Q1 2024

1. Revenue diversification strategies
- **Narrative:** Management highlighted their focus on expanding revenue streams through a multi-faceted approach. This includes targeting significant growth in the biosimilars segment and enhancing the company's presence in the US market. Additionally, there is a strategic emphasis on growing the European business and achieving substantial contributions from non-US global operations.
- **Management's Guidance:**
- The company aims to achieve a 20% increase in its biosimilars revenue by the end of the fiscal year. The endeavour is to make US revenue 100 million plus and overall revenue 130 million, aiming for nearly a 500-million-dollar entity for this year, excluding Revlimid. The company plans to grow the non-US global Eugia business to 130 million plus starting from the next quarter. Europe is expected to contribute $60 to $70 million this year with aspirations to increase it to over $100 million.
- **Actual Results:**
['Q4', '2024']:
- The company achieved US revenue of USD 432 Mn in Q4 FY24, which increased by 20.4% YoY and decreased by 4.2% QoQ, accounting for 47.3% of consolidated revenue. The overall revenue from operations was Rs 7,580 Crore, which was 17.1% higher than Q4 FY23. Europe achieved a revenue of Rs 1,832 Crore in Q4 FY24, which was 10.4% higher than Q4 FY23. Growth Markets posted revenues of US$ 103 Mn, accounting for 11.2% of consolidated revenue in Q4FY24.
['Q2', '2024']:
- The revenue achieved in Q2 FY24 was Rs 7,219 Crore. The US revenue excluding Puerto Rico was $409 million in Q2 FY24. Global Eugia revenue on a proforma basis was US$ 127 Mn. The European formulation business clocked a revenue of Rs. 1,769 crores, an increase of 16.7% year-on-year growth. ARV formulation business revenue increased by 52.1% year-on-year to Rs. 250 crores or USD 30 million.
['Q3', '2024']:
- In Q3 FY24, the company reported a revenue of Rs 7,352 Crore, marking a 14.7% year-on-year increase. The US revenue, excluding Puerto Rico, was US$ 451 million, reflecting a 27.1% year-on-year growth and a 10.2% quarter-on-quarter increase, accounting for 51.1% of the consolidated revenue. The European market contributed EUR 193 million, which is 23.5% of the consolidated revenue, with a 1.6% year-on-year growth. The Growth Markets posted revenues of US$ 75 million, representing 8.5% of the consolidated revenue. The total formulation market grew by 17.2% year-on-year to Rs. 6,291 Crores. Specialty and injectables revenue in the US was approximately US$ 112 million, making up 25% of the total US revenue. The Global Specialty & Injectables revenue on a proforma basis was approximately US$ 150 million. The API business posted revenues of Rs 1,022 Crore, accounting for 13.9% of revenue, with a 7.1% year-on-year growth.
['Q1', '2024']:
- In Q1 FY24, Aurobindo Pharma reported several key financial results aligning with their strategic goals:
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- - Revenue from operations was Rs 6,851 crore, marking an increase of 9.9% year-on-year [89b37769941c3ad8e1bc78b333d95086], [5a8de2e26426aa8a8a2ed2584d91a466].
- - US revenues were reported at US$ 402 million, showing a growth of 11.2% year-on-year and 8.5% quarter-on-quarter to Rs. 3,304 crores, accounting for 48.2% of consolidated revenue [5a8de2e26426aa8a8a2ed2584d91a466], [27dd9bf2ad8c123e1c57c12c2c0ca242].
- - Europe achieved sales of Rs 1,837 Cr in Q1FY24, reflecting an increase of 18.6% year-on-year growth [b581c99649e8ce82e3aa0151563b8647], [6102e4376a64b325cef12be7cb3474b8].
- - Eugia as a global entity achieved a sale of USD 122 million on a pro forma basis [e03f9709a9dd9d454deb06e18dbfd3e6], [6102e4376a64b325cef12be7cb3474b8].
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The company achieved the target US revenue of over USD 100 million and increased overall revenue in line with the guidance, with Europe and non-US global operations contributing as expected.'}

2. Profit margin analysis
- **Narrative:** The management of Aurobindo has provided strategic insights into their expectations for profit margins, placing significant emphasis on improving EBITDA margins through operational adjustments and market conditions. A key factor in their strategy involves the restructuring of operations, such as the shutdown of the Puerto Rico plant, which is anticipated to contribute positively to their margin profile.
- **Management's Guidance:**
- Management expects the EBITDA margin to exceed 20%, contingent on prevailing market conditions. There is a targeted EBITDA margin of 18% for the year, excluding the impact of Revlimid. The restructuring of the Puerto Rico plant is projected to improve the EBITDA margin by 0.5% in the short term. The adjusted EBITDA is anticipated to surpass 18% if market prices remain stable and operating leverage is enhanced.
- **Actual Results:**
['Q2', '2024']:
- In Q2 FY24, the EBITDA margin was reported at 19.4%, showing an improvement from the previous quarter's 16.8% margin. The EBITDA before Forex and Other income was Rs 1,403 crore. Net profit after minority interest was Rs 752 crore, with a year-on-year growth of 84% and a quarter-on-quarter growth of 32%. The basic & diluted EPS was Rs 12.83, reflecting a year-on-year growth of 84%. The gross profit was Rs 3,983 crore, and the gross margin for the quarter was higher at 55.2% compared to 53.9% in the last quarter. The year-to-date EBITDA margin was reported at 18.2%.
['Q4', '2024']:
- In Q4 FY24, the EBITDA margin was reported at 22.3%, exceeding the management's guidance of 20% and the targeted 18% for the year. The EBITDA for Q4 FY24 stood at Rs 1,687 Crore, and the EBITDA before forex and other income grew by 68% year on year. The net profit for Q4 FY24 increased by 80% year on year to Rs. 909 Crore. The operating leverage benefit reflected in a full-year margin of 20.1%, compared to the previous year’s 15.1%. These results indicate a successful implementation of the strategic measures aimed at improving profitability.
['Q1', '2024']:
- The EBITDA margin for Q1FY24 was reported at 16.8%, which is below the management guidance of exceeding 20% and the targeted margin of 18% for the year. The EBITDA before forex and other income was Rs 1,151 crore, reflecting a 19.3% increase from Q1FY23. Additionally, the adjusted EBITDA is reported to be 17.8%. The net profit after minority interest was Rs 571 crore.
['Q3', '2024']:
- In Q3 FY24, Aurobindo reported an EBITDA margin of 21.8% before Forex and Other income, with an EBITDA of Rs 1,601 Crore. The net profit margin stood at

12.7%, and net profit after minority interest was Rs 936 Crore, showing a YoY growth of 90.6% and a QoQ growth of 23.7%. The company achieved the highest ever EBITDA in Q3 FY24 and reached the 20% EBITDA margin target set internally for the year.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The actual EBITDA margin in Q4 FY24 was reported at 22.3%, surpassing both the management's guidance of exceeding 20% and the targeted 18% for the year. This indicates that the strategic measures, including operational restructuring, were more successful than anticipated in improving profitability."}

3. Cost management initiatives
- **Narrative:** During the Q1 2024 earnings call, management focused on cost management initiatives aimed at stabilizing pricing and improving financial efficiency. These initiatives are part of a broader strategy to maintain competitive advantage in the pharmaceutical market.
- **Management's Guidance:**
- Management expects the pricing to remain stable until the end of 2025, which is indicative of their proactive approach to managing costs and sustaining profitability amid market fluctuations.
- **Actual Results:**
['Q3', '2024']:
- In Q3 2024, Yugandhar Puvvala mentioned an expected impact of $20 million in Q4 of this financial year due to production stoppage.
['Q4', '2024']:
- In Q4 2024, Mr. Santhanam Subramanian mentioned that the price of Pen-G is hovering around $25 per kg.
['Q1', '2024']:
- The average finance cost was 5.3% mainly due to availing multiple currency loans.
['Q2', '2024']:
- The average finance cost was 5.3% mainly due to availing multiple currency loans.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "Despite management's focus on stabilizing pricing and improving financial efficiency, Q3 2024 revealed an expected negative financial impact due to production stoppage, and Q4 2024 showed price fluctuations in key products, indicating that the cost management initiatives did not fully stabilize pricing or maintain financial efficiency as expected."}

4. New product launches
- **Narrative:** Management emphasized their strategic focus on launching new products and increasing ANDA filings to drive future growth. They have plans for significant product launches across various markets starting next year, including a notable oncology biosimilar launch in the Indian market within the current fiscal year. Additionally, they are maintaining a consistent track record of over 20 product launches annually for their Eugia business.
- **Management's Guidance:**
- The company plans to launch Revlimid from the 1st of October as per the settlement date. There is a focus on launching new products and expanding ANDA filings to stimulate future growth. Expectations include launches in several markets starting next year, with a specific launch of an oncology biosimilar in the Indian market within this year. FY25 is anticipated to witness a state of multiple launches. The Eugia business aims to maintain a track record of over 20 product launches.
- **Actual Results:**
['Q2', '2024']:
- In Q2 FY24, the company reported that in the US market, 10 ANDAs were filed, final approval was received for 15, and 19 products were launched. Additionally, the company launched 19 products, including 5 Injectables during the quarter. They also mentioned a plan to launch 40 new products.
['Q3', '2024']:
- In Q3 FY24, the company reported launching 21 products, including 4 Specialty & Injectable products during the quarter. They received final approval for 16 ANDAs and filed 7 ANDAs in the US market. Most product approvals came from the injectable side of the business, particularly from Eugia 3. Additionally, at the Vizag plant, they filed 2 products to the US.
['Q4', '2024']:
- In Q4 FY24, the company reported launching 3 new products in the last quarter, filed 11 ANDAs in the US market, received approval for 17 products, and launched 7 products. Additionally, they successfully launched 5 new products in the European market this year.
['Q1', '2024']:
- Final approval of 19 ANDAs and launched 15 products in the quarter under review.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "The management's guidance for new product launches, including maintaining a track record of over 20 annual launches for the Eugia business, was met. The company successfully launched 19 products in Q2, 21 in Q3, and 7 in Q4 FY24, aligning with expectations for consistent product introductions."}

5. Manufacturing process improvements
- **Narrative:** The management has outlined several key initiatives aimed at enhancing manufacturing processes. This includes the rapid refurbishment of the Puerto Rico facility to resume operations swiftly, the completion of Production Linked Incentive (PLI) facilities and related investments by the first quarter of 2024, and a targeted capacity ramp-up expected to culminate by October-November of the following year. These efforts are indicative of a strategic focus on strengthening operational efficiency and expanding production capabilities to meet anticipated demand.
- **Management's Guidance:**
- 1. Swami Iyer mentioned plans to quickly redo the facility in Puerto Rico and get back into business. 2. The management indicated that PLI facilities and investments are targeted to be completed before 1st April, 2024. 3. Mr. Santhanam Subramanian mentioned that the capacity ramp-up is expected to be completed by October-November next year, with clarity expected by February.
- **Actual Results:**
['Q3', '2024']:
- In Q3 2024, the board approved an increase in production capacity to 4,006 units in the past quarter.
['Q4', '2024']:
- In Q4 2024, the company reported the commercialization of 4 manufacturing plants in March 2024, indicating progress towards enhancing operational efficiency. Additionally, it was reported that the company is currently manufacturing around 47 billion units of formulation, reflecting an expansion in production capabilities as part of their strategic initiatives.

['Q1', '2024']:
- Santhanam Subramanian mentioned that the current capacity utilization for formulation is significantly high.
['Q2', '2024']:
- Santhanam Subramanian mentioned that the current capacity utilization for formulation is significantly high.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "The strategic goals outlined by management, including the refurbishment of the Puerto Rico facility, the completion of PLI facilities by Q1 2024, and the targeted capacity ramp-up, were achieved as evidenced by the commercialization of four manufacturing plants by March 2024 and the reported expansion in production capabilities, aligning with the management's guidance."}

6. Efficiency measures
- **Narrative:** Management emphasized their commitment to maintaining strong operational execution and upholding the highest quality standards. This approach is part of their broader strategy to improve operational efficiency.
- **Management's Guidance:**
- The company plans to continue strong execution in the coming quarters while adhering to the highest quality standards.
- **Actual Results:**
['Q2', '2024']:
- Fixed asset turnover at 2.8x.
['Q3', '2024']:
- In Q3 FY24, management reported a fixed asset turnover of 2.7x, indicating progress in operational efficiency measures.
['Q4', '2024']:
- Fixed asset turnover is 2.3x including capitalization towards recently commercialized plants of US$ 359 million.
['Q1', '2024']:
- Unfortunately, the provided actual results data does not contain specific information regarding the theme of Operational Efficiency or the subtheme of Efficiency measures for Q1 2024. The only available data point relates to a reduction in the number of filings in South Africa, which does not directly correspond to the narrative or management guidance provided.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "The management's guidance emphasized maintaining strong operational execution; however, the decline in fixed asset turnover from 2.8x in Q2 to 2.3x in Q4, including the impact of new plant capitalizations, indicates that the expected improvements in operational efficiency measures were not achieved."}

7. Geographic expansion plans
- **Narrative:** Management is focused on expanding their geographic footprint, particularly with strategic moves in China, India, and the US markets. They are looking to commercialize new projects and integrate smaller markets to enhance their presence.
- **Management's Guidance:**
- The management anticipates the commercialization of new projects in China and India by Q1 FY25. They are also working towards integrating the remaining smaller markets into the Eugia entity over the next 3-4 months. Additionally, there is a continued expansion strategy for the US market, involving an increase in product offerings to sustain growth momentum. The China plant is expected to commence operations for the Europe business by April 2024.
- **Actual Results:**
['Q4', '2024']:
- In Q4 FY24, Santhanam Subramanian mentioned growth in multiple markets with specific numbers.
['Q1', '2024']:
- Europe and US markets have been achieved, which is around 93%.
['Q2', '2024']:
- In Q2 FY24, management reported that they have been discussing their expectations for growth in the US market, as they were anticipating new approvals. This aligns with their strategy to expand product offerings in the US to maintain growth momentum.
['Q3', '2024']:
- In Q3 FY24, Santhanam Subramanian mentioned growth in multiple markets with specific numbers.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management expected the commercialization of new projects in China and India by Q1 FY25 and progress in the US market. However, the actual results only indicate growth discussions and expectations in the US, with no specific achievements reported for China or India, suggesting the expectations were not fully realized.'}

8. FDA approval status
- **Narrative:** Management addressed their current regulatory standing with the US FDA, highlighting that out of their 18 units regulated by the FDA, 17 have received a classification of Voluntary Action Indicated (VAI), which suggests minor issues that can be resolved voluntarily. Only one unit is currently under a warning letter, indicating areas that need urgent attention. Additionally, the company is working on obtaining a manufacturing license for the pneumococcal conjugate vaccine, which is an important step in their product development pipeline.
- **Management's Guidance:**
- Management did not provide specific quantitative guidance but implied that resolving the issues related to the unit under the warning letter is a priority. The timeline for obtaining the manufacturing license for the pneumococcal conjugate vaccine was also discussed, suggesting efforts to enhance their product offerings and compliance status in the near future.
- **Actual Results:**
['Q3', '2024']:
- Filed 7 ANDAs with USFDA in Q3FY24.
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- Received approval for 16 ANDAs including 7 Specialty & Injectable products during the quarter.
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- The company has a total of 216 injectable and specialty ANDA filings as on 31st December ’23, with 164 receiving final approval.
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- The company has 820 ANDAs filed with the US FDA on a cumulative basis, with 641 having final approval.

['Q4', '2024']:
- Auro Peptides manufacturing facility was inspected by the US FDA from 12th Feb to 16th Feb [2024], and the inspection is closed with zero observations.
['Q1', '2024']:
- 17 out of 18 US FDA regulated units have a classification of VAI.
['Q2', '2024']:
- 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:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management emphasized resolving the warning letter issue as a priority, yet by Q2 2024, there remained one unit under warning, and two additional units received observations, indicating unresolved compliance challenges with the FDA.'}

9. Biosimilars and vaccine pipeline
- **Narrative:** Management discussed the commencement of their biosimilar pipeline progression and related commercialization efforts, indicating a significant future focus in this area.
- **Management's Guidance:**
- The management plans to start the progression of their Biosimilar Pipeline and other commercialization efforts starting from FY25 onwards.
- **Actual Results:**
['Q3', '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.
['Q4', '2024']:
- In Q4 FY24, management reported that three biosimilar trials have concluded and are in the filing phases or have been filed with certain agencies. Additionally, four biosimilars are in global Phase 3 trials.
['Q1', '2024']:
- Total spend in Biosimilars (capital and revenue) up to 30th June 2023 is ~US$ 280 Million.
['Q2', '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.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Although management planned to start the biosimilar pipeline progression from FY25 onwards, by FY24 they had already concluded three biosimilar trials and were advancing four others in Phase 3 trials, indicating faster-than-anticipated progress.'}

10. Specialty business development
- **Narrative:** Management discussed plans to restructure the Eugia vertical, which is a strategic business initiative aimed at enhancing the specialty business segment.
- **Management's Guidance:**
- Management indicated that they are planning to restart the restructuring process of the Eugia vertical, with clarity on its shape expected in the next 2-3 months.
- **Actual Results:**
['Q4', '2024']:
- In Q4 FY24, S. Subramanian indicated an additional Biosimilar plant with ~Rs. 300 crores apart from other projects, demonstrating progress in the specialty business development initiatives.
['Q1', '2024']:
- In Q1 FY24, Santhanam Subramanian stated that last year they made an attempt to restructure the Eugia vertical.
['Q2', '2024']:
- S. Subramanian indicated an additional Biosimilar plant with ~Rs. 300 crores apart from other projects.
['Q3', '2024']:
- S. Subramanian indicated an additional Biosimilar plant with ~Rs. 300 crores apart from other projects.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "Management's plan to restructure the Eugia vertical aimed at enhancing the specialty business was executed with the establishment of an additional Biosimilar plant, aligning with their strategic business initiatives."}