

Q4 2023

1. Revenue diversification strategies

- **Narrative:** Management highlighted several key strategies for revenue diversification, including the continued focus on achieving double-digit growth through their generic injectables and the addition of Revlimid sales on a stable pricing front. They also emphasized the anticipated contribution of two new plants expected to commence revenue generation in FY25, along with a project slated to start generating revenue from Q1FY25.

- **Management's Guidance:**

- Mr. S. Subramanian (CFO) projected a 10% increase in overall revenue for the fiscal year 2024. Aurobindo Pharma aims to continue growing revenue despite challenging macro environments. The CEO stated that they are sticking to their earlier guidance of double-digit growth for the generic injectables. Swami Iyer indicated that the bulk of the benefit of the incremental volumes awarded will be seen in the second quarter. Yugandhar Puvvala stated that they will continue their journey of double-digit growth on a base of Rs. 3,300 crores, with Revlimid getting added on top. Yugandhar Puvvala stated that the pricing of the generic Revlimid is expected to be stable up to January 2026. Yugandhar Puvvala stated that the company expects two new plants to start delivering revenue starting from FY25. Santhanam Subramanian stated that revenue generation from the project is expected to start from Q1FY25, which is April 2024.

- **Actual Results:**

['Q2', '2024']:

- The revenue achieved in Q2FY24 was Rs 7,219 Crore. The company registered a revenue of Rs. 7,219 crores with an increase of 25.8% year-on-year. The overall injectables business has gone from a USD 100 million run rate to USD 120 plus million run rate. The injectable business has achieved a run rate of USD 122 to USD 127 million from Quarter 1 to Quarter 2 at a global level. The generic injectable business has stabilized around USD 80 million per quarter for the US market.

['Q1', '2024']:

- The company achieved revenue of Rs 6,851 Crore in Q1FY24, with revenue from operations increasing by 9.9% year-on-year. US revenues were reported at US\$ 402 Million, and US revenue in Q1FY24 increased by 11.2% YoY (Year-over-Year) and 8.5% QoQ (Quarter-over-Quarter) to Rs. 3,304 crores, accounting for 48.2% of consolidated revenue. Generic injectables in the US were a significant contributor, with Eugia revenue in the US at US\$ 90.9 Mn in Q1FY24, which includes US\$ 80.1 Mn from generic injectables. Growth Markets revenue in Q1FY24 increased by 12.9% YoY, and ARV business revenue for Q1FY24 was at Rs 190 crore.

['Q3', '2024']:

- The revenue was Rs 7,352 Crore in Q3 FY24, representing a 14.7% year-on-year increase. US Revenue (excluding Puerto Rico) was USD 451 Mn in Q3 FY24, with a year-on-year growth of 27.1% and 10.2% quarter-on-quarter. Specialty & Injectables revenue in the US was approximately USD 112 Mn in Q3 FY24, marking a 58% year-on-year increase. Total injectable and specialty sales globally increased by 46.8% and stood at USD 150 million.

['Q4', '2023']:

- In Q4 FY23, revenue from operations increased by 11.4% YoY to Rs 6,473 crore. Sales for generic injectables were around USD 70-75 million a quarter. US revenue in Q4FY23 increased by 11.6% YoY to Rs. 3,044.5 crores. Total formulations sales in Q4FY23 were Rs. 5,456 crore, marking an 11.4% increase from Q4FY22. The company's Formulations USA achieved a sales amount of Rs. 3,045 crore, an 11.6% increase from Q4FY22.

- **Evaluation:**

- **Expectations Exceeded:** Aurobindo Pharma's revenue growth surpassed the projected 10% increase for FY24, achieving a significant 25.8% year-on-year growth in Q2FY24. The generic injectables business also exceeded expectations, stabilizing at a higher run rate than anticipated, contributing to the overall revenue diversification strategy.

2. Profit margin analysis

- **Narrative:** Management provided insights into their strategic efforts to enhance profit margins through operational efficiencies and cost management. They emphasized the importance of maintaining robust margins in their key segments, particularly focusing on improving EBITDA margins and sustaining high gross margins in their Eugia operations.

- **Management's Guidance:**

- The company aims to achieve a 12% increase in EBITDA margin by the end of the fiscal year. The gross margins in Eugia are expected to be between 60% to 70% and EBITDA levels will be around 25% to 35%.

- **Actual Results:**

['Q2', '2024']:

- In Q2 FY24, the actual results for Aurobindo were as follows: The EBITDA before forex and other income grew by 67.7% year-on-year and by 21.9% quarter-on-quarter, to Rs. 1,403 crores, reflecting a margin of 19.4%. This is below the guided range of 25% to 35% but shows significant improvement from previous periods. The gross margin for the quarter was higher at 55.2%, which is below the expected range of 60% to 70% for Eugia operations. The EBITDA margin for the quarter was at 19.4%, against 16.8% for the last quarter, indicating an improvement but still short of the 12% increase target for the fiscal year.

['Q1', '2024']:

- The EBITDA for Q1FY24 was Rs 1,002 Crore. [89b37769941c3ad8e1bc78b333d95086] EBITDA before Forex and Other income at Rs 1,151 crore; EBITDA margin is at 16.8%. [5a8de2e26426aa8a8a2ed2584d91a466] Gross Profit increased by 10.3% from Q1FY23 to Q1FY24. [24a5a2d8396aca9fcc2f78c48991b10a] EBITDA (before forex and other income) increased by 19.3% from Q1FY23 to Q1FY24. [24a5a2d8396aca9fcc2f78c48991b10a] Gross margin for the quarter was 53.9% against 54.7% of the last quarter. [20f6343eeb0ba8b2a1522741306546d6]

['Q3', '2024']:

- In Q3 FY24, EBITDA was Rs 1,403 Crore with a margin of 19.4%. EBITDA before Forex and Other income was Rs 1,601 Crore with an EBITDA margin of 21.8%. The gross margin for the quarter was higher at 57.1%, against 55.2% of the last quarter. The company achieved the highest ever EBITDA in Q3 FY24 and met their internally set 20% EBITDA margin target for the year. Net profit increased by 90.6% year-on-year and by 23.7% quarter-on-quarter to Rs. 936 crores. Basic & Diluted EPS is Rs 16.04 with a YoY growth of 91.4%.

['Q4', '2023']:

- In Q4 FY23, the company achieved an EBITDA of Rs 1,002 Crore with an EBITDA margin of 15.5%. The EBITDA before forex and other income grew by 2.9% YoY in Q4FY23. The gross profit grew by 7.8% YoY in Q4FY23. However, the profit before tax (PBT) before exceptional items decreased by 3.2% YoY in Q4FY23. The EBITDA margin before R&D was 21.8% for the quarter. The company did not reach the targeted 12% increase in EBITDA margin as per the guidance.

- **Evaluation:**

- **Expectations Not Met:** The management aimed for a 12% increase in EBITDA margin, targeting an EBITDA range of 25% to 35% and gross margins of 60% to 70% for Eugia. However, the actual results showed an EBITDA margin of 19.4% and gross margins of 55.2%, both below the expected ranges,

indicating that the guidance was not achieved.

3. New product launches

- **Narrative:** The management of Aurobindo Pharma has outlined a robust strategy for new product launches, focusing on expanding their portfolio in the US market. They plan to introduce a significant number of new products in the upcoming fiscal periods, which is anticipated to drive growth and enhance their market position.

- **Management's Guidance:**

- The CEO mentioned plans to launch three new products in the US market in Q3 of the next fiscal year. The company plans to launch three new products by the end of the fiscal year. New product launches are expected to contribute to the top line in the next 12 months. The company aims to launch 20 products a year going forward, with a target of achieving double-digit growth in their base business. Management anticipates approximately 40 ANDAs to be commercialised during the current fiscal year. Product launches are expected to positively impact the overall margin profile in the coming years.

- **Actual Results:**

['Q2', '2024']:

- In Q2 FY24, in the US market, 10 ANDAs were filed, final approval was received for 15, and 19 products were launched. The company launched a total of 19 products, including 5 injectables during the quarter.

['Q3', '2024']:

- In Q3 FY24, Aurobindo Pharma launched 21 products including 4 Specialty & Injectable products, and received final approval for 16 ANDAs. The US market saw the filing of 7 ANDAs, and the majority of product approvals received were from the injectable side.

['Q4', '2023']:

- In Q4 2023, Aurobindo Pharma launched 10 products including 4 injectables during the quarter and received final approval of 26 ANDAs.

['Q1', '2024']:

- Final approval of 19 ANDAs and launched 15 products in the quarter under review.

- **Evaluation:**

- **Expectations Exceeded:** Aurobindo Pharma exceeded their management guidance for new product launches in the US market, as they launched more products than initially planned (19 in Q2 and 21 in Q3 against the plan of 3 by Q3) and achieved a significant number of ANDA approvals, surpassing their goal of launching 40 ANDAs in the fiscal year.

4. R&D investment focus

- **Narrative:** Management has shared insights on their strategy regarding research and development investments. They plan to maintain a steady R&D spending level, ensuring a strong focus on innovation without diverting resources to less impactful areas such as interchangeability clinical trials at this time.

- **Management's Guidance:**

- The R&D spend is expected to be around Rs. 400 crores per quarter. Management has indicated that they would not invest in any interchangeability clinical trials for the time being.

- **Actual Results:**

['Q1', '2024']:

- In Q1 FY24, Research & Development (R&D) spend was reported at Rs 388 crore, which constituted 5.7% of the revenue. Additionally, the R&D expenditure was noted as Rs 387.6 crores during the quarter, also representing 5.7% of the revenue. The company highlighted that they have more than 200 products under development or already filed.

['Q2', '2024']:

- In Q2 FY24, the R&D expenditure stood at Rs. 300 crores during the quarter, which is 4.2% of the revenue. Santhanam Subramanian stated that the R&D spend this quarter is Rs. 300 crores. The R&D for the quarter was lower at 4% of sales or even at absolute basis Rs. 300 crore.

['Q3', '2024']:

- Total R&D spend for the quarter is Rs. 398 Crore. R&D expenditure stood at Rs. 398 crore during the quarter which is 5.4% of the revenue. [This indicates that the company is closely adhering to its guidance regarding R&D spending levels and maintaining a focus on innovation, in line with the narrative provided.]

['Q4', '2023']:

- Research & Development spend was Rs 410.7 crore in Q4FY23, which is 6.3% of revenue. Aurobindo Pharma Limited spent Rs. 400 crores on R&D. The R&D spend for the quarter was 6.3%, and the year was around 5.7%. R&D expenditure is at 411.7 crores during the quarter, which is 6.3% of the revenue.

- **Evaluation:**

- **Expectations Not Met:** The management guided for a steady R&D expenditure of Rs. 400 crores per quarter, but actual spending fell short in Q1 at Rs. 388 crore and significantly in Q2 at Rs. 300 crore, indicating that the expectations were not met as the spending was below the guided amount.

5. Biosimilars development

- **Narrative:** Management is focused on expanding its biosimilars portfolio with significant efforts directed at increasing production capacity and market presence. The strategic planning includes the commissioning of a new biosimilar plant, initiation of clinical trials, and a robust filing schedule for major markets including India, Europe, and the US. These steps are aimed at positioning Aurobindo as a competitive player in the biosimilars market.

- **Management's Guidance:**

- 1. A significant expansion in biosimilars production capacity is expected by the end of 2024. 2. The launch of Revlimid is anticipated to contribute to sales growth, with additional biosimilar products expected to launch by Q4, showing full-year impact in the next fiscal year starting from April. 3. The biosimilar plant is anticipated to be commissioned by FY23. 4. A phase III trial for a biosimilar aimed at treating osteoporosis is planned to initiate by Q3 of this year. 5. The filing process for the biosimilar Herceptin in Emerging Markets will begin in June-July, starting in India, followed by Europe and the US by Q4 of this fiscal year. 6. At least one biosimilar product is expected to be in the market by the end of this year, with 2 to 3 products in the European market next year, and the first filing in the US within this period. The inflection point for biosimilars is anticipated to begin from FY 2025-26. 7. There is an intent to file a biosimilar product in 2025, potentially two quarters ahead of the formulation patent expiration in the US.

- **Actual Results:**

['Q3', '2024']:

- In Q3 2024, the actual results reported by management include that CuraTeQ Biologics has a broader pipeline of 14 biosimilars, and the first patient was dosed in January.

['Q4', '2023']:

- Total spend in Biosimilars (capital and revenue) up to 31st March 2023 was approximately Rs. 1.9 bn. We have completed the treatment phase of a clinical trial in 690 metastatic breast cancer subjects of a Trastuzumab biosimilar.

['Q1', '2024']:

- We advanced BP11 (a biosimilar to Xolair) into a global Phase 3 clinical study in chronic spontaneous urticaria patients in this year.

['Q2', '2024']:

- In Q2 2024, we advanced BP11 (a biosimilar to Xolair) into a global Phase 3 clinical study in chronic spontaneous urticaria patients in this year.

- Evaluation:

- Expectations Not Met: The actual results indicate progress in pipeline development and clinical trials, but key milestones such as the commissioning of the new biosimilar plant and market launches, expected by FY23 and the end of the year respectively, have not been achieved according to the timeline set by management.

6. Manufacturing process improvements

- Narrative: Management emphasized ongoing efforts to bolster manufacturing capabilities, highlighting the commissioning of new facilities as a pivotal strategy. These initiatives are aimed at enhancing operational efficiency and supporting long-term growth objectives.

- Management's Guidance:

- The company plans to commission the balance of the US Raleigh facility by FY23 or during FY25. The China plant is expected to be commissioned in Q1 FY25. The Lyfius plant is expected to be commissioned by 2023, with an endeavour to complete ahead of schedule.

- Actual Results:

['Q3', '2024']:

- The board approved an increase in production capacity to 4,006 units in the past quarter.

['Q4', '2023']:

- Santhanam Subramanian mentioned that the current capacity utilization for formulation is significantly high.

['Q1', '2024']:

- In Q1 FY24, Santhanam Subramanian mentioned that the current capacity utilization for formulation is significantly high.

['Q2', '2024']:

- In Q2 FY24, Santhanam Subramanian mentioned that the current capacity utilization for formulation is significantly high.

- Evaluation:

- Expectations Met: The management's guidance on commissioning new facilities to enhance manufacturing capabilities and operational efficiency aligns with the actual results, as evidenced by the board's approval to increase production capacity and the reported high capacity utilization, indicating that the efforts are on track to meet the stated objectives.

7. Strategic partnerships

- Narrative: Management highlighted their strategic initiatives focused on forming partnerships to drive growth and increase market share in key regions. These partnerships are integral to the company's expansion efforts, particularly in enhancing their presence and competitive positioning in the North American market.

- Management's Guidance:

- Management expects to increase its market share by 3% over the next two quarters through these strategic partnerships.

- Actual Results:

['Q1', '2024']:

- In Q1 FY24, there was a volume drop to the tune of around 20% in the specialty business, which impacted the overall performance and market share expansion efforts.

['Q2', '2024']:

- In Q2 FY24, management reported a volume drop to the tune of around 20% in the specialty business, indicating challenges in achieving the expected market share increase through strategic partnerships.

['Q3', '2024']:

- In Q3 FY24, there was a volume drop to the tune of around 20% in the specialty business.

['Q4', '2023']:

- Unfortunately, for Q4 2023, the available data does not provide specific results related to the increase in market share due to strategic partnerships as guided. However, it notes a volume drop of around 20% in the specialty business, which may have impacted overall market performance.

- Evaluation:

- Expectations Not Met: Management aimed for a 3% market share increase through strategic partnerships over two quarters, but a 20% volume drop in the specialty business consistently hindered these efforts, failing to achieve the expected market share growth.

8. Geographic expansion plans

- Narrative: Management elaborated on their strategic geographic expansion efforts, focusing on leveraging existing facilities to enter new markets. The plan includes filing for new product approvals in India and Emerging Markets, as well as utilizing the China plant to serve both European and Chinese markets.

- Management's Guidance:

- The company plans to file a third immunology biosimilar product in the next fiscal year in India and Emerging Markets. Additionally, the company plans to start European manufacturing from the China plant in the first quarter of FY25 and expects to begin manufacturing for the Chinese market by the third or fourth quarter of FY25.

- Actual Results:

['Q1', '2024']:

- In Q1 FY24, it was reported that the geographic expansion into Europe and US markets has been achieved, which is around 93%.

['Q2', '2024']:

- In Q2 FY24, management reported that they have been discussing growth expectations in the US market due to anticipated approvals. This suggests a focus on market expansion and possibly aligns with the planned geographic expansion efforts. However, specific results regarding the European manufacturing from the China plant or the filing of the immunology biosimilar product in India and Emerging Markets were not detailed.

['Q3', '2024']:

- Santhanam Subramanian mentioned growth in multiple markets with specific numbers.

['Q4', '2023']:

- Unfortunately, the actual results for the theme Market Strategy and Expansion, subtheme Geographic expansion plans, specifically for Q4 2023, are not provided in the given data. Therefore, no specific performance metrics or outcomes can be reported for this period based on the supplied information.

- Evaluation:

- Insufficient Info: The available data lacks specific details on the progress of European manufacturing from the China plant and the filing of the immunology biosimilar product in India and Emerging Markets, making it unclear whether the geographic expansion goals were met.

9. FDA approval status

- **Narrative:** Management focused on the timeline and strategic importance of regulatory approvals for biosimilar filings and plant operations. They emphasized the crucial role of these approvals in facilitating market entry and expansion in regulated markets.

- Management's Guidance:

- Management anticipates the regulatory procedures for biosimilar filings to be concluded between Q2 of this year and Q2 of the next year, which will enable a series of launches in regulated markets. The company plans to conduct around 5-6 filings from the US plant during this fiscal year. These are expected to be commercialized in FY25, contingent on the timely triggering of the FDA audit.

- Actual Results:

['Q3', '2024']:

- Filed 7 ANDAs with USFDA in Q3FY24.

-

- Received approval for 16 ANDAs including 7 Specialty & Injectable products during the quarter.

['Q4', '2023']:

- Filed 12 ANDAs including 3 injectables with USFDA in Q4FY23. Received final approval for 26 ANDAs including 4 injectables in Q4FY23. Total of 171 injectables filed as of 31st March, 2023, with 126 final approvals received. The company has 774 ANDAs filed with the US FDA on a cumulative basis, out of which 565 have final approval and 34 have tentative approval. As of now, all the total 11 US FDA approved FDF units are under VAI status. Satakarni Makkapati mentioned that they filed a Drug Master File for liraglutide last October. Management told they plan to do around 5-6 filings from the US plant during this fiscal.

['Q1', '2024']:

- In Q1 2024, the company reported that a total of 814 ANDAs had been filed with the US FDA on a cumulative basis, out of which 613 had received final approval. Additionally, 17 out of 18 US FDA regulated units had a classification of VAI (Voluntary Action Indicated), suggesting substantial progress in maintaining compliance with FDA standards. The US ANDA Filings Snapshot as of June 30, 2023, showed 613 Final Approvals and 167 Tentative Approvals.

['Q2', '2024']:

- Filed 10 ANDAs with USFDA in Q2FY24. Received final approval for 15 ANDAs including 3 injectables during the quarter. As on date, out of the 18 U.S. FDA regulated units, 15 units have classification of VAI, 2 units have received one observation each and 1 unit is under warning letter.

- Evaluation:

- **Expectations Exceeded:** The management anticipated concluding regulatory procedures for biosimilar filings between Q2 of this year and Q2 of the next year, aiming for 5-6 filings from the US plant. However, the company filed seven ANDAs in Q3FY24 and received approvals for 16 ANDAs, surpassing the expected filing and approval rate, thereby exceeding expectations.

10. Regulatory challenges

- **Narrative:** Management highlighted a significant regulatory update concerning the interchangeability requirement. This pertains to the strategic operations of Aurobindo and its subsidiary, CuraTeQ, indicating a long-term regulatory shift that could influence their clinical trial processes and market entry strategies.

- Management's Guidance:

- The management anticipates that the requirement for an additional clinical trial to prove interchangeability will be eliminated towards the end of this decade.

- Actual Results:

['Q3', '2024']:

- Unfortunately, there are no specific actual results available for the theme Regulatory and Compliance, subtheme Regulatory challenges, pertaining to the specific management guidance and narrative for Q3 2024. The provided data does not include any information directly related to the interchangeability requirement or clinical trial processes adjustments.

['Q4', '2023']:

- There are no specific actual results reported for Q4 2023 regarding the interchangeability requirement or related regulatory challenges as mentioned in the narrative and management guidance.

['Q1', '2024']:

- The provided actual results data does not contain specific performance metrics or outcomes related to the regulatory and compliance theme, specifically addressing the interchangeability requirement or regulatory challenges for Aurobindo and its subsidiary, CuraTeQ, in Q1 2024.

['Q2', '2024']:

- Unfortunately, there are no specific results reported in the provided data for Q2 2024 that directly address the theme of Regulatory and Compliance, subtheme Regulatory challenges, particularly in terms of interchangeability requirements. The available data focuses on approvals across various regions, which does not directly relate to the narrative and management's guidance on interchangeability.

- Evaluation:

- Insufficient Info: There is no available data or specific results addressing the regulatory challenges related to the interchangeability requirement as mentioned in the management's guidance, making it impossible to determine if expectations were met.

11. Capex planning and allocation

- **Narrative:** Management has outlined a comprehensive capital expenditure strategy focused on the completion of the PLI implementation and significant investments in existing and new projects. This strategy reflects their commitment to both maintaining and expanding their operational capabilities.

- Management's Guidance:

- The management stated that PLI implementation will be completed by March 2024, with major capex concluding post-implementation. The CFO stated that the maintenance capex for existing plants will be around USD 120 to 130 million for FY24. The CFO mentioned potential new capex for new products and markets could be between USD 75 to 100 million, depending on decisions by the end of the year. The company plans to spend an additional USD 130 to 140 million on the Pen-G project by the end of FY24, bringing the total estimated cost to USD 250 to 265 million.

- Actual Results:

['Q2', '2024']:

- Net Capex for Q2 FY24 is reported to be USD 154 million, which includes USD 48 million towards acquisition of marketing authorization in Indonesia and USD 42 million towards the PLI project. The total PLI capex spend up to 30th September 2023 is approximately USD 188 million. Cumulative CAPEX for the Pen-G PLI project till September 30 amounts to USD 188 million. As of the reporting date, the Pen G project is nearing USD 185 million.

['Q3', '2024']:

- Net Capex of US\$ 103 million, including US\$ 37 million towards PLI project. Net CapEx for the quarter was \$103 million, which mainly includes approximately \$37 million towards PLI project. The cumulative CapEx for the Pen-G project, till December 31st, amounts to approximately \$230 million.

['Q4', '2023']:

- Total Capital WIP as on 31st March 2023 is ~Rs. 4,496 crore, which includes ~Rs. 2,582 crore for Lyfius and other new business/markets. - Net capex for the quarter was approximately US\$ 105 million, including an investment of approximately US\$ 31 million in the PLI project and capex of approximately US\$ 12 million in various new business/markets. - Total PLI capex spend up to 31st March 2023 was approximately US\$ 121 million and the spend for FY23 was approximately US\$ 91 million. - Investments were 44 US\$ Mn in both Q4FY23 and FY23. - Net capex for the quarter is around USD 105 million. - PLI cumulative capex till March 2023 amounts to USD 121 million. - Santhanam Subramanian stated that the maintenance capex for existing plants will be around USD 120 to 130 million for FY24. - So far, about \$120 million has been spent on PLI. - The Pen-G project is estimated around USD 250 to 265 million plus or minus contingencies. - Another USD 130 to 140 million will be spent this year on the Pen-G project.

['Q1', '2024']:

- Net capex for Q1 FY2024 was approximately USD 95 million, including an investment of around USD 34 million in the PLI project. The total PLI capex spend up to June 30th, 2023, was approximately USD 160 million. The cumulative capex for the Pen-G PLI project till June 30th amounts to USD 160 million.

- Evaluation:

- **Expectations Met:** The actual capex spending aligns with management's guidance, as the PLI implementation and other projects are progressing with expected expenditures and timelines, including the near completion of the Pen-G project as planned by the end of FY24.

12. Cash flow projections

- **Narrative:** Management has outlined their expectation of improved cash flow generation in the future, specifically noting a significant turning point in FY25. This outlook is tied to the completion and capitalization of current asset investments, which are expected to substantially enhance the company's cash generation capability.

- Management's Guidance:

- The management anticipates good cash generation from FY25 onwards after capitalizing all assets. Santhanam Subramanian stated that the free cash generation for the business is expected to begin from FY25.

- Actual Results:

['Q1', '2024']:

- In Q1 FY24, management reported that the business generated a free cash flow of USD 29.5 million during this quarter before the PLI investments and investments in new markets. The net cash flow after dividend and capital expenditures was USD 4 million. The net cash position, including investments as of June 30, 2023, was USD 178 million.

['Q2', '2024']:

- Net cash including investments at the end of September 2023 is approximately US\$ 129 Mn. Santhanam Subramanian mentioned that the net cash at the end of June was around \$179 million or \$180 million.

['Q3', '2024']:

- Narrative: Management has outlined their expectation of improved cash flow generation in the future, specifically noting a significant turning point in FY25. This outlook is tied to the completion and capitalization of current asset investments, which are expected to substantially enhance the company's cash generation capability. Management's Guidance: The management anticipates good cash generation from FY25 onwards after capitalizing all assets. Santhanam Subramanian stated that the free cash generation for the business is expected to begin from FY25. Actual Results: In Q3 2024, the net cash position, including investments at the end of December '23, was \$49 million. The business had a net cash outflow of \$7 million during the quarter before the PLI investments and investments in new markets. Additionally, Yugandhar Puvvala mentioned that there might be a \$5 to \$10 million gap on a quarterly level.

['Q4', '2023']:

- Free Cash Flow after Dividend was 61 US\$ Mn in Q4FY23 and -92 US\$ Mn in FY23.

- Evaluation:

- Insufficient Info: The management's guidance focused on cash flow improvements expected from FY25 onwards; however, the actual results provided only cover up to Q3 FY24, making it impossible to determine if the expectations for FY25 were met, exceeded, or not met.

13. Biosimilars and vaccine pipeline

- **Narrative:** Management discussed that the biosimilar business is anticipated to significantly enhance the company's margins starting from the fiscal year 2025. This strategy aligns with their ongoing efforts to strengthen their position in the pharmaceutical market through the development and expansion of the biosimilar and vaccine pipeline.

- Management's Guidance:

- The management expects the biosimilar business to enhance margins from FY25.

- Actual Results:

['Q3', '2024']:

- Total investment for PLI project is ~US\$ 230 million and Biosimilar project is ~US\$ 305 million till December 31st, 2023. Three biosimilar trials have concluded and are in the filing phases or have been filed with certain agencies. Four biosimilars are in global Phase 3 trials.

['Q4', '2023']:

- In Q4 2023, the company has invested more than 1,900 crores on biosimilars till date.

['Q1', '2024']:

- Total spend in Biosimilars (capital and revenue) up to 30th June 2023 is ~US\$ 280 Million.

['Q2', '2024']:

- Three biosimilar trials have concluded and are in the filing phases or have been filed with certain agencies. Four biosimilars are in global Phase 3 trials.

- Evaluation:

- Insufficient Info: The management guidance expected margin enhancement from the biosimilar business starting FY25; however, the actual results only provide information on investments and trial progress without any financial outcomes or margin impact data, making it insufficient to determine if expectations were met.