

Aurobindo Pharma (ARBP IN)

Q4FY26 Result Update

May 25, 2026

Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		BUY	
Target Price	1,400		1,300	
Sales (INR mn)	371,933	404,037	368,410	396,514
% Chng.	1.0	1.9		
EBITDA (INR mn)	78,661	85,092	76,445	83,831
% Chng.	2.9	1.5		
EPS (INR)	73.8	82.1	71.7	81.1
% Chng.	2.9	1.2		

Key Data ARBN.BO | ARBP IN

BSE Code	524804
NSE Code	AUROPHARMA
52-W High / Low	INR 1,550 / INR 1,016
Face Value	1
Sensex / Nifty	75,415 / 23,719
Market Cap	INR 850 bn / \$ 8,883 mn
Shares Outstanding	580.8 mn
3M Avg. Daily Value	INR 2,145.64 mn

Shareholding Pattern (%)

Promoters	51.82
FII's	15.24
Mutual Funds	17.79
Domestic Institutions	8.08
Public & Others	7.07
Promoter's Pledge (INR bn)	104.15

Stock Performance (%)

	1M	3M	6M	12M
Absolute	3.0	26.3	21.4	23.2
Relative	7.2	38.7	37.2	32.2

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	317,237	336,531	371,933	404,037
EBITDA (INR mn)	66,054	68,558	78,661	85,092
Margin (%)	20.8	20.4	21.1	21.1
PAT (INR mn)	34,859	36,354	42,897	47,701
EV (INR mn)	846,999	827,978	827,190	816,748
Total Debt (INR mn)	79,417	76,762	71,762	66,762
C&C Eq. (INR mn)	82,355	98,703	94,458	99,867
EPS (INR)	60.0	62.6	73.9	82.1
Gr. (%)	(1.1)	4.3	18.0	11.2
DPS (INR)	3.0	7.0	7.0	7.0
Yield (%)	0.2	0.5	0.5	0.5
RoE (%)	11.2	10.3	10.8	10.9
RoCE (%)	12.9	11.8	12.6	12.7
EV/Sales (x)	2.7	2.5	2.2	2.0
EV/EBITDA (x)	12.8	12.1	10.5	9.6
PE (x)	24.4	23.4	19.8	17.8
P/BV (x)	2.6	2.2	2.0	1.8

Muted US sales

Quick Pointers

- Margin guidance ~21%+ in FY27E.
- Targets US business to reach USD 2bn including Lannett contribution

Aurobindo Pharma's (ARBP) Q4FY26 EBITDA of INR 18bn (flat YoY) was in line with our estimate. The company has maintained its 21% OPM guidance for FY27E. Both Eugia facilities have got OAI status which has ~40% of pending ANDAs. Any adverse reactions could hurt US sales growth trajectory. In near term ramp up in PenG facility, Vizag pant commercialization will be key. We believe ARBP has multiple growth drivers in place with investments in vaccines, injectables, biosimilars and PLI which are expected to be reflected from FY27E/FY28E. Our FY27E and FY28E EPS broadly remain unchanged. The stock is currently trading at 9.7x EV/EBITDA and 17.8x P/E on FY28E. Given recent up in stock price and expensive valuations; we downgrade stock to "Hold" from "Buy" with revised TP of INR 1,400/share; valuing at 17x FY28E EPS.

- **Revenues below est, weak US business:** Overall Revenue came in at INR 88.5bn, up 5.6% YoY, (we est INR 87.9bn). US revenues stood at USD 387mn, down 8% QoQ and 18% YoY (we est USD 426mn). Mgmt cited ex gRevlimid improvement in base business was visible YoY. EU sales up 30% YoY to INR 28bn, beat our est. ARV formulations up 6% YoY whereas RoW sales were up 25% YoY. API sales improved by 13% YoY.
- **In line EBITDA:** Gross margins remain healthy at 61% (up 153 QoQ and 216bps YoY). R&D spent stood at INR 4bn (4.5% of revenue), down 5% YoY. Other expenses ex R&D were up 11% QoQ. Resultant EBITDA margins came in at 20.3%, flat QoQ. EBITDA stood at INR 18bn (flat YoY); we estimate INR 18.2bn. Tax rate stood 28.6%. There was forex loss of INR 482mn. Adj PAT at INR 9.7bn. Reported adj EPS of INR 15.8/share for Q4FY26.

Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
Net Sales (INR mn)	87,892	88,533	1.0	83,821	6.0
EBITDA (INR mn)	18,158	18,009	-1.0	17,919	1.0
Margin (%)	20.7	20.3	-40 bps	21.4	-110 bps
PAT (INR mn)	10,291	9,213	-10.0	9,035	2.0

Source: Company, PL

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Key Conference Call Takeaways:

- **US:** Revenues declined due to high gRevlimid base, base business remained stable. Management targets US business to reach USD 2bn in revenues in FY27 including Lannett contribution which is likely to get consolidated from Q3FY27. Focus areas include topicals, respiratory, transdermal and business development/relicensing opportunities. Management expects double-digit growth in specialty injectables business going forward. Eczema drug launch targeted in Q2FY27; dedicated dermatology sales infrastructure being built.
- **Eugia/injectables:** Eugia specialty injectables revenue stood at USD 513mn in FY26 with 13% YoY growth excluding Revlimid impact. Base injectables business revenue estimated at USD 480mn with management expecting continued double-digit growth ahead. Eugia business mix currently ~70% US and 30% ex-US; management expects mix to move towards 60:40 over time. Eugia Unit 1 and Unit 3 inspections completed; awaiting EIRs.
- **Europe:** Guided for double digit growth in Europe on CC terms in FY27E. Europe EBITDA margin currently above 20% with further improvement expected. More than 10 products from China already contributing through launches and tech transfers.
- **Growth markets:** bBevacizumab already approved in Health Canada and MHRA; EMA review ongoing and US filing planned.
- **Pen-G and 6APA plants** achieved positive EBITDA contribution in Q4 with yield improvements. External sales already started; over INR 1bn sales achieved in Q4 from Pen G and 6APA. Management expects stronger offtake ahead as imported inventory normalizes. Pen G production expected to exceed 10,000 MT with utilization 80%. Higher power and fuel costs due to Pen G ramp-up offset by lower raw material costs from captive usage.
- **Vizag:** China/Vizag related plant expected to turn EBITDA positive in FY27E after losses in FY26. Management targeting low double-digit EBITDA margin from China operations in FY27E. China OSD facility scaling steadily with increasing approvals and European supplies.
- **Biosimilars and Vaccines:** Biosimilar supplies initiated in Europe, LATAM and tenders being serviced in growth markets. bOmalizumab and bDenosumab filings planned with EMA, Health Canada and USFDA in FY27E. Total investment in biosimilars business stands at EUR 450mn till date. Biologics CDMO Unit-1 commissioning expected by end-2026; commercial revenues from FY28. Second biologics CDMO facility expected to start revenues from FY31. 3 biologics product schedules signed with MSD; 2 products already commercialized globally. Biosimilar gross margins guided at 65-70% with likely improvement towards 75% levels. Management expects biosimilar business to have 7-8 products across Europe and growth markets by FY30E.
- **Other highlights:** EBITDA margin targeted at upper end of 21% for FY27E. R&D spend at INR 15.9bn (~5% of revenues in FY26). Net cash improved to USD 317mn.

Exhibit 1 : 4QFY26 Result Overview (INR mn): In line EBITDA, Weak US sales

Y/e March (INR mn)	4QFY26	4QFY25	YoY gr. (%)	4QFY26E	% Var	3QFY26	QoQ gr. (%)	FY26	FY25	YoY gr. (%)
Net Sales	88,533	83,821	5.6	87,892	0.7	86,459	2.4	3,36,531	3,17,237	6.1
Raw Material	34,291	34,279	0.0	36,946	(7.2)	34,812	(1.5)	1,34,884	1,30,262	3.5
% of Net Sales	38.7	40.9		42.0		40.3		40.1	41.1	
Personnel Cost	13,740	11,626	18.2	12,413	10.7	13,101	4.9	51,902	44,756	16.0
% of Net Sales	15.5	13.9		14.1		15.2		15.4	14.1	
Others	22,494	19,997	12.5	20,375	10.4	20,813	8.1	81,188	76,164	6.6
% of Net Sales	25.4	23.9		23.2		24.1		24.1	24.0	
Total Expenditure	70,524	65,902	7.0	69,734	1.1	68,726	2.6	2,67,973	2,51,183	6.7
EBITDA	18,009	17,919	0.5	18,158	(0.8)	17,733	1.6	68,558	66,054	3.8
Margin (%)	20.3	21.4		20.7		20.5		20.4	20.8	
Depreciation	4,786	4,444	7.7	4,075	17.4	4,647	3.0	17,782	16,494	7.8
EBIT	13,224	13,475	(1.9)	14,083	(6.1)	13,086	1.1	50,776	49,560	2.5
Other Income	689	1,348	(48.9)	1,049	(34.4)	1,876	(63.3)	4,824	5,992	(19.5)
Forex gain / (loss)	(482)	(116)	315.2	0		335		(97)	237	
Interest	982	1,150	(14.6)	942	4.2	928	5.9	3,840	4,572	(16.0)
PBT	12,930	13,673	(5.4)	14,190	(8.9)	14,035	(7.9)	51,761	50,979	1.5
Extra-Ord. Inc./Exps.	-	-		-		653		653	-	
Total Taxes	3,698	4,323	(14.5)	4,045	(8.6)	4,287	(13.8)	16,089	15,827	1.7
ETR (%)	28.6	31.6		28.5		30.5		31.1	31.0	
Minority interest	(20)	(315)		147		9		33	(308)	
Reported PAT	9,213	9,035	2.0	10,291	(10.5)	9,103	1.2	35,052	34,844	0.6

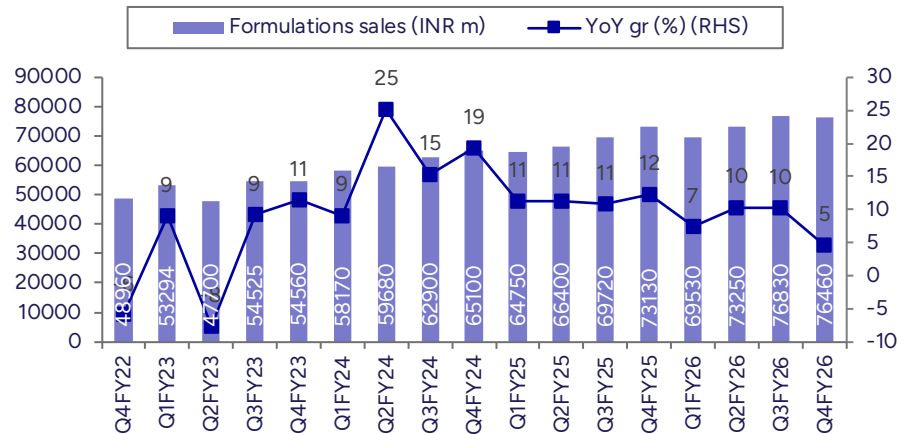
Source: Company, PL

Exhibit 2 : Overall strong performance across EU markets

Major sources of revenues (INR mn)	4QFY26	4QFY25	YoY gr. (%)	3QFY26	QoQ gr. (%)	FY26	FY25	YoY gr. (%)
Formulations	76,460	73,130	4.6	76,830	(0.5)	2,96,070	2,74,000	8.1
% of Net Sales	86.4%	87.2%		88.9%		88.0%	86.4%	
USA	35,430	40,720	(13.0)	37,390	(5.2)	1,44,080	1,48,280	(2.8)
% of Net Sales	40.0%	48.6%		43.2%		42.8%	46.7%	
Europe	27,950	21,470	30.2	27,030	3.4	1,03,160	83,550	23.5
% of Net Sales	31.6%	25.6%		31.3%		30.7%	26.3%	
RoW	9,800	7,860	24.7	8,650	13.3	34,990	31,800	10.0
% of Net Sales	11.1%	9.4%		10.0%		10.4%	10.0%	
ARV	3,280	3,080	6.5	3,760	(12.8)	13,840	10,370	33.5
% of Net Sales	3.7%	3.7%		4.3%		4.1%	3.3%	
API	12,080	10,690	13.0	9,630	25.4	40,470	43,230	(6.4)
% of Net Sales	13.6%	12.8%		11.1%		12.0%	13.6%	

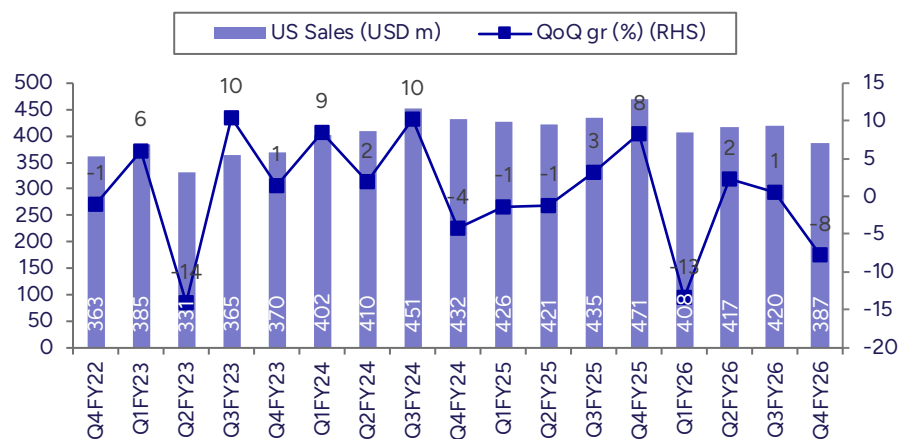
Source: Company, PL

Exhibit 3 : Subdued performance YoY



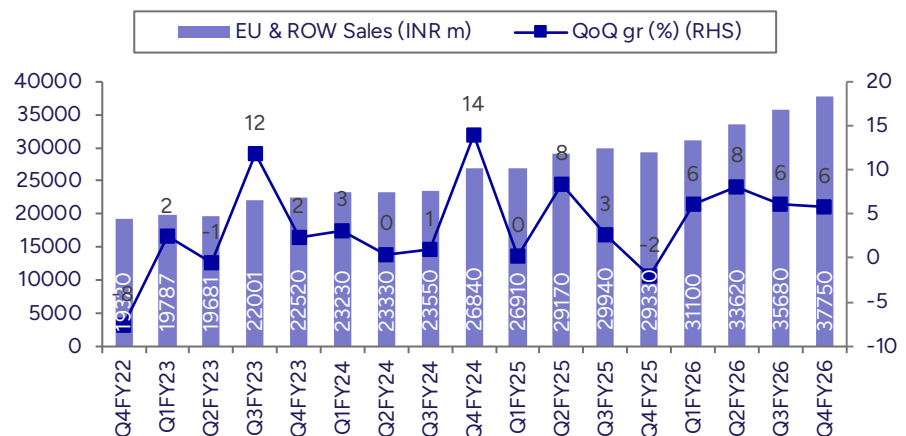
Source: Company, PL

Exhibit 4 : Weak sales due to high base YoY



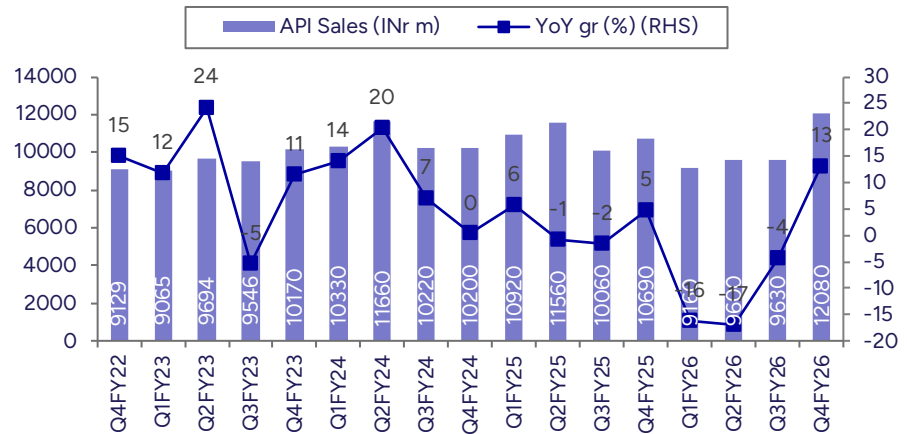
Source: Company, PL

Exhibit 5 : Strong performance across geographies YoY



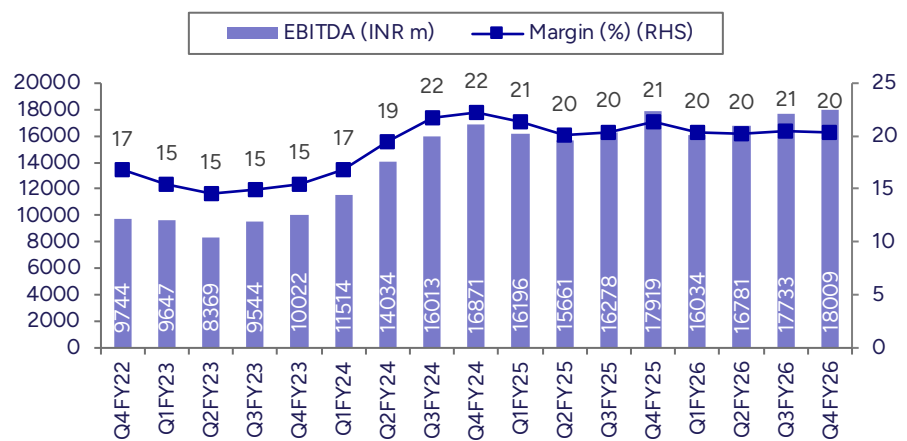
Source: Company, PL

Exhibit 6 : Recovery in API sales



Source: Company, PL

Exhibit 7 : Steady margins ex gRevlimid



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	317,237	336,531	371,933	404,037
YoY gr. (%)	9.4	6.1	10.5	8.6
Cost of Goods Sold	130,262	134,884	149,517	163,635
Gross Profit	186,975	201,647	222,416	240,402
Margin (%)	58.9	59.9	60.0	60.0
Employee Cost	44,756	51,902	57,092	62,801
Other Expenses	76,164	81,188	86,663	92,509
EBITDA	66,054	68,558	78,661	85,092
YoY gr. (%)	13.0	3.8	14.7	8.2
Margin (%)	20.8	20.4	21.1	21.1
Depreciation and Amortization	16,494	17,782	19,027	20,454
EBIT	49,560	50,776	59,635	64,638
Margin (%)	15.6	15.1	16.0	16.0
Net Interest	4,572	3,840	3,400	3,000
Other Income	5,992	4,820	5,000	5,500
Profit Before Tax	50,979	51,757	61,235	67,138
Margin (%)	16.1	15.4	16.5	16.6
Total Tax	15,827	16,089	18,370	19,470
Effective Tax Rate (%)	31.0	31.1	30.0	29.0
Profit After Tax	35,152	35,668	42,864	47,668
Minority Interest	294	(33)	(33)	(33)
Share Profit from Associate	-	-	-	-
Adjusted PAT	34,859	36,354	42,897	47,701
YoY gr. (%)	(2.0)	4.3	18.0	11.2
Margin (%)	11.0	10.8	11.5	11.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	34,859	36,354	42,897	47,701
YoY gr. (%)	(2.0)	4.3	18.0	11.2
Margin (%)	11.0	10.8	11.5	11.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	34,859	36,354	42,897	47,701
Equity Shares O/s (mn)	581	581	581	581
EPS (INR)	60.0	62.6	73.9	82.1

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	260,152	309,765	344,765	379,765
Tangibles	260,152	309,765	344,765	379,765
Intangibles	-	-	-	-
Acc: Dep / Amortization	95,870	113,652	132,679	153,132
Tangibles	95,870	113,652	132,679	153,132
Intangibles	-	-	-	-
Net Fixed Assets	164,282	196,113	212,086	226,633
Tangibles	164,282	196,113	212,086	226,633
Intangibles	-	-	-	-
Capital Work In Progress	32,660	30,088	30,088	30,088
Goodwill	-	-	-	-
Non-Current Investments	2,517	10,511	10,511	10,511
Net Deferred Tax Assets	9,887	11,776	11,776	11,776
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	105,437	120,529	132,469	143,904
Trade Receivables	57,459	70,944	76,425	83,021
Cash & Bank Balance	82,355	98,703	94,458	99,867
Other Current Assets	-	-	-	-
Total Assets	484,920	570,185	603,665	646,414
Equity				
Equity Share Capital	581	581	581	581
Other Equity	325,952	378,329	416,469	459,414
Total Networth	326,533	378,910	417,050	459,995
Non-Current Liabilities				
Long Term Borrowings	63,800	68,735	63,735	58,735
Provisions	-	-	-	-
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	15,617	8,028	8,028	8,028
Trade Payables	41,889	55,673	56,045	60,882
Other Current Liabilities	47,032	70,699	70,699	70,699
Total Equity & Liabilities	484,920	570,185	603,665	646,414

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	50,979	51,757	61,235	67,138
Add. Depreciation	16,494	17,782	19,027	20,454
Add. Interest	4,572	3,840	3,400	3,000
Less Financial Other Income	5,992	4,820	5,000	5,500
Add. Other	(2,970)	(5,082)	-	-
Op. Profit before WC Changes	69,076	68,296	83,661	90,592
Net Changes-WC	(12,517)	1,585	(21,378)	(17,956)
Direct Tax	(17,314)	(18,320)	(18,370)	(19,470)
Net Cash from Op. Activities	39,246	51,561	43,912	53,166
Capital Expenditures	(25,540)	(34,729)	(35,000)	(35,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Inv. Activities	(25,540)	(34,729)	(35,000)	(35,000)
Issue of Share Cap. / Premium	(9,302)	-	-	-
Debt Changes	16,037	(5,841)	(5,000)	(5,000)
Dividend Paid	(10)	(2,324)	(4,757)	(4,757)
Interest Paid	(730)	(155)	(3,400)	(3,000)
Others	(129)	7,836	-	-
Net Cash from Fin. Activities	5,866	(484)	(13,157)	(12,757)
Net Change in Cash	19,572	16,348	(4,244)	5,409
Free Cash Flow	14,050	20,514	8,912	18,166

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	78,681	82,857	86,459	88,533
YoY gr. (%)	4.0	6.3	8.4	5.6
Raw Material Expenses	32,392	33,389	34,812	34,291
Gross Profit	46,289	49,468	51,647	54,243
Margin (%)	58.8	59.7	59.7	61.3
EBITDA	16,034	16,781	17,733	18,009
YoY gr. (%)	(1.0)	7.2	8.9	0.5
Margin (%)	20.4	20.3	20.5	20.3
Depreciation / Depletion	4,057	4,292	4,647	4,786
EBIT	11,977	12,489	13,086	13,224
Margin (%)	15.2	15.1	15.1	14.9
Net Interest	978	952	928	982
Other Income	1,053	1,206	1,876	689
Profit before Tax	12,053	12,743	14,035	12,930
Margin (%)	15.3	15.4	16.2	14.6
Total Tax	3,826	4,278	4,287	3,698
Effective Tax Rate (%)	31.7	33.6	30.5	28.6
Profit After Tax	8,227	8,465	9,748	9,233
Minority Interest	25	20	9	(20)
Share Profit from Associate	-	-	-	-
Adjusted PAT	8,252	8,485	10,409	9,213
YoY gr. (%)	(10.1)	3.9	23.1	2.0
Margin (%)	10.5	10.2	12.0	10.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	8,252	8,485	10,409	9,213
YoY gr. (%)	(10.1)	3.9	23.1	2.0
Margin (%)	10.5	10.2	12.0	10.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,252	8,485	10,409	9,213
Avg. Shares O/s (mn)	-	-	-	-
EPS (INR)	14.0	14.4	15.5	15.8

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	60.0	62.6	73.9	82.1
CEPS	88.4	93.2	106.6	117.3
BVPS	562.2	652.4	718.1	792.0
FCF	24.2	35.3	15.3	31.3
DPS	3.0	7.0	7.0	7.0
Return Ratio (%)				
RoCE	12.9	11.8	12.6	12.7
ROIC	12.3	10.8	11.7	11.8
RoE	11.2	10.3	10.8	10.9
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	139	147	150	150
Valuation (x)				
PER	24.3	23.3	19.8	17.8
P/B	2.6	2.2	2.0	1.8
P/CEPS	16.5	15.7	13.7	12.4
EV/EBITDA	12.8	12.0	10.5	9.5
EV/Sales	2.6	2.4	2.2	2.0
Dividend Yield (%)	0.2	0.4	0.4	0.4
FCFF Yield (%)	1.6	2.4	1.0	2.1
PEG Ratio	(21.6)	5.4	1.1	1.5

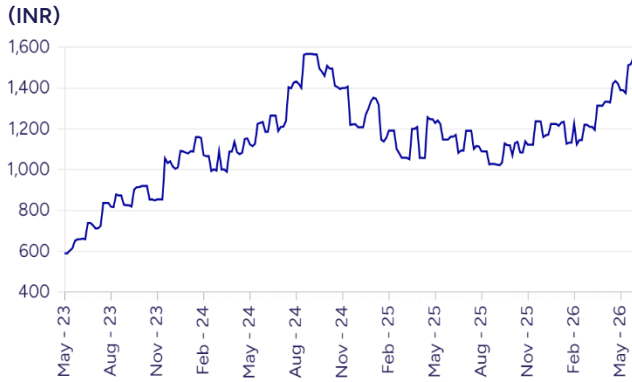
Source: Company, PL

Key Operating Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
US Formulations	148,290	144,080	149,985	161,844
EU & ROW	115,347	138,140	157,367	172,778
ARV formulations	10,370	13,840	15,235	16,454
APIs	43,230	40,470	41,684	44,602

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	09-Apr-26	BUY	1300	1336
2	11-Feb-26	BUY	1300	1124
3	08-Jan-26	BUY	1300	1235
4	07-Nov-25	BUY	1300	1141
5	08-Oct-25	BUY	1300	1092
6	06-Aug-25	BUY	1300	1079
7	08-Jul-25	BUY	1440	1185
8	27-May-25	BUY	1440	1191
9	08-Apr-25	BUY	1510	1097
10	10-Feb-25	BUY	1510	1192

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Ajanta Pharma	BUY	3400	2898
2	Anthem Biosciences	BUY	850	781
3	Apollo Hospitals Enterprise	BUY	9350	8309
4	Aster DM Healthcare	Buy	800	701
5	Aurobindo Pharma	BUY	1300	1336
6	Brigade Enterprises	Buy	1045	758
7	Cipla	Accumulate	1400	1328
8	Divi's Laboratories	Accumulate	6850	5882
9	Dr. Reddy's Laboratories	Accumulate	1400	1270
10	Eris Lifesciences	BUY	1750	1458
11	Fortis Healthcare	BUY	1050	850
12	Global Health	BUY	1450	1243
13	HealthCare Global Enterprises	BUY	820	650
14	Indoco Remedies	Hold	325	225
15	Ipca Laboratories	Buy	1800	1445
16	J.B. Chemicals & Pharmaceuticals	Buy	2400	2135
17	Jupiter Life Line Hospitals	Buy	1600	1331
18	Krishna Institute of Medical Sciences	Buy	800	717
19	Lupin	Accumulate	2500	2380
20	Max Healthcare Institute	BUY	1300	955
21	Narayana Hrudayalaya	BUY	2150	1728
22	Oberoi Realty	Accumulate	1820	1635
23	Prestige Estates Projects	Buy	1875	1319
24	Rainbow Children's Medicare	BUY	1550	1254
25	Sun Pharmaceutical Industries	BUY	1900	1734
26	Sunteck Realty	Buy	520	356
27	Torrent Pharmaceuticals	BUY	4750	4029
28	Zydus Lifesciences	Accumulate	1080	1019

PL's Recommendation Nomenclature (Absolute Performance)

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

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