPS	6.0	3.0	7.0	7.0
<b>Return Ratio(%)</b>				
RoCE	12.7	12.9	12.8	13.3
ROIC	11.6	12.3	12.5	13.1
RoE	12.5	11.2	11.8	12.2
<b>Balance Sheet</b>				
Net Debt : Equity (x)	-	0.0	0.0	(0.1)
Net Working Capital (Days)	128	139	137	137
<b>Valuation(x)</b>				
PER	19.6	19.8	17.0	14.8
P/B	2.3	2.1	1.9	1.7
P/CEPS	13.7	13.5	11.8	10.5
EV/EBITDA	12.0	10.4	9.5	8.3
EV/Sales	2.4	2.2	2.0	1.8
Dividend Yield (%)	0.5	0.3	0.6	0.6

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
US Formulations	1,42,090	1,48,290	1,55,410	1,66,689
EU & ROW	96,830	1,15,347	1,24,348	1,36,439
ARV formulations	8,680	10,370	11,407	12,320
APIs	42,410	43,230	46,256	49,494

Source: Company Data, PL Research

**Price Chart**

**Recommendation History**



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	1,510	1,097
2	10-Feb-25	BUY	1,510	1,192
3	08-Jan-25	Accumulate	1,475	1,298
4	12-Nov-24	Accumulate	1,475	1,286
5	07-Oct-24	Accumulate	1,525	1,466
6	13-Aug-24	Accumulate	1,525	1,462
7	08-Jul-24	Accumulate	1,300	1,304
8	28-May-24	Accumulate	1,300	1,196

**Analyst Coverage Universe**

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,100	6,683
2	Aster DM Healthcare	BUY	620	551
3	Aurobindo Pharma	BUY	1,510	1,097
4	Cipla	BUY	1,730	1,520
5	Divi's Laboratories	Accumulate	6,800	6,280
6	Dr. Reddy's Laboratories	Reduce	1,225	1,156
7	Eris Lifesciences	BUY	1,740	1,444
8	Fortis Healthcare	BUY	785	672
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	233
11	Ipca Laboratories	Accumulate	1,700	1,316
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,641
13	Jupiter Life Line Hospitals	BUY	1,720	1,422
14	Krishna Institute of Medical Sciences	BUY	725	656
15	Lupin	BUY	2,400	2,073
16	Max Healthcare Institute	BUY	1,300	1,142
17	Narayana Hrudayalaya	BUY	1,560	1,644
18	Rainbow Children's Medicare	BUY	1,725	1,358
19	Sun Pharmaceutical Industries	BUY	2,000	1,719
20	Sunteck Realty	BUY	650	401
21	Torrent Pharmaceuticals	Accumulate	3,670	3,233
22	Zydus Lifesciences	Accumulate	970	884

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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