Q1 2025

1. Revenue diversification strategies
- **Narrative:** Management emphasized their focus on diversifying revenue streams through strategic product launches and market expansion, specifically targeting the US and European markets to drive growth.
- **Management's Guidance:**
- The CEO stated that the company plans to achieve a 12% increase in US formulation revenue driven by volume gains and new product launches. The Europe market is on track to achieve €880 million plus for FY25, with revenue expected to be between €880-900 million for the full year. Yugandhar Puvvala confirmed maintaining guidance for global speciality sales, specifically stating they expect to achieve $600 million in sales this year.
- **Actual Results:**
['Q1', '2025']:
- The US formulation grew by 12% year-on-year and recorded a revenue of $426 million. The Europe market achieved a revenue of €221 million for Q1 FY25. Total injectable specialty sales globally increased by 16% year-on-year to $141 million.
- **Evaluation:**
- Expectations Met: The management's guidance anticipated a 12% increase in US formulation revenue and targets for Europe and global specialty sales, which aligned with actual results showing a 12% growth in US formulations and strong performance in Europe and specialty sales.

2. Profit margin analysis
- **Narrative:** Management has articulated a strong focus on maintaining robust profit margins through strategic internal targets, reflecting a consistent approach to financial discipline and operational efficiency. This focus is expected to strengthen the company's overall financial health in the upcoming fiscal year.
- **Management's Guidance:**
- The company is confident of achieving an internal EBITDA margin target of 21% to 22% for the full year FY25.
- **Actual Results:**
['Q1', '2025']:
- In Q1 FY25, this quarter we would be at roughly 22.7% EBITDA margin.
- **Evaluation:**
- Expectations Exceeded: The actual EBITDA margin for Q1 FY25 was 22.7%, surpassing the management's internal target range of 21% to 22%, indicating stronger-than-expected financial discipline and operational efficiency.

3. New product launches
- **Narrative:** Management's discussion focused on the company's robust pipeline of new product launches, underscoring their strategic commitment to expanding market presence through innovation. They emphasized the upcoming introduction of multiple biosimilars in Europe, alongside several other anticipated product launches across different therapeutic areas, which signals their drive for growth and competitive positioning in the pharmaceutical industry.
- **Management's Guidance:**
- The company plans to launch five new biosimilars in the European market by the end of the fiscal year. The launch of Ryzneuta is expected to occur in the last quarter of the current fiscal year. Management mentioned the expectation for a good amount of new product launches similar to the previous year.
- **Actual Results:**
['Q1', '2025']:
- In Q1 2025, it was reported that the company has completed a successful phase one study in Australia in healthy volunteers for this product.
- **Evaluation:**
- Insufficient Info: The actual results only mention a successful phase one study in Australia, without specific details about the launch of biosimilars in Europe or the expected product launches, making it insufficient to determine if expectations were met.

4. R&D investment focus
- **Narrative:** Management highlighted the intention to significantly boost R&D efforts by increasing expenditure, which aligns with their strategy to support and expedite new product development initiatives.
- **Management's Guidance:**
- Management projected a 20% increase in R&D expenditure for the next year to support new product development.
- **Actual Results:**
['Q1', '2025']:
- R&D expenditure for the quarter stood at Rs. 339 crores which is 4.5% of the revenue.
- **Evaluation:**
- Expectations Not Met: Management projected a 20% increase in R&D expenditure, but actual results show R&D expenditure at 4.5% of revenue, indicating the target was not achieved.

5. Biosimilars development
- **Narrative:** Management is focused on expanding its biosimilar portfolio by advancing clinical studies and regulatory filings. They are strategically targeting both Indian and emerging markets with their biosimilar developments, including Tocilizumab and Omalizumab, with plans to complete significant clinical trials and regulatory submissions in the near future.
- **Management's Guidance:**
- The company plans to file the Tocilizumab biosimilar for India and emerging markets in the next three to four months. The Indian clinical study for the biosimilar to Omalizumab will be completed by the end of this year, allowing the product to be filed in India and certain emerging markets by Q3-Q4 [CY25]. The large European study for the biosimilar to Omalizumab will be completed by mid-next year, and the product is expected to be filed in Q3 next fiscal [Q3 FY26] with EMA and the FDA.
- **Actual Results:**
['Q1', '2025']:
- In Q1 2025, while specific results for Tocilizumab and Omalizumab were not detailed in this period, an important milestone was achieved in May concerning the completion of patient recruitment for the Denosumab trial in European sites.
- **Evaluation:**

- Insufficient Info: The actual results for Q1 2025 did not provide specific outcomes for the biosimilars Tocilizumab and Omalizumab, making it difficult to assess whether the management's guidance on regulatory filings and clinical study completions was met.

6. Cost reduction strategies
- **Narrative:** Management addressed the anticipated decrease in remediation costs for the upcoming quarter, highlighting their ongoing efforts to streamline operations and improve cost efficiency.
- **Management's Guidance:**
- Management indicated that the remediation cost is expected to decrease to US$2 million in the current quarter.
- **Actual Results:**
['Q1', '2025']:
- Unfortunately, the data provided does not contain direct information on the actual results for the remediation cost reduction in Q1 2025. The available actual results data is related to operational metrics, specifically regarding capacity utilization. Since this does not directly address the cost reduction strategies for remediation, we do not have applicable actual results for the specific theme and subtheme requested.
- **Evaluation:**
- Insufficient Info: The actual results for the remediation cost reduction in Q1 2025 are unavailable, preventing a determination of whether management's cost reduction expectations were met, exceeded, or not met.

7. Manufacturing process improvements
- **Narrative:** Management emphasized ongoing enhancements in manufacturing processes, highlighting strategic plans to increase production capabilities, notably with the commercialization of the China plant. This move is part of a broader strategy to improve operational efficiency and meet growing demand.
- **Management's Guidance:**
- The China plant is expected to be commercialized by Q3 FY25, with a significant ramp-up in production projected to commence in Q4 FY25. Additionally, there is an operational plan to produce 20 batches in the current month, followed by an increase to 30 batches in the subsequent month, with a substantial ramp-up starting in October.
- **Actual Results:**
['Q1', '2025']:
- Aurobindo Pharma reduced operational costs by 3% this quarter.
- **Evaluation:**
- Insufficient Info: The actual results only mention a 3% reduction in operational costs in Q1 FY25, but there is no specific information on the commercialization of the China plant or the projected production ramp-up, making it impossible to assess whether expectations were met.

8. Efficiency measures
- **Narrative:** Management discussed their focus on operational efficiency by targeting a significant ramp-up in production capabilities.
- **Management's Guidance:**
- Management plans to achieve 80% of the ramp-up by the next quarter.
- **Actual Results:**
['Q1', '2025']:
- Aurobindo has done approximately 4.4 billion tablets in the last one year through May. Yugandhar Puvvala acknowledged that the existing capacity should be able to meet the sales goal.
- **Evaluation:**
- Expectations Met: Management aimed for an 80% ramp-up in production capabilities by the next quarter, and the actual results indicate that Aurobindo's existing capacity is sufficient to meet sales goals, aligning with their operational efficiency targets.

9. Geographic expansion plans
- **Narrative:** Management highlighted strategic initiatives to bolster the company's presence in key international markets. The expansion of Unit 15 in India is aimed at enhancing the company's operational efficiency and market delivery in Europe. Additionally, there is a focus on penetrating the Chinese market, with anticipated gradual volume growth.
- **Management's Guidance:**
- 1. The expansion of Unit 15 in India is expected to improve time-to-market for the European business by increasing production and dispatch capabilities. 2. Management expects an initial small volume of business in China by November-December, with full-fledged volumes anticipated in FY26.
- **Actual Results:**
['Q1', '2025']:
- Given the information from the actual results data, there are no specific actual performance metrics or outcomes reported for the theme Market Strategy and Expansion, specifically within the subtheme of Geographic expansion plans, for Q1 2025.
- **Evaluation:**
- Insufficient Info: The actual results data for Q1 2025 do not provide specific performance metrics or outcomes related to the geographic expansion plans, leaving it unclear whether management's expectations were met, exceeded, or not met.

10. FDA approval status
- **Narrative:** Management highlighted ongoing efforts to secure regulatory approvals, emphasizing the importance of obtaining necessary clearances to enhance product offerings and market presence. They noted a particular focus on advancing the approval process for key products, such as Trastuzumab, and resolving compliance issues at the Bhiwadi plant to ensure continued regulatory compliance and operational efficiency.
- **Management's Guidance:**
- Management expects to see approvals for three products from the EMA starting to trickle in within two quarters, provided there are no more regulatory uncertainties. The Trastuzumab US filing is expected to be submitted to the FDA in the next four to eight weeks. Plans are in place for further ANDA filings and approvals, with 54 pending final approval as of June 30, 2024. Management expressed confidence that issues with the Bhiwadi plant will be resolved in the next 1-2 months.
- **Actual Results:**
['Q1', '2025']:
- Company has 838 ANDAs filed with the US FDA on a cumulative basis, out of which 668 have final approval and 26 have tentative approval. 144 ANDAs are

under review.
- **Evaluation:**
- Insufficient Info: The provided actual results do not specify the status or outcomes related to the EMA approvals, Trastuzumab filing, or the resolution of the Bhiwadi plant compliance issues, thus lacking sufficient information to determine if expectations were met.

11. Capex planning and allocation
- **Narrative:** The management of Aurobindo Pharma discussed the completion of their first-ever buyback program, which signifies a strategic financial decision to manage shareholder value and optimize the company's capital structure.
- **Management's Guidance:**
- The company will complete a buyback of Rs. 750 crores at a price of Rs. 1,460 by August 2024.
- **Actual Results:**
['Q1', '2025']:
- Santhanam Subramanian mentioned completing the first ever buyback of Rs. 750 crores in August'24 at a price of Rs. 1,460. Net CapEx for the quarter is around $74 million. Santhanam Subramanian mentioned they have more or less incurred around 95% of the CapEx.
- **Evaluation:**
- Expectations Met: The management's guidance to complete the buyback of Rs. 750 crores at Rs. 1,460 by August 2024 was fulfilled as planned, indicating alignment with their strategic financial management objectives.

12. Cash flow projections
- **Narrative:** The management's discussion primarily focused on the company's future financial management strategies, including expectations related to tax rates as a part of their overall financial planning.
- **Management's Guidance:**
- The effective tax rate is expected to be around 27-28% for the fiscal year.
- **Actual Results:**
['Q1', '2025']:
- In Q1 2025, the company reported a net cash inflow of $89 million during the quarter, and the net cash position, including investments, improved significantly to US$ 101 million.
- **Evaluation:**
- Insufficient Info: There is no information provided regarding the actual effective tax rate, which is necessary to compare against the management guidance of 27-28% for the fiscal year. The data only includes cash flow details without specific tax rate outcomes.

13. Market expansion strategy
- **Narrative:** Management highlighted the timeline for a significant project, indicating strategic steps towards expanding market presence by establishing new operational capabilities. The expected completion of the project by 2026, followed by initial production activities, suggests a long-term strategy to enhance market share.
- **Management's Guidance:**
- Dr. Satakarni Makkapati stated the project is expected to be completed by 2026, with engineering batches or water runs to be conducted, and stockpiling and revenue generation to begin from 2027.
- **Actual Results:**
['Q1', '2025']:
- There was no specific report on the progress of the project completion in Q1 2025 in terms of engineering batches or water runs being conducted. However, there was a volume drop to the tune of around 20% in the specialty business, indicating potential challenges in market expansion efforts during this period.
- **Evaluation:**
- Insufficient Info: The actual results do not provide specific updates on the project's progress, such as engineering batches or water runs, making it difficult to assess whether the expectations for market expansion strategy are being met.

Q4 2024

1. Revenue diversification strategies
- **Narrative:** The management of Aurobindo Pharma has outlined a strategic focus on broadening its revenue base across multiple geographic markets. The company plans to leverage its newly commercialized plants to strengthen its financial position and increase contributions to both top and bottom lines in the coming quarters. Additionally, Aurobindo aims to maintain a steady revenue stream in the U.S. while achieving significant growth in other global markets.
- **Management's Guidance:**
- The management anticipates that the operation of newly commercialized plants will ramp up and start contributing meaningfully to the top and bottom lines over the next few quarters. Yugandhar Puvvala expects a global revenue run rate of about US$ 150 million every quarter across the globe starting from Q1. V. Muralidharan forecasts that all quarters in FY25 will achieve revenue north of EUR 200 million in Europe. Yugandhar Puvvala indicates that revenue from the U.S. will remain in the range of US$100-110 million. Santhanam Subramanian projects around US$300 million in revenue from other growth markets for the year.
- **Actual Results:**
['Q1', '2025']:
- In Q1 FY25, Aurobindo Pharma reported the following results: US formulation grew by 12% year-on-year and recorded a revenue of $426 million. Europe market achieved a revenue of €221 million. Growth market revenue increased by 49% year-on-year to Rs. 709 crores. The topline year-on-year growth of Aurobindo Pharma Limited was 10%, amounting to Rs. 7,567 crores.
['Q4', '2024']:
- The company achieved a global revenue run rate of US$ 150 million per quarter in Q4 FY24. Europe in Q4FY24 posted EUR 203 million, accounting for 24.2% of consolidated revenue. US revenue in Q4FY24 increased by 20.4% YoY and decreased by 4.2% QoQ to USD 432 million, accounting for 47.3% of consolidated revenue. Growth Markets posted revenues of US$ 103 million, accounting for 11.2% of consolidated revenue in Q4FY24.
- **Evaluation:**
- Expectations Exceeded: The actual results surpassed management's guidance, with the Europe market achieving €221 million against the forecasted €200 million, and the growth market revenue increased by 49% year-on-year, significantly contributing to the company's top-line growth.

2. Profit margin analysis

- **Narrative:** Management has articulated a clear focus on enhancing the company's financial performance through strategic margin improvement initiatives. The company aims to achieve significant growth in its EBITDA margins over the forthcoming fiscal periods. This strategic direction is underpinned by efforts to ramp up production efficiencies and manage price erosion, particularly in the chronic segment.
- **Management's Guidance:**
- The CFO expects an increase in the operating margin to 20% by the end of 2024. Management provided guidance on achieving a 20% increase in EBITDA margin over the next two years. The company expects to achieve around 21-22% of EBITDA margin for FY25. The CFO stated that the company achieved an EBITDA margin of 20.1% for FY24, slightly exceeding their guidance of 20%. Dr. Satakarni Makkapati mentioned that the company aims to sustain a margin of around 50%-75% even with potential price erosion in the chronic segment. The company plans to achieve EBITDA margins of 21% to 22%. Mr. Santhanam Subramanian stated that they are targeting to achieve an EBITDA margin of 21%-22% and plan to complete the ramping up of the Pen-G by September.
- **Actual Results:**

['Q1', '2025']:

- In Q1 2025, the company achieved an EBITDA margin of approximately 22.7%, exceeding the targeted range of 21-22%. Net profit for the quarter increased by 61% year-on-year to Rs. 919 crores, indicating strong financial performance. Gross margins for the quarter stood at 59.4%, compared to 53.9% in the previous year, reflecting improved production efficiencies.

['Q4', '2024']:

- Narrative: Management has articulated a clear focus on enhancing the company's financial performance through strategic margin improvement initiatives. The company aims to achieve significant growth in its EBITDA margins over the forthcoming fiscal periods. This strategic direction is underpinned by efforts to ramp up production efficiencies and manage price erosion, particularly in the chronic segment.
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- Management's Guidance: The CFO expects an increase in the operating margin to 20% by the end of 2024. Management provided guidance on achieving a 20% increase in EBITDA margin over the next two years. The company expects to achieve around 21-22% of EBITDA margin for FY25. The CFO stated that the company achieved an EBITDA margin of 20.1% for FY24, slightly exceeding their guidance of 20%. Dr. Satakarni Makkapati mentioned that the company aims to sustain a margin of around 50%-75% even with potential price erosion in the chronic segment. The company plans to achieve EBITDA margins of 21% to 22%. Mr. Santhanam Subramanian stated that they are targeting to achieve an EBITDA margin of 21%-22% and plan to complete the ramping up of the Pen-G by September.
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- Actual Results:
- - EBITDA for Q4 FY24 was Rs 1,687 Crore with a 22.3% margin.
- - Profit after Tax was 920, a 79.8% increase.
- - Net Profit was 909, showing a 79.6% increase.
- - Reported EPS was 15.51, reflecting a 79.5% increase.
- - Gross profit increased by 27.6% YoY from Q4FY23 to Q4FY24.
- - EBITDA before forex and other income grew by 68.3% YoY from Q4FY23 to Q4FY24.
- - PBT before exceptional items rose by 85.5% YoY from Q4FY23 to Q4FY24.
- - EBITDA before Forex and Other income is Rs 1,687 Crore with a margin of 22.3%.
- - Net Profit after minority interest is Rs 909 Crore with a YoY growth of 79.6% and QoQ decline of 2.9%.
- - For the quarter, API business contributed around 13% and the revenue remained flat year on year at Rs. 1,019cr.
- - The EBITDA margin for Q4 FY24 was at 22.3% against 15.5% for the last year, same quarter.
- - Net profit for Q4 FY24 increased by 80% year on year to Rs. 909cr.
- - The EBITDA before forex and other income grew by 55% year on year to Rs.5,843cr for the full year FY24.
- - EBITDA margin for the full year FY24 was 20.1% against 15.1% of last year.
- - Net profit for the full year FY24 increased by 65% year on year to Rs. 3,173cr.
- - EBITDA improved to Rs. 1,687cr during Q4.
- - Operating leverage benefit reflected in 20.1% for the full year against 15.1%.
- - Yugandhar Puvvala mentioned that they have taken the sales hit in Q4.
- - Dr. Satakarni Makkapati stated that the business ensures a margin base of around 60%-80% depending on the market.
- - Last year, the company achieved an EBITDA margin of around 20.1%.
- **Evaluation:**

- Expectations Exceeded: The company exceeded its targeted EBITDA margin range of 21-22% by achieving a margin of 22.7% in Q1 2025, along with a significant increase in net profit and gross margins, indicating a stronger-than-anticipated financial performance.

3. New product launches

- **Narrative:** Management has outlined a robust plan for launching new products across multiple segments including biosimilars, oncology, and ophthalmics. The company is strategically planning to enhance its product portfolio by focusing on both domestic and international markets. The plan includes leveraging manufacturing capabilities and aiming for significant market entry in the coming fiscal periods.
- **Management's Guidance:**
- The CEO announced plans to launch three new product lines by Q3 2024. Dr. Satakarni Makkapati mentioned plans to launch three new biosimilar products by the end of the next fiscal year. The plan is to manufacture the batches and launch the trastuzumab product in the second half of this year [FY25] into the domestic market. Mr. Swami Iyer stated that the product is expected to launch in the second half of the current calendar year, sometime in July. Santhanam Subramanian mentioned that the meaningful contribution from the Pen-G and 6-APA projects will start coming from Q3 onwards, and the Auroactive project will start moving up by August-September. The launch of Ryzneuta in the U.S. is likely to happen in the second half of the current financial year.
- **Actual Results:**

['Q4', '2024']:

- In Q4 2024, the company successfully launched 3 new products in the last quarter. Additionally, they filed 11 ANDAs in the US market, received approval for 17 products, and launched 7 products. Furthermore, the company successfully launched 5 new products in the European market this year.

['Q1', '2025']:

- We have completed a successful phase one study in Australia in healthy volunteers for this product.
- **Evaluation:**

- Expectations Exceeded: The company successfully launched more products than initially planned, with three new product lines launched by Q4 2024, alongside several additional product launches and filings in both the US and European markets, surpassing the initial guidance for new product launches.

4. R&D investment focus
- **Narrative:** Management discussed the ongoing development and strategic importance of Acrotech products, which are currently classified as intangible assets under work-in-progress (WIP). The focus is on completing these developments by the fiscal year 2026, reflecting the company's commitment to enhancing its product pipeline through substantial R&D investments.
- **Management's Guidance:**
- Management has indicated that the intangible asset under development, specifically the Acrotech products under WIP, is expected to be completed by FY26.
- **Actual Results:**
['Q4', '2024']:
- Total R&D spend for the quarter is Rs 392 Crore, which is 5.2% of sales.
['Q1', '2025']:
- In Q1 FY25, the oncology product, we have completed about 80% of the recruitment. R&D expenditure for the quarter stood at Rs. 339 crores which is 4.5% of the revenue.
- **Evaluation:**
- Insufficient Info: While management has provided guidance on the completion of Acrotech products by FY26, the actual results provided only cover R&D spending and progress up to Q1 FY25, without indicating whether the development targets for Acrotech products have been met, exceeded, or fallen short.

5. Biosimilars development
- **Narrative:** Management emphasized their commitment to expanding their biosimilars portfolio by targeting significant regulatory submissions in the upcoming fiscal year. This strategic focus is aimed at strengthening their position in the biosimilars market, particularly in key regions such as North America and Europe.
- **Management's Guidance:**
- The CEO expects to file the biosimilar to Xolair with both the EMIA and the FDA sometime in Q2, Q3 of the next fiscal year (FY26). Additionally, the CEO plans to submit the Denosumab biosimilar with the EMIA and FDA between Q2 and Q3 of the next fiscal year (FY26).
- **Actual Results:**
['Q1', '2025']:
- In Q1 FY25, management reported achieving an important milestone in May by completing recruitment of all patients as part of their Denosumab trial in European sites.
['Q4', '2024']:
- Our omalizumab biosimilar to Xolair has successfully met PK/PD end-points in a three arm Phase 1 clinical study. We have completed the Phase-III recruitment across 40 sites in Europe for the Denosumab biosimilar.
- **Evaluation:**
- Expectations Met: The management's guidance to file the biosimilars to Xolair and Denosumab with regulatory bodies in FY26 aligns with significant progress in clinical trials, such as achieving important milestones in Phase I and III trials, indicating that the development is on track as per expectations.

6. Cost reduction strategies
- **Narrative:** The management provided insights into the ongoing efforts to improve operational efficiency within the company. This involves setting specific efficiency targets that are expected to streamline operations and reduce unnecessary expenses. The focus is on enhancing productivity and optimizing resource utilization across various business divisions.
- **Management's Guidance:**
- The President of Europe Formulations Business indicated an efficiency target, which is part of the broader strategy to achieve cost reduction and improve operational efficiency in upcoming quarters.
- **Actual Results:**
['Q4', '2024']:
- In Q4 2024, the board reduced operational costs by 5% in the last quarter.
['Q1', '2025']:
- Unfortunately, there is no direct information available in the provided data set for the theme of Operational Efficiency and subtheme Cost reduction strategies for Q1 2025 in relation to the specific management guidance and narrative mentioned. The available data points to an operational update related to self-consumption capacity, but it does not clearly correlate with cost reduction strategies.
- **Evaluation:**
- Expectations Met: The management set efficiency targets as part of their cost reduction strategy, and the actual results show a 5% reduction in operational costs by Q4 2024, aligning with the management's guidance for improving operational efficiency.

7. Manufacturing process improvements
- **Narrative:** Management has outlined plans to enhance operational efficiency through strategic investments in manufacturing process improvements. This includes the commissioning of new capacities aimed at optimizing production capabilities.
- **Management's Guidance:**
- Dr. Satakarni Makkapati indicated that by 2026, the capacities will be aligned and commissioned to start the water and engineering runs in the facility at Theranym.
- **Actual Results:**
['Q4', '2024']:
- In Q4 2024, Aurobindo commercialized 4 manufacturing plants in March 2024. At present, they are manufacturing around 47 billion units of formulation.
['Q1', '2025']:
- In Q1 2025, Aurobindo Pharma reduced operational costs by 3% this quarter.
- **Evaluation:**
- Expectations Exceeded: Aurobindo exceeded expectations by commercializing 4 manufacturing plants by Q4 2024, ahead of the 2026 goal for commissioning capacities, and subsequently reduced operational costs by 3% in Q1 2025, indicating enhanced operational efficiency.

8. Geographic expansion plans
- **Narrative:** Management has expressed a clear intention to expand the company's geographic footprint within Europe. This aligns with their strategic market expansion goals and indicates a proactive approach to increasing market presence and accessibility in the region.
- **Management's Guidance:**
- The company plans to open five new offices in Europe by the end of 2025, which signifies their commitment to expanding their market reach and operational capabilities in this region.
- **Actual Results:**
['Q4', '2024']:
- No specific actual results related to the theme Market Strategy and Expansion, subtheme Geographic expansion plans for the period ['Q4', '2024'] have been provided in the given data.
['Q1', '2025']:
- Unfortunately, the actual results for the theme Market Strategy and Expansion, specifically for the subtheme Geographic expansion plans in Q1 2025, are not available in the provided actual results data.
- **Evaluation:**
- Insufficient Info: There is no available data on actual results for the geographic expansion plans in Europe, making it impossible to determine if management's expectations were met, exceeded, or not met.

9. Competitive positioning
- **Narrative:** Management has articulated a focus on expanding its presence in the US generics market, which is a critical component of their competitive strategy. This includes setting clear targets for market share growth, reflecting their commitment to strengthening the company's position in a highly competitive landscape.
- **Management's Guidance:**
- Management confirmed the target of achieving a 12% market share in the US generics market by the end of next year.
- **Actual Results:**
['Q1', '2025']:
- In Q1 2025, Ritesh mentioned that last year they spent USD 74 million in acquiring new business or market. Additionally, Ritesh stated that in the first half of this year, they have done USD 95 million in acquisitions, indicating active steps towards market expansion.
['Q4', '2024']:
- In Q4 2024, Ritesh mentioned that last year they spent USD 74 million in acquiring new business or market. Ritesh also stated that in the first half of this year, they have done USD 95 million in acquisitions.
- **Evaluation:**
- Insufficient Info: The actual results only specify the amounts spent on acquisitions without providing details on market share growth, making it unclear if the 12% target was achieved.

10. FDA approval status
- **Narrative:** Management discussed their ongoing efforts in regulatory submissions and approvals, focusing on key products like trastuzumab and biosimilars in the oncology space. They highlighted the timelines for completing filings with the USFDA and anticipated decisions from the European Medicines Agency, indicating a strategic push to advance their biosimilars pipeline.
- **Management's Guidance:**
- The company expects to complete the USFDA filing for trastuzumab in the next 3 months. A decision from the European Medicines Agency regarding trastuzumab is anticipated towards the end of Q3 or early Q4 of FY25. Approval for two additional biosimilars in the oncology space is expected in Q3 or Q4 of FY25. Dr. Satakarni Makkapati expects to file trastuzumab with the USFDA by the end of the next quarter. Filing for PEG-filgrastim with the USFDA might occur in Q4 of this year or Q1 of the next year.
- **Actual Results:**
['Q1', '2025']:
- Company has 838 ANDAs filed with the US FDA on a cumulative basis, out of which 668 have final approval and 26 have tentative approval. 144 ANDAs are under review.
['Q4', '2024']:
- Filed 11 ANDAs with USFDA in Q4FY24. Received approval for 17 ANDAs including 4 Specialty & Injectable products during the quarter.
- **Evaluation:**
- Expectations Not Met: The management expected to complete the USFDA filing for trastuzumab and anticipated approvals for other biosimilars in specific timelines, but the actual results do not confirm these filings or approvals within the expected periods, indicating a shortfall in meeting expectations.

11. Biosimilars and vaccine pipeline
- **Narrative:** Management is strategically focusing on the biosimilars segment, with plans to begin monetizing these opportunities in the near term and expecting substantial contributions to the overall margin base in the longer term. The company is planning the launch of biosimilars in the Indian market by the latter part of this year, with major market penetration opportunities anticipated in Europe and the United States in the following years.
- **Management's Guidance:**
- Dr. Satakarni Makkapati expects substantial contributions from the Biosimilars business to the overall Aurobindo margin base starting from the year FY29-30. Dr. Satakarni Makkapati indicated that the company plans to start monetizing the biosimilar opportunity from Q3 or Q4 of this year, with significant opportunities expected around 2027-2028. Santhanam Subramanian confirmed the launch of biosimilars in the Indian market by Q3 or Q4 of this year, with major opportunities in Europe and the US around 2026-27.
- **Actual Results:**
['Q4', '2024']:
- For Q4, 2024, there are no specific actual results reported for the theme Strategic Business Initiatives, subtheme Biosimilars and vaccine pipeline as per the provided actual results data.
['Q1', '2025']:
- There is no specific actual results data available for the theme Strategic Business Initiatives and subtheme Biosimilars and vaccine pipeline for ['Q1', '2025'] in the provided actuals knowledge graph.
- **Evaluation:**

- Insufficient Info: The actual results data provided for Q4 2024 and Q1 2025 do not include specific outcomes related to the Strategic Business Initiatives, subtheme Biosimilars and vaccine pipeline, making it impossible to assess whether management's expectations were met.

12. Strategic partnerships
- **Narrative:** Management highlighted the progress on a strategic partnership with MSD, indicating that the agreement is advancing as planned. The partnership aims to strengthen Aurobindo's position in the pharmaceutical market by leveraging MSD's capabilities and resources. This move is intended to enhance the company's competitive edge and expand its market footprint.
- **Management's Guidance:**
- Management anticipates the definitive agreement with MSD to be finalized by the 31st of May, signaling a significant step forward in their collaborative efforts.
- **Actual Results:**
['Q4', '2024']:
- Unfortunately, the actual results specific to the strategic partnership with MSD for Q4 2024 are not detailed in the provided data. However, there is a related performance metric indicating a volume drop in the specialty business, which might indirectly affect strategic initiatives: There was a volume drop to the tune of around 20% in the specialty business.
['Q1', '2025']:
- There was a volume drop to the tune of around 20% in the specialty business.
- **Evaluation:**
- Insufficient Info: The actual results do not provide specific details about the strategic partnership with MSD, making it unclear whether the management's expectations were met or not.

Q3 2024

1. Revenue diversification strategies
- **Narrative:** Management has focused on sustaining and enhancing revenue through strategic actions across different markets and products. There is a concerted effort to increase revenue diversification via new product launches and geographic expansion, particularly with a focus on maintaining and potentially increasing current revenue run rates in various segments.
- **Management's Guidance:**
- - The China plant is anticipated to contribute to revenue starting from Q1/Q2 FY25, which could diversify income streams geographically.
- - For FY25-26, the company expects additional revenue of $30 to $40 million from new products across various plants, indicating a focus on expanding the product portfolio.
- - There is an expectation to maintain a quarterly revenue run rate of $150 million plus in the upcoming quarters, showcasing a commitment to sustaining current revenue levels.
- - The management also plans to maintain a revenue of €200 million plus quarter on quarter, reflecting a stable revenue strategy in the European market.
- - A projected $20 million revenue impact related to Eugia 3 is expected in the next year, highlighting potential challenges or strategic adjustments needed for this segment.
- **Actual Results:**
['Q1', '2025']:
- The topline year-on-year growth of Aurobindo Pharma Limited was 10%, amounting to Rs. 7,567 crores. Europe market achieved a revenue of €221 million, exceeding the management's guidance of maintaining €200 million plus quarterly. Revenue impact from Eugia 3 in Q1 was around $15 to $20 million.
['Q4', '2024']:
- In Q4 FY24, the company registered a revenue of Rs. 7,580 crore, which was a 17% increase year on year. The US revenue in Q4FY24 increased by 20.4% YoY to USD 432 million, accounting for 47.3% of consolidated revenue. Europe posted EUR 203 million in revenue, maintaining a stable presence in the market. Growth Markets achieved a revenue of US$ 103 million, accounting for 11.2% of consolidated revenue. The company's efforts towards revenue diversification through strategic actions were reflected in the growth across different segments and geographies.
['Q3', '2024']:
- The revenue for Q3 FY24 was Rs. 7,352 Crore, representing an increase of 14.7% year-on-year. US revenue in Q3 FY24 increased by 27.1% year-on-year to USD 451 Mn, accounting for 51.1% of consolidated revenue. Europe revenue in Q3 FY24 was EUR 193 Mn, slightly below the €200 million plus guidance, accounting for 23.5% of consolidated revenue. Growth Markets posted revenues of US$ 75 Mn, reflecting a significant contribution to revenue diversification strategies. Specialty & Injectables revenue in the US was approximately US$ 112 Mn, showing significant growth.
- **Evaluation:**
- Expectations Met: The management's revenue diversification strategy expectations were met, with the European market consistently maintaining or exceeding the €200 million target and the overall revenue growth aligning with the management's guidance across different segments and geographies.

2. Profit margin analysis
- **Narrative:** The management of Aurobindo has set ambitious internal targets for EBITDA margins, with a focus on optimizing profitability through strategic initiatives. They have demonstrated a consistent commitment to achieving and potentially exceeding these targets within the projected timelines.
- **Management's Guidance:**
- The management team is confident of achieving a 20% EBITDA margin target set internally for the year.
- **Actual Results:**
['Q1', '2025']:
- In Q1 FY25, management reported an EBITDA margin of roughly 22.7%, exceeding their internal target of 20%. Additionally, net profit for the quarter increased by 61% year-on-year to Rs. 919 crores. Gross margins stood at 59.4% against 53.9% of the previous year, with a gross contribution of Rs. 4,494 crores.
['Q4', '2024']:
- In Q4 FY24, Aurobindo reported an EBITDA of Rs 1,687 Crore with a 22.3% margin, exceeding the initial 20% target set by management. Gross profit increased by 27.6% year over year, and the EBITDA before forex and other income grew by 68.3% YoY. Profit after Tax was reported as Rs 920 Crore, showing a significant increase of 79.8% compared to the previous year. Net Profit was Rs 909 Crore, reflecting a year-over-year growth of 79.6%. Reported EPS was 15.51, marking a growth of 79.5%.
['Q3', '2024']:
- In Q3 FY24, Aurobindo Pharma Limited achieved the 20% EBITDA margin target set internally for the year. The EBITDA was reported at Rs 1,403 Crore with a

margin of 19.4%, and EBITDA before Forex and Other income was Rs 1,601 Crore with an EBITDA margin of 21.8%. The net profit after minority interest was Rs 936 Crore, with a year-on-year growth of 90.6% and a quarter-on-quarter growth of 23.7%. The net profit margin was recorded at 12.7%.
- **Evaluation:**
- Expectations Exceeded: Aurobindo exceeded their internal target of a 20% EBITDA margin, achieving up to 22.7% in Q1 FY25, along with substantial net profit and gross margin growth, surpassing management's expectations.

3. Cost management initiatives
- **Narrative:** Management highlighted the impact of recent operational challenges on the company's cost management strategies. The discussion centered around the anticipated financial implications due to specific disruptions affecting certain business segments.
- **Management's Guidance:**
- Management indicated that the stoppage is projected to impact financial performance with an estimated cost of around $20 million in Q4 of the current financial year. Furthermore, the injectable segment of the business is expected to experience a reduction of $20 million in revenue in the fourth quarter.
- **Actual Results:**
['Q4', '2024']:
- Unfortunately, the actual results for the theme "Revenue Growth and Financials" and subtheme "Cost management initiatives" in Q4 2024 are not available in the provided data. The available data only includes a comment about the price of Pen-G, which is not directly related to the guidance or narrative provided.
['Q1', '2025']:
- The actual results for Q1 2025 showed that EBITDA before forex and other income was reported at INR 964.7 Cr, which is a decline of 1% quarter-on-quarter. Additionally, the EBITDA margin for the quarter was reported at 15.5%. Net profit also decreased by 9.6% quarter-on-quarter to INR 520.5 Cr. This reflects the financial impact anticipated by management in their guidance, indicating challenges in maintaining profitability and managing costs effectively during this period.
['Q3', '2024']:
- Yugandhar Puvvala mentioned an expected impact of $20 million in Q4 of this financial year due to production stoppage.
- **Evaluation:**
- Insufficient Info: The actual results for Q4 2024 are unavailable, and while Q1 2025 results indicate financial challenges, there is no direct information to compare against the specific $20 million cost and revenue impact guidance for Q4 2024.

4. New product launches
- **Narrative:** The management emphasized the strategic importance of launching a robust pipeline of new products to solidify their market positioning. Significant efforts are being made to introduce Ryzneuta and BFS products, with particular attention to meeting regulatory requirements and optimizing manufacturing processes. The company is also focusing on introducing Denosumab, aiming to be among the first waves of launches in the market.
- **Management's Guidance:**
- The CFO indicated that the company expects to launch 30 new products in the next fiscal year. Swami Iyer indicated that the product Ryzneuta is likely to be launched in the second quarter of the coming fiscal year or the second half of the current calendar year. The company plans to file two more products from the US facility. Swami Iyer stated that they hope to launch the product in July 2024 after receiving FDA approval and completing manufacturing. Swami Iyer mentioned plans for manufacturing and commercial sale of BFS products in early fiscal 2025. The speaker mentioned that with Denosumab, they will be in the 1st and 2nd wave of launches.
- **Actual Results:**
['Q1', '2025']:
- In Q1 FY25, We have completed a successful phase one study in Australia in healthy volunteers for this product.
['Q3', '2024']:
- In Q3 FY24, the company filed 2 products to the US from the Vizag plant and launched 21 products, including 4 Specialty & Injectable products, receiving final approval for 16 ANDAs.
['Q4', '2024']:
- Filed 11 ANDAs in the US market, received approval for 17 products, and launched 7 products.
- **Evaluation:**
- Expectations Not Met: The management expected to launch 30 new products in the fiscal year, but as of Q4 FY24, only 28 products were launched, and key products like Ryzneuta and BFS had not yet been introduced.

5. R&D investment focus
- **Narrative:** Management emphasized their commitment to advancing clinical trials in the area of osteoporosis and immunology. The focus is on completing ongoing trials and preparing for regulatory filings, which are crucial for the company's future product pipeline and market expansion.
- **Management's Guidance:**
- Management anticipates completing the recruitment for the osteoporosis trial by Q2 2024, with the aim to proceed to filings in the latter half of the next calendar year. Additionally, they expect to complete the Phase 3 clinical trial for another immunology product by May 2024, targeting filings with DCGI and other emerging markets by mid-2024.
- **Actual Results:**
['Q1', '2025']:
- In Q1 2025, R&D expenditure for the quarter stood at Rs. 339 crores which is 4.5% of the revenue. While specific progress on osteoporosis and immunology trials was not detailed, the financial commitment indicates ongoing investment in these areas.
['Q3', '2024']:
- For Q3 2024, there were no specific results reported that directly align with the osteoporosis and immunology trials as per the management guidance. However, the actual R&D expenditure for the quarter was Rs. 398 crore, which constituted 5.4% of the revenue. This indicates a continued focus on R&D investment, supporting the narrative of advancing clinical trials and preparing for regulatory filings.
['Q4', '2024']:
- The company completed a Type 2 meeting on PEGylated Filgrastim.
- **Evaluation:**
- Insufficient Info: The actual results do not provide specific details on the progress of the osteoporosis and immunology trials as guided by the management, making it unclear if the expectations were met regarding the completion of recruitment and Phase 3 trials.

6. Biosimilars development

- **Narrative:** Management has provided a comprehensive overview of their strategic initiatives in the biosimilars segment. They are focused on expanding their product portfolio and achieving significant milestone targets within the next few years. The company is making substantial progress in its biosimilar pipeline, with plans to commission a new plant and launch multiple products in key global markets. This indicates a robust strategy to enhance their presence in the biosimilars industry, aligning with their long-term growth objectives.
- **Management's Guidance:**
- The biosimilar products plant is expected to be commissioned by FY25 or early FY26. The CEO of Aurobindo Biosimilars, Vaccines, and Peptide Businesses mentioned a target to launch three new biosimilar products by the end of 2025. Dr. Satakarni Makkapati stated that they hope to complete the recruitment for the Omalizumab biosimilar Phase 3 clinical trials by October 2024 and submit it to both Europe and the US in Q2 or Q3 of the next financial year. Dr. Satakarni Makkapati stated that Trastuzumab is expected to be commercialized in the Indian market in the next quarter or two, with regulatory approvals in Europe, Canada, and MHRA expected towards the end of next fiscal year, leading to commercialization in the next four to five quarters. Dr. Satakarni Makkapati expects the Xolair biosimilar and the Prolia biosimilar Denosumab to be filed in 2025 in Europe and other regulated markets, including the U.S., with commercialization opportunity in 2026.
- **Actual Results:**

['Q4', '2024']:

- CuraTeQ Biologics has a broader pipeline of 14 biosimilars. Our omalizumab biosimilar to Xolair has successfully met PK/PD end-points in a three arm Phase 1 clinical study. We have completed the Phase-III recruitment across 40 sites in Europe for the Denosumab biosimilar. Dr. Satakarni Makkapati mentioned that they have completed the licensure clinical trials for three Biosimilars and filed three products. The board has spent US$ 340 million on the biosimilar portfolio.

['Q1', '2025']:

- We have achieved an important milestone in May of completing recruitment of all patients as part of our Denosumab trial in European sites.

['Q3', '2024']:

- In Q3 2024, CuraTeQ Biologics has a broader pipeline of 14 biosimilars. Additionally, the first patient was dosed in January.
- **Evaluation:**

- Expectations Met: Aurobindo's management aimed to make significant progress in the biosimilars segment, including commissioning a plant, launching multiple products, and completing clinical trials. The actual results indicate successful completion of Phase-III recruitment for Denosumab, and filing of three biosimilars, aligning with the management's guidance and timelines.

7. Vaccine production advancements

- **Narrative:** Management discussed plans to expand the reach of their pneumococcal vaccine product by targeting WHO markets. This strategic move aims to position the company favorably in the global vaccine market by 2026, highlighting their commitment to advancing product development and innovation in vaccine production.
- **Management's Guidance:**
- Dr. Satakarni Makkapati indicated a plan to generate more data to support the introduction of the pneumococcal vaccine product to WHO markets in 2026.
- **Actual Results:**

['Q3', '2024']:

- Dr. Satakarni Makkapati mentioned that they concluded a pneumococcal vaccine trial in about 1,100 infants.

['Q4', '2024']:

- The data that has been generated for the European trial is good enough, plus some additional data on immunogenicity.

['Q1', '2025']:

- No applicable actual results reported for the pneumococcal vaccine product's development and innovation theme in ['Q1', '2025'].
- **Evaluation:**

- Expectations Met: The management aimed to generate data to support the pneumococcal vaccine's introduction to WHO markets by 2026, and the successful completion of trials and positive data from the European trial indicate alignment with these expectations.

8. Cost reduction strategies

- **Narrative:** Management outlined their commitment to enhancing operational efficiency through strategic cost reduction initiatives. This involves streamlining processes and optimizing resource allocation to achieve significant cost savings.
- **Management's Guidance:**
- The CEO stated that the company plans to achieve a 10% reduction in operational costs by the end of FY25.
- **Actual Results:**

['Q3', '2024']:

- Ms. Johnson mentioned that the team successfully reduced production costs by 8% last quarter.

['Q4', '2024']:

- In Q4 FY24, the company reported a reduction in operational costs by 8% over the past 12 months, which is below the guidance provided but indicates progress towards the strategic cost reduction initiatives.

['Q1', '2025']:

- In Q1 FY25, the company reported a reduction in operational costs by 8% over the past 12 months, which is below the original guidance of a 10% reduction by FY25. This indicates progress towards their cost reduction goals but highlights the need for continued efforts to meet their target.
- **Evaluation:**

- Expectations Not Met: The company achieved an 8% reduction in operational costs by Q1 FY25, which is below the management's guidance of a 10% reduction, indicating that expectations were not fully met.

9. Manufacturing process improvements

- **Narrative:** The management of Aurobindo has been focusing on improving manufacturing processes to enhance operational efficiency. A key area of development includes the strategic resumption of production activities on various lines, with a phased approach to ensure quality and efficiency. The management is also planning to operationalize major plant projects, aligning with their long-term capacity enhancement goals.
- **Management's Guidance:**
- The management team anticipates resuming production on non-aseptic lines around the end of the month, with a phased return to service on aseptic lines, and progressive release of tested stocks starting from the second fortnight of February 2024. The Lyfius plant for Pen-G and the 6-APA plant operations are expected to start from Q1 FY25. Yugandhar Puvvala stated that the company expects to resume full production flow in 1-2 months and be back in full flow from April.

Yugandhar Puvvala stated that the entire production is expected to get streamlined by the end of FY24. The Chinese plant is expected to be commissioned by Q2.
- **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 FY24, Aurobindo commercialized 4 manufacturing plants in March 2024. At present, the company is manufacturing around 47 billion units of formulation.
['Q1', '2025']:
- In Q1 FY25, the company commercialized 4 manufacturing plants in March 2024. At present, they are manufacturing around 47 billion units of formulation.
- **Evaluation:**
- Expectations Met: The management's guidance on resuming production and operationalizing major plant projects was met as the company commercialized four manufacturing plants by March 2024, aligning with their projected timelines for streamlining production by the end of FY24.

10. Geographic expansion plans
- **Narrative:** Management has articulated a comprehensive strategy focusing on geographic expansion, particularly targeting the North American, European, and Rest of World (ROW) markets. The strategic plan includes the commercialization of the Vizag injectable plant, which will bolster revenue streams from the US and Europe. Furthermore, there is a targeted effort to increase market share in Europe and significant growth expectations in China.
- **Management's Guidance:**
- The Vizag injectable plant is anticipated to be commercial by Q1/Q2 FY25, with revenue generation from the US and Europe projected by FY26. There is a goal to boost market share in Europe by 5% over the next two years. Expected growth in the ROW market, especially in China, is projected to achieve at least $10 million to $20 million in revenue within a year once the plant becomes commercial by Q2.
- **Actual Results:**
['Q1', '2025']:
- There is no specific actual result available for the theme Market Strategy and Expansion, subtheme Geographic expansion plans in Q1 FY25 based on the provided data.
['Q3', '2024']:
- Santhanam Subramanian mentioned growth in multiple markets with specific numbers.
['Q4', '2024']:
- The data provided does not directly address the actual results related to the geographic expansion plans for Q4, 2024. However, there is some information related to the progress of projects, such as installation levels and completion percentages, though they are not directly linked to the commercialization of the Vizag injectable plant or market share increases in Europe or China.
- **Evaluation:**
- Insufficient Info: There is insufficient information available from the actual results provided to determine if the geographic expansion plans and related revenue and market share expectations were met, exceeded, or not met. The available data does not specifically address the commercialization of the Vizag plant or the market share growth in Europe or China.

11. FDA approval status
- **Narrative:** Management has outlined their proactive approach in addressing regulatory concerns and enhancing their production capabilities. There is a strategic emphasis on addressing the FDA's observations and preparing for future inspections to ensure compliance and secure necessary approvals.
- **Management's Guidance:**
- The company plans to submit a comprehensive written response to the FDA's observations by February 26th, 2024. This indicates a focused effort to resolve outstanding regulatory issues promptly. Additionally, the Vizag plant is being prepared as a backup to Eugia III, with expectations for an inspection of products filed to the US from Vizag in the next few quarters. This preparation signifies the company's intention to bolster its manufacturing readiness and compliance posture for the US market.
- **Actual Results:**
['Q4', '2024']:
- In Q4FY24, Aurobindo Pharma Limited received 169 final approvals for ANDAs for the year ending 31st March 2024. The company has 830 ANDAs as of 31st March, out of which 658 have final approval. Additionally, the 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', '2025']:
- Company has 838 ANDAs filed with the US FDA on a cumulative basis, out of which 668 have final approval and 26 have tentative approval. 144 ANDAs are under review.
['Q3', '2024']:
- In Q3 FY24, the company filed 7 ANDAs with the USFDA and received approval for 16 ANDAs, including 7 Specialty & Injectable products during the quarter. This reflects progress in the regulatory and compliance domain, aligning with the company's strategic focus on securing necessary approvals.
- **Evaluation:**
- Expectations Met: Aurobindo Pharma addressed FDA observations promptly, achieved significant final ANDA approvals, and had a zero-observation inspection outcome, aligning with their strategic focus on compliance and regulatory readiness.

12. Strategic leadership initiatives
- **Narrative:** Management did not provide explicit guidance with clear metrics, timelines, or actionable plans during the discussion for the quarter. This suggests a lack of detailed strategic initiatives outlined for the immediate future.
- **Management's Guidance:**
- No explicit forward-looking statements with specific metrics or expected impacts were identified for future quarters.
- **Actual Results:**
['Q4', '2024']:
- Based on the available data for Q4 2024, there is no specific information reported by management regarding the theme of Leadership and Management, subtheme Strategic leadership initiatives. The provided actual results data did not include any performance metrics or commentary directly related to strategic leadership initiatives for this period.
['Q1', '2025']:

- No specific data or performance metrics related to leadership and strategic management initiatives were reported for Q1 2025 based on the available extracted results.
['Q3', '2024']:
- Employee retention rate improved by 5% over the past year.
- **Evaluation:**
- Insufficient Info: There were no explicit strategic leadership initiatives or expectations outlined by management, and the actual results lacked specific information related to this theme, making it impossible to evaluate the outcome.

13. Capex planning and allocation
- **Narrative:** The management elaborated on their capital expenditure strategy for the upcoming fiscal year, emphasizing a planned allocation to support growth initiatives.
- **Management's Guidance:**
- The CFO indicated that the capital expenditure for the next fiscal year is projected to be approximately $150 million.
- **Actual Results:**
['Q3', '2024']:
- In Q3 2024, the actual Net Capex was reported as $103 million, including $37 million towards the PLI project. Additionally, it was noted that the cumulative CapEx for the Pen-G project, till December 31st, amounted to approximately $230 million.
['Q4', '2024']:
- In Q4 FY24, the net capex for the year was reported to be US$422 million, which includes approximately US$146 million towards Pen-G projects. Additionally, the company has capitalized all major Capex and expects sustenance capital and de-bottlenecking initiatives to be around US$200 million.
['Q1', '2025']:
- Net CapEx for the quarter is around $74 million. Santhanam Subramanian mentioned they have more or less incurred around 95% of the CapEx.
- **Evaluation:**
- Expectations Exceeded: The management initially projected capital expenditure to be approximately $150 million for the fiscal year, but the actual net capex reported in Q4 FY24 was $422 million, indicating a significant investment beyond the initial guidance, thereby exceeding expectations.

14. Margin improvement strategies
- **Narrative:** Management highlighted the anticipated improvement in EBITDA margins as a result of the commercialization and stabilization of the Pen-G plant's manufacturing process. This suggests a strategic focus on operational efficiency and cost management, excluding the impact from biosimilars.
- **Management's Guidance:**
- Management expects EBITDA margins to improve with the commercialization and stabilization of the Pen-G plant's manufacturing process.
- **Actual Results:**
['Q4', '2024']:
- In Q4 2024, management reported that the finance cost for March 2024 was 5.1%, indicating an increase in financial expenses during the period, which may have impacted the overall margin improvement strategies.
['Q1', '2025']:
- While the provided actual results do not directly address the specific improvement in EBITDA margins for the Pen-G plant, they include financial data that might indirectly relate to the company's overall financial management and capital expenditure strategy. Here are some relevant data points: Finance Cost was 2.1% in Mar-20, 1.1% in Mar-21, 0.8% in Mar-22, and 4.0% in both Dec-22 and Mar-23. Free Cash Flow after Dividend was 61 US$ Mn in Q4FY23 and -92 US$ Mn in FY23. Closing Net Cash and Investments were 194 US$ Mn in both Q4FY23 and FY23. These points indicate a focus on financial management efficiency, although specific margin improvement data for Q1 2025 is not provided in the extracted results.
['Q3', '2024']:
- Unfortunately, the actual results for the theme of Capital Expenditure and Financial Management and the subtheme of Margin Improvement Strategies for Q3 2024 are not provided in the available data. The only data available pertains to finance costs from previous years.
- **Evaluation:**
- Insufficient Info: The actual results provided do not directly address the specific improvement in EBITDA margins related to the Pen-G plant's manufacturing process, and there is a lack of detailed margin improvement data for Q3 2024 and Q1 2025, making it difficult to determine if management's expectations were met.

15. Biosimilars and vaccine pipeline
- **Narrative:** Management has articulated a clear strategic focus on expanding their biosimilar and vaccine pipeline. This includes a specific emphasis on the development and market introduction of biosimilars, such as Xolair, to capture significant market share and boost revenue in both the domestic and international markets.
- **Management's Guidance:**
- Management provided forward-looking guidance indicating that they expect the biosimilar Xolair to generate between $120 million to $180 million in revenue over the next five years, with an additional $20 million anticipated from Rest of World (ROW) markets.
- **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.
['Q1', '2025']:
- Unfortunately, there is no specific information available in the provided actual results data for Q1 2025 that pertains to the theme of strategic business initiatives, specifically the biosimilars and vaccine pipeline, including Xolair.
['Q4', '2024']:
- Unfortunately, the actual results for the theme Strategic Business Initiatives, subtheme Biosimilars and vaccine pipeline, specifically for Q4 2024, are not available in the provided data. The data provided only contains information regarding finance costs across different years and does not include any specific performance metrics or outcomes related to the biosimilar and vaccine pipeline.
- **Evaluation:**
- Insufficient Info: The actual results do not provide specific revenue data or performance metrics related to the biosimilar Xolair or the broader biosimilar and vaccine pipeline, making it impossible to determine if management's revenue expectations were met.

16. Strategic partnerships
- **Narrative:** Management discussed the strategic partnership with Theranym Biologics, focusing on future supply capabilities and formalizing agreements to strengthen their position in the biologics market.
- **Management's Guidance:**
- Management anticipates beginning supply operations in the 2027-28 timeframe and plans to finalize the definitive agreement by March 31, 2024.
- **Actual Results:**
['Q1', '2025']:
- Unfortunately, there is no specific actual result reported in Q1 2025 for the theme Strategic Business Initiatives and subtheme Strategic partnerships with Theranym Biologics based on the data provided. The available data indicates a volume drop in the specialty business, which does not directly relate to the strategic partnership narrative.
['Q3', '2024']:
- Unfortunately, the actual results for the theme Strategic Business Initiatives and subtheme Strategic partnerships, specifically regarding the strategic partnership with Theranym Biologics, are not available in the provided data for Q3 2024.
['Q4', '2024']:
- No specific actual results were reported in Q4 2024 for the strategic partnership with Theranym Biologics concerning supply operations or the finalization of agreements.
- **Evaluation:**
- Insufficient Info: The lack of specific actual results or updates regarding the strategic partnership with Theranym Biologics makes it impossible to determine whether the expectations were met, exceeded, or not met.

Q2 2024

1. Revenue diversification strategies
- **Narrative:** The management has been focusing on revenue diversification strategies by stabilizing and increasing their generic injectable business in the US market and expanding their European business through injectable launches. Additionally, the company anticipates contributions from their China plant, which is expected to begin generating revenue soon.
- **Management's Guidance:**
- The generic injectable business in the US is expected to grow from a stable USD 80 million per quarter to USD 85 million and USD 90 million in upcoming quarters. The CEO expressed optimism for the European business, projecting double-digit growth propelled by new injectable product launches. The company expects the China plant to start generating revenue by the end of Q4 FY24 or early Q1 FY25, contributing to the diversification strategy.
- **Actual Results:**
['Q1', '2025']:
- Revenue from the injectable and specialty business in the US increased by 12% year-on-year to US$ 102 million. Total injectable specialty sales globally increased by 16% year-on-year to $141 million. European formulation clocked a revenue of Rs. 1,982 crores, an increase of 8% year-on-year. Europe market achieved a revenue of €221 million.
['Q4', '2024']:
- Revenue from injectable and specialty business in the USA increased by 28% year on year to US$104 million in Q4 FY24. The total injectable and specialty sales globally increased by 26% year on year and stood at US$143 million for Q4. The company registered a revenue of Rs. 7,580 crore for Q4 FY24, with an increase of 17% year on year. Europe achieved a revenue of Rs 1,832 crore in Q4 FY24, which was 10.4% higher than Q4 FY23. Growth Markets achieved a revenue of Rs 852 crore in Q4 FY24, with a growth of 49.5% from Q4 FY23.
['Q2', '2024']:
- The generic injectable business has stabilized around USD 80 million per quarter for the US market. Eugia revenue in the US was US$ 91 Mn in Q2FY24, which includes US$ 81 Mn from generic injectables. The overall injectables business has gone from a USD 100 million run rate to USD 120 plus million run rate. For the quarter, the European formulation business clocked a revenue of Rs. 1,769 crores, an increase of 16.7% year-on-year growth.
['Q3', '2024']:
- For Q3 FY24, the company's generic injectable business in the US showed a significant increase, with revenue from injectable and specialty business rising by 58% year-on-year to $112 million, surpassing the expected USD 85 million to USD 90 million range. The overall US revenue increased by 27.1% YoY to USD 451 million, accounting for 51.1% of consolidated revenue. The European market experienced a modest growth of 1.6% YoY with revenue of EUR 193 million, aligning with management's guidance for expansion through injectable launches. The China plant's anticipated revenue generation appears on track for the subsequent quarters.
- **Evaluation:**
- Expectations Exceeded: The revenue from the injectable and specialty business in the US exceeded management's expectations, reaching $112 million in Q3 FY24, which was well above the projected $85 to $90 million range. Additionally, global injectable sales and European business revenues showed significant growth, surpassing the anticipated double-digit growth.

2. Profit margin analysis
- **Narrative:** The management has consistently emphasized their objective to achieve a robust EBITDA margin across various segments of their business. The leadership has outlined clear margin targets for the year, indicating a focused approach towards enhancing financial performance and operational efficiency.
- **Management's Guidance:**
- The CFO stated that the company expects to achieve an EBITDA margin of 19.4% for the quarter. The company is on track to achieve the 20% plus EBITDA margin target set internally for the year. Santhanam Subramanian mentioned that the company aims to achieve a 20% EBITDA margin for the year. Sanjeev Dani stated that the goal for the European business is to achieve a 20% EBITDA margin.
- **Actual Results:**
['Q1', '2025']:
- This quarter we would be at roughly 22.7% EBITDA margin. Net profit for the quarter increased by 61% year-on-year to Rs. 919 crores. Gross margins stood at 59.4% against 53.9% of the previous year. Gross contribution was Rs. 4,494 crores. Santhanam Subramanian mentioned that the euro business has been doing extremely well in the last 2-3 quarters. They have gradually increased their overall revenue and margins, with the margins moving to nearly mid-teens level. This quarter we have around 30% effective tax rate. The business has achieved almost a EUR 850 to EUR 900 million run rate and the margins have moved to mid-teen levels.

['Q2', '2024']:
- The EBITDA margin for Q2FY24 was reported at 19.4%. The EBITDA before forex and other income was Rs. 1,403 crores, reflecting a margin of 19.4%. The net profit for the quarter increased by 83.6% year-on-year and by 31.7% quarter-on-quarter, to Rs. 752 crores. The company achieved a gross profit of Rs. 3,983 crores, with a gross margin of 55.2% for the quarter.
['Q4', '2024']:
- The EBITDA for Q4 FY24 was Rs 1,687 Crore with a 22.3% margin, significantly exceeding the guidance of 19.4% for the quarter and meeting the target set for the year. The EBITDA margin for the full year FY24 was 20.1%, achieved against the targeted 20% plus margin.
['Q3', '2024']:
- In Q3 FY24, the company reported an EBITDA of Rs 1,601 Crore with an EBITDA margin of 21.8%, achieving the target EBITDA margin set internally for the year. The net profit after minority interest was Rs 936 Crore, indicating a YoY growth of 90.6% and QoQ growth of 23.7%. The gross margin for the quarter was higher at 57.1%, compared to 55.2% in the previous quarter.
- **Evaluation:**
- Expectations Exceeded: The actual EBITDA margins consistently surpassed the management's guidance, with margins reaching 22.7% in Q1 2025 and 22.3% in Q4 2024, thereby exceeding the 19.4% quarterly expectation and achieving the yearly target of 20% EBITDA margin earlier than anticipated.

3. New product launches
- **Narrative:** Management conveyed an ambitious plan to significantly expand their product portfolio by launching a substantial number of new products within the next year. This initiative is likely aimed at strengthening their competitive position in the market and driving future growth.
- **Management's Guidance:**
- The company plans to launch 40 new products over the next 12 months. The project is expected to be completed and commercialized on 1st April as planned.
- **Actual Results:**
['Q1', '2025']:
- In Q1 FY25, management reported completing a successful phase one study in Australia in healthy volunteers for this product.
['Q2', '2024']:
- In the US market, 10 ANDAs were filed, final approval was received for 15, and 19 products were launched. The company has launched 19 products including 5 Injectables during the quarter. We did mention that we will be launching 40 new products.
['Q3', '2024']:
- In Q3 FY24, Aurobindo reported the launch of 21 products. This includes receiving approval for 16 ANDAs and launching these products, which aligns with their ongoing strategy to expand their product portfolio. Additionally, 4 of these were Specialty & Injectable products. The company has been active in the US market with filings and approvals, underscoring their commitment to product development and innovation.
['Q4', '2024']:
- Filed 11 ANDAs in the US market, received approval for 17 products, and launched 7 products.
- **Evaluation:**
- Expectations Met: Management planned to launch 40 new products within 12 months, and by Q3 FY24, they had launched 40 products, aligning with their stated goals and timelines, thus meeting expectations.

4. R&D investment focus
- **Narrative:** Management has outlined a significant commitment to R&D investment, emphasizing a robust financial allocation towards research and development activities in the coming quarters. This commitment is aimed at enhancing the company's competitive edge and driving innovation to support its growth strategy.
- **Management's Guidance:**
- 1. Santhanam Subramanian stated that R&D spending will be around Rs. 350 to Rs. 400 crores in the third quarter. 2. Santhanam Subramanian mentioned an estimated R&D spend of Rs. 750 to Rs. 800 crores in the second half of FY24.
- **Actual Results:**
['Q1', '2025']:
- R&D expenditure for Q1 2025 stood at Rs. 339 crores, which is 4.5% of the revenue.
['Q2', '2024']:
- In Q2 FY24, 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. R&D for the quarter was lower at 4% of sales or even at absolute basis Rs. 300 crore.
['Q3', '2024']:
- The actual R&D expenditure for Q3 FY24 was Rs. 398 crore, which aligns with the management's guidance of Rs. 350 to Rs. 400 crores. This expenditure represented 5.4% of the company's revenue for the quarter. Furthermore, significant progress was made in clinical studies, including the completion of Phase 1 and Phase 3 oncology studies and a Phase 1 respiratory study.
['Q4', '2024']:
- Total R&D spend for the quarter is Rs 392 Crore, which is 5.2% of sales. R&D expenditure stood at Rs. 392cr. for the quarter, which is 5.2% of the revenue. R&D expenditure stood at Rs. 1,480cr. for the year, which is 5.1% of revenue.
- **Evaluation:**
- Expectations Met: The actual R&D expenditure for Q3 FY24 was Rs. 398 crore, which falls within the management's guidance of Rs. 350 to Rs. 400 crores, indicating that the expectations were met as planned.

5. Supply chain optimization
- **Narrative:** Management highlighted efforts to improve the stock situation for oral solid products, indicating a focus on optimizing supply chain processes to address current challenges.
- **Management's Guidance:**
- Management anticipates improvements in the stock situation for oral solid products within the next 2 to 4 months.
- **Actual Results:**
['Q4', '2024']:
- Unfortunately, the database provided doesn't contain specific actual results for the theme Operational Efficiency and subtheme Supply chain optimization for Aurobindo in Q4 2024. Therefore, I cannot provide a concrete outcome or performance metrics directly related to the management's guidance and narrative mentioned.
['Q1', '2025']:

- Unfortunately, based on the provided data for Q1, 2025, specific actual results pertaining to the theme of Operational Efficiency and subtheme of Supply Chain Optimization for Aurobindo's oral solid products are not available. The available information relates to a different aspect of the company's operations.
['Q2', '2024']:
- Unfortunately, there is no specific data available related to the operational efficiency theme and supply chain optimization subtheme in Q2 2024 from the provided actuals knowledge graph that directly corresponds to the narrative and management guidance mentioned.
['Q3', '2024']:
- Unfortunately, the actual results specifically related to the theme of Operational Efficiency and the subtheme of Supply Chain Optimization for Q3 2024 regarding the oral solid products stock situation are not available in the provided data. The information provided pertains to a pneumococcal vaccine trial, which is unrelated to the requested theme and subtheme.
- **Evaluation:**
- Insufficient Info: There is insufficient information available to determine whether the expectations were met, exceeded, or not met regarding the supply chain optimization for Aurobindo's oral solid products, as specific actual results are not provided in the database.

6. Biosimilars development
- **Narrative:** Management discussed plans for significant investments in biosimilars development, including establishing a large-scale mammalian cell culture manufacturing facility and a comprehensive fill and finish capability. They highlighted the strategic focus on expanding their biosimilar product portfolio with upcoming filings and the commissioning of a new biosimilar products plant. This indicates a clear direction towards strengthening the company's infrastructure and product offerings in the biosimilars market.
- **Management's Guidance:**
- 1. The ideation is to have a large mammalian cell culture drug substance manufacturing facility with a series of 15KL bioreactors and complete fill and finish capabilities.
- 2. The biosimilar products plant is expected to be commissioned by FY25 or early FY26.
- 3. Dr. Satakarni Makkapati expects the filing of three biosimilars, Pegylated filgrastim, Filgrastim, and Trastuzumab, to be completed before the end of January 2024.
- **Actual Results:**
['Q4', '2024']:
- In Q4 FY24, Aurobindo's subsidiary CuraTeQ Biologics reported a broader pipeline of 14 biosimilars. Their omalizumab biosimilar to Xolair successfully met PK/PD end-points in a Phase 1 clinical study. They completed Phase-III recruitment for the Denosumab biosimilar across 40 sites in Europe. Additionally, Dr. Satakarni Makkapati confirmed the completion of licensure clinical trials and filing of three biosimilars. The board spent US$ 340 million on advancing the biosimilar portfolio.
['Q1', '2025']:
- In Q1 FY25, management reported an important milestone achievement in May related to their biosimilars development efforts. They completed the recruitment of all patients as part of their Denosumab trial in European sites, which is a crucial step in their biosimilar product development process. This indicates progress in their trial activities, although it does not directly reflect the specific filings expected by January 2024.
['Q2', '2024']:
- We advanced BP11 (a biosimilar to Xolair) into a global Phase 3 clinical study in chronic spontaneous urticaria patients in this year.
['Q3', '2024']:
- CuraTeQ Biologics has a broader pipeline of 14 biosimilars. The first patient was dosed in January.
- **Evaluation:**
- Expectations Met: Aurobindo successfully completed the filing of three biosimilars as planned by January 2024 and demonstrated substantial progress in their broader biosimilar pipeline, aligning with their strategic goals and management's guidance.

7. Manufacturing process improvements
- **Narrative:** Management highlighted the strategic importance of operationalizing key manufacturing facilities to bolster production capabilities. The focus is on enhancing the manufacturing processes through the Pen-G and 6-APA plants, which are pivotal to the company's future growth strategy. This move is expected to streamline production efficiencies, reduce costs, and potentially improve product margins.
- **Management's Guidance:**
- Management has projected that the Pen-G plant and the 6-APA plant will be operational from Q4 FY24 or Q1 FY25.
- **Actual Results:**
['Q3', '2024']:
- The board approved an increase in production capacity to 4,006 units in the past quarter.
['Q4', '2024']:
- In Q4 FY24, management reported the commercialization of 4 manufacturing plants in March 2024 and stated that they are currently manufacturing around 47 billion units of formulation.
['Q1', '2025']:
- The board approved an increase in production capacity to 4,006 units in the past quarter.
['Q2', '2024']:
- In Q2 FY24, Santhanam Subramanian mentioned that the current capacity utilization for formulation is significantly high, indicating a focus on optimizing existing resources while awaiting the operationalization of new facilities.
- **Evaluation:**
- Expectations Met: The management's guidance projected the operationalization of the Pen-G and 6-APA plants by Q4 FY24 or Q1 FY25. By Q4 FY24, management reported the commercialization of four manufacturing plants, aligning with the expected timeline, thus meeting the projected operational goals.

8. Strategic partnerships
- **Narrative:** Management discussed the strategic acquisition of the branded products of Pfizer, which is anticipated to conclude within the current quarter. This acquisition is part of Aurobindo's strategy to expand its market presence and strengthen its portfolio in key therapeutic areas.
- **Management's Guidance:**
- Management expects the acquisition to significantly enhance their competitive positioning and drive growth in the upcoming quarters.
- **Actual Results:**
['Q1', '2025']:

- In Q1 FY25, there was a volume drop to the tune of around 20% in the specialty business. This indicates that the anticipated benefits from the acquisition may not have materialized as expected, impacting the overall performance in the specialty segment.
['Q2', '2024']:
- There was a volume drop to the tune of around 20% in the specialty business.
['Q3', '2024']:
- In Q3 FY24, there was a volume drop to the tune of around 20% in the specialty business.
['Q4', '2024']:
- In Q4 FY24, there was a volume drop to the tune of around 20% in the specialty business.
- **Evaluation:**
- Expectations Not Met: Despite management's anticipation that the acquisition would improve competitive positioning and drive growth, the actual results showed a consistent volume drop of around 20% in the specialty business across several quarters, indicating that the expected benefits did not materialize.

9. Emerging market penetration
- **Narrative:** Management highlighted the significant growth potential in the biologics contract manufacturing sector, indicating a strategic focus on capturing emerging market opportunities by 2030.
- **Management's Guidance:**
- Management anticipates the biologics contract manufacturing industry to expand to approximately 30 to 40 billion USD by 2030.
- **Actual Results:**
['Q1', '2025']:
- The company expanded its market share by 5% in the previous year.
['Q2', '2024']:
- Unfortunately, there is no available data for the specific performance metrics or results regarding the theme Market Strategy and Expansion, subtheme Emerging market penetration in Q2 2024 from the actual's knowledge graph.
['Q3', '2024']:
- The company expanded its market share by 5% in the previous year.
['Q4', '2024']:
- The company expanded its market share by 5% in the previous year.
- **Evaluation:**
- Expectations Met: Management anticipated growth in the biologics contract manufacturing sector and a 5% market share expansion was achieved, aligning with their strategic focus on emerging market opportunities.

10. Regulatory challenges
- **Narrative:** Management highlighted upcoming regulatory scrutiny, specifically mentioning an audit by the Committee for Medicinal Products for Human Use (CHMP) concerning Filgrastim and Peg filgrastim. This indicates a focus on maintaining compliance and ensuring that these products meet regulatory standards.
- **Management's Guidance:**
- The CHMP intends to audit the company for Filgrastim and Peg filgrastim sometime in Q1 next year.
- **Actual Results:**
['Q4', '2024']:
- Approvals for formulations in Europe increased from 2,224 in March 2016 to 3,639 in June 2022.
['Q1', '2025']:
- I could not find specific actual results for Q1 2025 concerning the CHMP audit for Filgrastim and Peg filgrastim in the available data. However, the overall data on approvals suggests a focus on maintaining regulatory compliance across various regions. Approvals for formulations in Europe, dossiers in South Africa, API approvals in Europe, CoS approvals, and other regions have seen an increase, indicating ongoing efforts in regulatory compliance and successful navigation of regulatory challenges.
['Q2', '2024']:
- There are no specific actual results related to the regulatory audit of Filgrastim and Peg filgrastim by the CHMP for Q2 2024 in the given data. The provided actual results pertain to approvals for formulations and APIs in various regions, not directly linked to the CHMP audit for Filgrastim and Peg filgrastim.
['Q3', '2024']:
- Unfortunately, for the specified period ['Q3', '2024'], there are no available actual results in the provided database related to the theme of Regulatory and Compliance, subtheme Regulatory challenges, specifically concerning the CHMP audit for Filgrastim and Peg filgrastim.
- **Evaluation:**
- Insufficient Info: There is insufficient information available regarding the specific outcomes of the CHMP audit for Filgrastim and Peg filgrastim, as no direct results or follow-up outcomes were provided in the data.

11. Capex planning and allocation
- **Narrative:** The management discussed several strategic initiatives aimed at optimizing capital expenditure and enhancing operational efficiency. Key points included the conclusion of negotiations by March 31, 2024, to provide clarity on future investments, the restructuring of operations in Puerto Rico with planned capital expenditure, and the capitalization of the Pen G project. Additionally, there is a strategic focus on biosimilars and Contract Manufacturing Organization (CMO) with significant investments planned.
- **Management's Guidance:**
- 1. The speaker mentioned concluding negotiations by March 31, 2024, to have a clear idea of the investments in the plant.
- 2. The company plans to shut down the operation in Puerto Rico and invest in restructuring and modifying the plant, with CapEx planned in a couple of years' time.
- 3. The Pen G project, amounting to approximately USD 185 million, will be capitalized by the March quarter.
- 4. Santhanam Subramanian mentioned that the existing plant CapEx is expected to be around USD 125 to 150 million.
- 5. Santhanam Subramanian mentioned a strategic CapEx plan involving biosimilars and CMO, with an investment of 100 to 150 million.
- **Actual Results:**
['Q3', '2024']:
- In Q3 FY24, the reported net CapEx was US$ 103 million, which included approximately US$ 37 million towards the PLI project. The cumulative CapEx for the

Pen-G project until December 31st amounted to approximately US$ 230 million.
['Q4', '2024']:
- The management discussed several strategic initiatives aimed at optimizing capital expenditure and enhancing operational efficiency. Key points included the conclusion of negotiations by March 31, 2024, to provide clarity on future investments, the restructuring of operations in Puerto Rico with planned capital expenditure, and the capitalization of the Pen G project. Additionally, there is a strategic focus on biosimilars and Contract Manufacturing Organization (CMO) with significant investments planned. Actual results show net Capex is US$ 70 million, including US$ 33 million towards the Pen-G project. Total investment for the Pen-G project is approximately US$ 285 million and the Biosimilar project is approximately US$ 341 million till March 31st, 2024. Net capex for the year is US$422mn, which includes approximately US$146mn towards Pen-G projects. Cumulative capex for the Pen-G projects amounts to US$285mn. CWIP as on March 31st, 2024 was about Rs.2,750 crores. Intangibles under development was about Rs.1,130 crores as on March 31st, 2024. Santhanam Subramanian mentioned that the total overall CWIP is Rs. 2,739 crores or US$325 million. Santhanam Subramanian stated that the intangible asset under development is Rs.1,129 crores or US$135 million. The company has capitalized all major Capex and expects sustenance capital and de-bottlenecking initiatives to be around US$200 million.
['Q1', '2025']:
- The management discussed several strategic initiatives aimed at optimizing capital expenditure and enhancing operational efficiency. Key points included the conclusion of negotiations by March 31, 2024, to provide clarity on future investments, the restructuring of operations in Puerto Rico with planned capital expenditure, and the capitalization of the Pen G project. Additionally, there is a strategic focus on biosimilars and Contract Manufacturing Organization (CMO) with significant investments planned. Net CapEx for the quarter is around $74 million. Santhanam Subramanian mentioned they have more or less incurred around 95% of the CapEx.
['Q2', '2024']:
- The actual results reveal a net CapEx of USD 154 million, which includes USD 48 million towards the acquisition of marketing authorization in Indonesia and USD 42 million towards the PLI project. As of September 30, 2023, the total PLI CapEx spend is approximately USD 188 million. The cumulative CapEx for the Pen-G PLI project also amounts to USD 188 million by the same date. It is noted by Santhanam Subramanian that the Pen G project itself is nearing USD 185 million.
- **Evaluation:**
- Expectations Not Met: The management's guidance indicated the Pen G project would be capitalized by March 2024 with a total expected CapEx of approximately USD 185 million, whereas the actual cumulative CapEx for the project reached approximately USD 285 million by March 31, 2024, significantly exceeding the anticipated budget. Additionally, while strategic focus on biosimilars and CMO was mentioned, the actual reported investments were higher than initially planned, suggesting a deviation from the expected CapEx allocation.

12. Debt management and reduction
- **Narrative:** Management has outlined a strategic approach towards managing debt by focusing on reducing gross debt and increasing net cash in the immediate future. This involves leveraging financial resources efficiently following the completion of significant projects.
- **Management's Guidance:**
- Santhanam Subramanian indicated that by the end of the year, the combined Gross Debt and cash will range between $0 to $50 million. Furthermore, the net cash position is anticipated to improve to $200 million within 6 to 9 months following the commissioning of the PLI project.
- **Actual Results:**
['Q4', '2024']:
- In Q4 FY24, the actual results showed that the Net Debt to Equity was 0.06, and the gross debt was reported at various values in past instances. Specifically, the debt as of March 2024 amounted to INR 6,318 Cr, and the Net Debt/(Net Cash incl. investments) as of March 2024 was INR (149) Cr.
['Q1', '2025']:
- In Q1 FY25, gross debt stood at 833 million.
['Q2', '2024']:
- In Q2 FY24, the Net Debt to Equity ratio was reported to be -0.04, indicating a position where cash reserves exceeded debt, aligning with the management's focus on reducing debt and increasing net cash. Additionally, the gross debt as of September 2023 was reported to be INR 6,246 Cr, suggesting ongoing efforts towards debt management and reduction.
['Q3', '2024']:
- In Q3 FY24, the Net Debt to Equity was reported as -0.01, indicating a favorable net cash position. The gross debt stood at $815 million, and net debt/(net cash) was $(408) million, reflecting a substantial reduction compared to previous years. The board also mentioned they paid nearly around $75 million in terms of the increased creditor over and above the gross current assets.
- **Evaluation:**
- Expectations Exceeded: The management's guidance anticipated a net cash position improvement to $200 million within 6 to 9 months post-PLI project, whereas actual results showed a net cash position of INR (149) Cr by Q4 FY24, and a favorable net cash position with substantial debt reduction by Q3, surpassing the expectations.

13. Biosimilars and vaccine pipeline
- **Narrative:** Management has outlined a strategic plan to expand its biosimilar and vaccine pipeline, with significant projects underway that are expected to bolster the company's manufacturing capabilities and market position. The completion of key projects in Vizag, as well as the establishment of manufacturing facilities in the US for biosimilars, Aurolife, and Eugia, are central to these initiatives.
- **Management's Guidance:**
- Management anticipates the completion of the Vizag project by the end of FY25 or FY26, with the US-based manufacturing facilities for biosimilars, Aurolife, and Eugia also targeted for completion in FY26.
- **Actual Results:**
['Q3', '2024']:
- Total investment for PLI project is ~US$ 230 million and Biosimilar project is ~US$ 305 million till December 31st, 2023.
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- Three biosimilar trials have concluded and are in the filing phases or have been filed with certain agencies.
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- Four biosimilars are in global Phase 3 trials.
['Q1', '2025']:

- 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', '2024']:
- In Q4 FY24, management reported that the total investment for the Production Linked Incentive (PLI) project amounted to approximately US$ 230 million, and the Biosimilar project saw an investment of approximately US$ 305 million till December 31st, 2023. Additionally, three biosimilar trials have concluded and are either in the filing phases or have already been filed with certain regulatory agencies. Four biosimilars are currently in global Phase 3 trials.
['Q2', '2024']:
- In Q2 2024, management reported that the total investment for the PLI project is approximately US$ 230 million and the Biosimilar project is approximately US$ 305 million till December 31st, 2023. Additionally, three biosimilar trials have concluded and are in the filing phases or have been filed with certain agencies. Moreover, four biosimilars are in global Phase 3 trials.
- **Evaluation:**
- Expectations Met: The management's guidance anticipated the completion of key projects by FY25 or FY26, and the actual results show significant progress with biosimilar trials in advanced stages and substantial investments reported by Q4 FY24, aligning with the strategic plan and timelines.

14. Market expansion strategy
- **Narrative:** Management discussed the strategic importance of the Vizag facility in enhancing their market position and operational capabilities, with a focus on contributing significantly to the business in the coming years.
- **Management's Guidance:**
- Yugandhar indicated that the Vizag facility will contribute meaningfully to the business by FY26.
- **Actual Results:**
['Q1', '2025']:
- In Q1 FY25, there was a volume drop to the tune of around 20% in the specialty business, indicating challenges in achieving the anticipated market expansion and contribution from the Vizag facility as outlined in prior guidance.
['Q2', '2024']:
- In Q2 2024, there was a volume drop to the tune of around 20% in the specialty business, which may imply challenges in the anticipated market expansion strategy linked to the Vizag facility.
['Q4', '2024']:
- In Q4 FY24, according to the data available, there was a volume drop to the tune of around 20% in the specialty business, which might impact the overall contribution expected from the Vizag facility in the near term.
['Q3', '2024']:
- There is no specific data available for the theme Strategic Business Initiatives and subtheme Market expansion strategy for Q3 2024 that directly corresponds to the narrative and management guidance provided. However, it is noted that there was a volume drop to the tune of around 20% in the specialty business, which may indirectly affect overall strategic business initiatives.
- **Evaluation:**
- Expectations Not Met: The management guidance anticipated a meaningful contribution from the Vizag facility by FY26, but the actual results indicated a consistent 20% volume drop in the specialty business through multiple quarters, highlighting challenges in achieving the expected market expansion and contribution.

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:**
- Expectations Met: 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:**
- Expectations Exceeded: 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:**
- Expectations Not Met: 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:**
- Expectations Met: 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:**
- Expectations Met: 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:**
- Expectations Not Met: 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:**
- Expectations Not Met: 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.
-
- 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.
-
- 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:**
- Expectations Not Met: 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:**
- Expectations Exceeded: 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:**
- Expectations Met: 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.

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.

Q3 2023

1. Revenue diversification strategies
- **Narrative:** The management of Aurobindo has articulated a clear strategy focusing on revenue diversification to enhance its financials. This includes a strong emphasis on the injectable business, expanding market presence in the US, and leveraging new product launches through ANDAs. The company also aims to capitalize on its monoclonal antibody sales in different regions, and maintain steady growth in the European market. These strategic moves are expected to contribute significantly to the company's top-line growth in the upcoming quarters.
- **Management's Guidance:**
- Yugandhar Puvvala stated that the injectable business is expected to achieve double-digit growth quarter-over-quarter (QoQ) in Q4 and Q1 of next year. Aishwarya mentioned that there should be an increase in the revenue numbers by 50 million in the next 12 months. Swami Iyer mentioned the commercialization of new ANDAs and expected revenue from these launches over the next 12 months. Yugandhar Puvvala is confident of achieving double-digit growth in the US market. There is an expectation for at least one quarter of sales for the monoclonal antibody in India to start within the next fiscal year, with sales in EMEA expected in 2024-2025. Sanjeev Dani indicated that the company expects to maintain a baseline of €185-190 million in Europe, with potential middle single-digit growth based on seasonality and opportunities. Yugandhar Puvvala mentioned the goal to reach $121-$125 million in global injectable sales next financial year and reiterated the target numbers by FY25.
- **Actual Results:**
['Q2', '2024']:
- The company achieved revenue from operations of Rs 7,219 Cr in Q2FY24, marking an increase of 25.8% year-on-year (YoY). US revenue in Q2FY24 increased by 31% YoY and 7% QoQ to USD 409 Mn, accounting for 47% of consolidated revenue. For the quarter, the European formulation business clocked a revenue of Rs. 1,769 crores, an increase of 16.7% YoY. The injectable business achieved a run rate of USD 122 to USD 127 million from Quarter 1 to Quarter 2 at a global level. The US generic injectable business stabilized around USD 80 million per quarter.
['Q3', '2023']:
- In Q3 FY23, Aurobindo Pharma achieved a revenue growth of 15% in the third quarter, reflecting strong performance across its diversified revenue streams [b84a8fc505397602db8d2b6c463d1583]. US revenue in Q3FY23 increased by 9.3% YoY and 13.8% QoQ to Rs. 3,001.2 crore, accounting for 46.8% of consolidated revenue [6440495b16765e2712efc6606b55752c]. European Formulation revenue was Rs.1,701 crores for the quarter, with a year-on-year growth of 4% and quarter-on-quarter increase of 12.2% [292800153225282b370128952d92407d]. Aurobindo Pharma achieved $100 million plus for the quarter in global injectables [21fbc7aa06c94f358b741eb427394bdb].
['Q1', '2024']:
- Revenue from operations was Rs 6,851 Crore in Q1FY24, reflecting an increase of 9.9% year-on-year and 5.8% quarter-on-quarter. US revenues were reported at US$ 402 Million, which shows an 11.2% increase year-on-year and an 8.5% increase quarter-on-quarter. The US injectable business, specifically under Eugia, generated revenue of US$ 80.1 million, indicating an 11.7% year-on-year and 11.4% quarter-on-quarter growth. Europe formulations revenue increased by 18.6% year-on-year to Rs 1,836.8 Crore. These results suggest that Aurobindo is on track with its revenue diversification strategies and the management's guidance for the US and European markets.
['Q4', '2023']:
- Revenue from operations in Q4FY23 was ■6,473 crore, reflecting an 11.4% increase from Q4FY22. US revenue in Q4FY23 increased by 11.6% YoY and 1.4% QoQ to ■3,044.5 crore. Europe recorded ■1,660 crore in sales for Q4FY23, showing a 7.7% increase compared to Q4FY22. The revenue of US injectable products in the US increased by 3% YoY and 18% QoQ to USD 71.9 million in Q4 FY23.
- **Evaluation:**
- Expectations Exceeded: Aurobindo's revenue diversification strategy, with a strong focus on injectables and expansion in the US and Europe, surpassed expectations as evidenced by the higher-than-anticipated growth in US and European revenues, and achieving the targeted run rate for global injectables ahead of FY25.

2. Profit margin analysis
- **Narrative:** Management has put forward a plan to improve the company's profit margins by focusing on operational efficiencies and strategic investments. They highlighted their commitment to enhancing profitability through cost optimization and strategic initiatives aimed at capturing more market share.
- **Management's Guidance:**
- The CFO projected a 12% increase in EBITDA margin by the end of the next fiscal year.
- **Actual Results:**
['Q1', '2024']:
- In Q1 FY24, the EBITDA before forex and other income was reported at Rs 1,151 crore, with an EBITDA margin of 16.8%. The EBITDA margin before R&D reached 22.5% for the quarter, compared to 21.8% in the previous quarter. Gross Profit increased by 10.3% from Q1FY23 to Q1FY24, and the EBITDA (before forex and other income) increased by 19.3% from Q1FY23 to Q1FY24.
['Q2', '2024']:

- The EBITDA for Q2FY24 was Rs 1,151 Crore with a margin of 16.8%. EBITDA before Forex and Other income at Rs 1,403 crore. EBITDA margin is at 19.4%. Net Profit after minority interest is at Rs 752 crore, with YoY growth of 84% and QoQ growth of 32%. Net profit margin is at 10.4%. Basic & Diluted EPS is Rs 12.83, with a YoY growth of 84%. The company achieved a gross profit of Rs 3,983 Cr in Q2FY24. The company had an EBITDA margin of 19.4% in Q2FY24. The company reported a net profit of Rs 752 Cr in Q2FY24. The company reported an EPS of 12.83 in Q2FY24. 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. EBITDA margin for the quarter was at 19.4% against 16.8% for the last quarter. Net profit increased by 83.6% year-on-year and by 31.7% quarter-on-quarter, to Rs. 752 crores. Santhanam Subramanian mentioned that the YTD EBITDA margin is currently 18.2%. Gross contribution stood at Rs. 3,983 crores for the quarter. Gross margin for the quarter was higher at 55.2% against 53.9% last quarter. EBITDA has improved to Rs. 1,403 crores reflecting a margin of 19.4%. The business in the European market surpassed mid teen levels in terms of margin. The top line is USD 31 million with a very good margin. Sanjeev Dani stated that their EBITDA remains in the mid-teens' percentage.

['Q3', '2023']:

- The EBITDA margin for Q3 2023 was reported at 14.9%.

['Q4', '2023']:

- In Q4 FY23, the company achieved an EBITDA before forex and other income of Rs 1,002.2 crores with an EBITDA margin of 15.5%, which indicates progress towards their margin improvement initiatives but falls short of the projected 12% increase in EBITDA margin as per management's guidance. The Net Profit was reported at Rs 505.9 crores. There was also a 2.8% year-on-year growth in EBITDA before forex and other income and a 5% quarter-on-quarter increase. The overall EBITDA margin for FY23 was recorded at 15.1%.

- **Evaluation:**

- Expectations Not Met: The management projected a 12% increase in EBITDA margin by the end of the fiscal year, but the actual results showed an EBITDA margin of 19.4% in Q2 FY24 without reaching the projected increase from the baseline. The year-to-date EBITDA margin stood at 18.2%, which indicates that the target was not achieved.

3. New product launches

- **Narrative:** Management has articulated a robust plan for new product launches, focusing on expanding their portfolio in the US market. This includes filing multiple ANDAs and scheduling launches for various high-impact products, which are expected to significantly enhance the company's market presence.
- **Management's Guidance:**
- The company expects to launch ten new products in the US market by the end of the next fiscal year. About 40 products are likely to come in the next 12 months. The launch of generic Revlimid is scheduled for Q3 FY24. The company plans to commercialize the PCV 15 vaccine two quarters from now, provided they receive the manufacturing license in April-May.
- **Actual Results:**

['Q2', '2024']:

- In the US market, 10 ANDAs were filed, final approval was received for 15, and 19 products were launched. The company has launched 19 products including 5 Injectables during the quarter. We did mention that we will be launching 40 new products.

['Q3', '2023']:

- Mr. Yugandhar Puvvala reported that Eugia Pharma Specialties Limited launched 5 new products in the last quarter. We talked about 40 ANDA's being commercialised.

['Q4', '2023']:

- In Q4 FY23, the company launched 10 products, including 4 injectables during the quarter. Additionally, they received final approval of 26 ANDAs and launched 10 products during the quarter. The company also filed 12 ANDAs, including 3 injectables during the quarter.

['Q1', '2024']:

- In Q1 FY24, management reported the final approval of 19 ANDAs and launched 15 products in the quarter under review.

- **Evaluation:**

- Expectations Exceeded: The management expected to launch ten new products in the US market by the end of the next fiscal year, and the actual results showed that 19 products, including five injectables, were launched in Q2 2024 alone. This significantly surpasses the expected number of launches, indicating that the company's product development and launch initiatives exceeded expectations.

4. R&D investment focus

- **Narrative:** Management has emphasized a clear strategic focus on bolstering research and development efforts, particularly in the Biosimilars, Vaccines, and Peptide business lines. There is a concerted effort to enhance new product development by increasing R&D investment, which is pivotal for sustaining competitive advantage and expanding the company's product portfolio.
- **Management's Guidance:**
- The company has outlined a 20% increase in R&D investment in the upcoming fiscal year to support the development of new products, with R&D expenditure projected to constitute between 6% to 6.5% of the company's turnover.
- **Actual Results:**

['Q1', '2024']:

- In Q1 FY24, Research & Development (R&D) spend was reported at Rs 388 crore, representing 5.7% of revenue.

['Q2', '2024']:

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

['Q3', '2023']:

- In Q3 FY23, the R&D expenditure was reported at Rs 415 crores, constituting 6.5% of the revenue, compared to Rs 275.6 crore in Q2FY23, which was 4.8% of the revenue. This indicates alignment with the management's guidance on increasing R&D investment.

['Q4', '2023']:

- In Q4 FY23, the R&D spend was Rs 410.7 crore, which is 6.3% of revenue. The R&D expenditure for the quarter was consistently reported as 6.3% of the revenue, in alignment with the management's guidance.

- **Evaluation:**

- Expectations Not Met: The management guided for R&D expenditure to be between 6% to 6.5% of the company's turnover, but actual results in Q1 and Q2 FY24 showed R&D spend dropping to 5.7% and 4.2% of revenue, respectively, indicating a shortfall from the target.

5. Biosimilars development

- **Narrative:** Management discussed strategic initiatives aimed at expanding their biosimilars portfolio, particularly focusing on penetrating the U.S. market. The

company is leveraging its existing resources, such as the field force of Acrotech Biopharma, to effectively market forthcoming biosimilars.
- **Management's Guidance:**
- The company anticipates the approval of its first biosimilar in the U.S. by 2025. Furthermore, there are plans to introduce an immunology biosimilar targeting dermatological indications in the U.S. market by 2025-2026.
- **Actual Results:**
['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 (clinical) trial in 690 metastatic breast cancer subjects of a Trastuzumab biosimilar.
['Q1', '2024']:
- In 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']:
- We advanced BP11 (a biosimilar to Xolair) into a global Phase 3 clinical study in chronic spontaneous urticaria patients in this year.
['Q3', '2023']:
- Dr. Satakarni Makkapati highlighted that Aurobindo Biosimilars saw a 20% increase in sales volume in the past year.
- **Evaluation:**
- Insufficient Info: While there has been progress in clinical trials and an increase in sales volume, there is insufficient information to determine if the expectations for biosimilar approvals in the U.S. by 2025-2026 are on track or exceeded.

6. Supply chain optimization
- **Narrative:** Management discussed the detailed timeline for project material installation as part of their efforts to optimize the supply chain operations. This indicates a structured approach towards enhancing operational efficiency by ensuring that supply chain processes are timely and well-coordinated.
- **Management's Guidance:**
- Management provided a timeline for project material installation and payment, suggesting that these efforts are expected to streamline operations and potentially improve cost efficiency in future quarters.
- **Actual Results:**
['Q2', '2024']:
- Santhanam Subramanian mentioned that out of the 15,000-ton capacity, 45 to 50% will be self-consumed.
['Q3', '2023']:
- Santhanam Subramanian mentioned that out of the 15,000-ton capacity, 45 to 50% will be self-consumed.
['Q4', '2023']:
- Santhanam Subramanian mentioned that out of the 15,000-ton capacity, 45 to 50% will be self-consumed.
['Q1', '2024']:
- Santhanam Subramanian mentioned that out of the 15,000-ton capacity, 45 to 50% will be self-consumed.
- **Evaluation:**
- Expectations Met: The management's guidance focused on optimizing supply chain operations through structured project material installation, which aimed to improve cost efficiency. The actual results consistently indicated that 45 to 50% of the 15,000-ton capacity was self-consumed, aligning with the intended operational efficiency improvements.

7. Cost reduction strategies
- **Narrative:** During the Q3 2023 earnings call, management of Aurobindo Pharma highlighted their focus on cost reduction strategies as part of their operational efficiency theme. They discussed specific initiatives aimed at decreasing operating expenses and enhancing overall profitability. A key part of this strategy includes the launch of the Pen-G Project, which is anticipated to not only contribute to revenue growth but also bring down certain costs.
- **Management's Guidance:**
- The company anticipates achieving a 10% reduction in operating expenses by the end of the fiscal year. The Pen-G Project is scheduled to commence on 1st April 2024, with expectations of positively impacting the top line and contributing to cost reductions.
- **Actual Results:**
['Q4', '2023']:
- The company reduced operational costs by 5% last year.
['Q1', '2024']:
- The team successfully reduced operational costs by 10% this year.
['Q2', '2024']:
- The company reduced operational costs by 8% over the past year.
['Q3', '2023']:
- In Q3 FY23, the board member mentioned that the company reduced operational costs by 10% compared to the previous year.
- **Evaluation:**
- Expectations Met: The management anticipated a 10% reduction in operating expenses by the end of the fiscal year, and the actual results show that this target was achieved in Q1 2024, aligning with the stated goals.

8. Efficiency measures
- **Narrative:** Management has outlined a strategic initiative to enhance operational efficiency by restructuring the company's API business. This restructuring is aimed at improving operating efficiency and optimizing capacity utilization.
- **Management's Guidance:**
- The management has projected that the carving out of the API business will commence on 1st April, which is expected to result in improved operating efficiency and capacity utilization.
- **Actual Results:**
['Q1', '2024']:
- Unfortunately, there are no specific actual results available for the theme of Operational Efficiency and subtheme Efficiency measures related to the restructuring of the API business for Q1 2024 in the provided data. Therefore, I cannot provide an answer or citations for this period.
['Q2', '2024']:
- Fixed asset turnover at 2.8x.

['Q3', '2023']:
- No specific actual results related to the theme of 'Operational Efficiency' and subtheme 'Efficiency measures' for Aurobindo's restructuring of the API business have been reported for Q3, 2023, based on the provided data.
['Q4', '2023']:
- Unfortunately, there is no specific data corresponding to the operational efficiency improvements or efficiency measures resulting from the restructuring of the API business in Q4 2023. The available actual result related to the period mentions a workforce expansion but does not directly address the operational efficiency theme or efficiency measures tied to the management guidance.
- **Evaluation:**
- Insufficient Info: The available data lacks specific actual results related to the operational efficiency improvements or efficiency measures following the restructuring of the API business, thus making it impossible to assess whether expectations were met.

9. Geographic expansion plans
- **Narrative:** Management has outlined plans to expand geographically by initiating commercial activities in the EMEA region and entering the Canadian market, indicating a strategic focus on increasing the company's global footprint.
- **Management's Guidance:**
- The management expects to initiate commercial activities in the EMEA region for at least one product before the end of the next fiscal year and for the second product in the first or second quarter of the following fiscal year. Additionally, they anticipate commercial sales in Canada to begin in either the fourth quarter of the next fiscal year or the early first quarter of the following fiscal year (FY25).
- **Actual Results:**
['Q1', '2024']:
- In Q1 FY24, management reported that commercial activities in the Europe and US markets have been achieved, which is around 93%.
['Q2', '2024']:
- In Q2 FY24, management did not report specific actual results for the EMEA or Canadian market expansions. However, they reiterated their expectations for growth in the US market due to anticipated approvals, which was discussed in previous earnings calls. This suggests that while they may be progressing on their strategic plans, they have not yet provided detailed outcomes for the EMEA and Canadian expansions.
['Q3', '2023']:
- Board member confirmed that 500 new clients were acquired in the last six months.
['Q4', '2023']:
- In Q4 FY23, management reported initiating commercial activities in the EMEA region with one product as planned, and preparations are underway for the second product. However, the entry into the Canadian market has been delayed, with expected initiation now in early FY25.
- **Evaluation:**
- Expectations Met: Management's goal to initiate commercial activities in the EMEA region with one product by the end of the fiscal year was achieved, aligning with their expectations, although the Canadian market entry was delayed, it is still on track for early FY25, which aligns with their revised guidance.

10. FDA approval status
- **Narrative:** Management has outlined a strategic timeline for the filing and approval process of a new monoclonal antibody, targeting various regulatory bodies across different regions. This demonstrates a coordinated effort to enhance their product pipeline and market presence in key regions.
- **Management's Guidance:**
- The company plans to initiate the filing process for a monoclonal antibody in India and Emerging Markets by July of the next fiscal year, with subsequent filings to the European Medicines Agency by September and to the USFDA by December. The company is aiming for approval from both the EMEA and FDA by the fiscal year 2025.
- **Actual Results:**
['Q4', '2023']:
- As of Q4 FY23, management has not specifically reported on the monoclonal antibody filing or approval status with the USFDA. However, they have filed 12 ANDAs including 3 injectables with the USFDA and received final approval for 26 ANDAs including 4 injectables in Q4FY23. Additionally, the company has a cumulative total of 774 ANDAs filed with the US FDA, out of which 565 have final approval and 34 have tentative approval. All 11 US FDA approved FDF units are currently under VAI status.
['Q1', '2024']:
- As of Q1 2024, there are no specific updates related to the FDA approval status for the new monoclonal antibody as outlined in the management's guidance. However, Aurobindo reported a total of 814 ANDAs filed with the US FDA on a cumulative basis, out of which 613 have received final approval. This reflects the company's ongoing regulatory activities with the FDA but doesn't provide specific details on the monoclonal antibody project.
['Q2', '2024']:
- In Q2 FY24, Aurobindo reported the following relevant to regulatory and compliance for FDA approval status:
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- - Oncology Completed licensure trials and is filed with EMEA.
- - Oncology Completed licensure trials and is in filings phase.
- - Filed 10 ANDAs with USFDA in Q2FY24.
- - Received final approval for 15 ANDAs including 3 injectables during the quarter.
['Q3', '2023']:
- As of Q3 2023, the company had made a cumulative total of 767 ANDA filings, with 542 receiving final approval and 38 receiving tentative approvals.
- **Evaluation:**
- Insufficient Info: The actual results do not provide specific updates on the filing or approval status of the new monoclonal antibody with the FDA, EMEA, or other regulatory bodies as per the timeline outlined in the management guidance, making it impossible to determine if expectations were met.

11. Capex planning and allocation
- **Narrative:** Aurobindo's management is strategically focusing on capital expenditure to enhance and expand their production capabilities. They are committing significant financial resources towards the Penicillin G project, a key area for future growth. Additionally, they are evaluating financial strategies such as share buybacks, balancing them with their investment plans. The company is also progressing with capital work in progress projects, with some expected to commence commissioning by the end of March 2024.
- **Management's Guidance:**

- The company plans to achieve a cumulative Penicillin G capital expenditure of USD 250 million. The company will address the potential share buyback in the May Board meeting while considering the investment in the Penicillin G Project. Some of the capital work in progress projects are expected to start commissioning by 31.03.2024 onwards. At least some of the capital work in progress will get capitalised on or before 31st March 2024.
- **Actual Results:**
['Q2', '2024']:
- In Q2 FY24, the net capital expenditure was reported as USD 154 million, which includes USD 48 million towards the acquisition of marketing authorization in Indonesia and USD 42 million towards the PLI project. The cumulative capital expenditure for the Pen-G PLI project till September 30 amounted to USD 188 million, and it was stated that the Pen G project itself is nearing USD 185 million as of this date. Additionally, there is about Rs. 6,000 crores of capital work in progress (CWIP) recorded on the books as of September.
['Q3', '2023']:
- Capex for the quarter was approximately USD 82 million, which includes an investment of around USD 39 million in the PLI project. Investments totaled USD 114 million in Q3 FY23. Net organic CapEx during the quarter was USD 82 million, including normal CapEx of Rs.43 million, Penicillin G Project Rs.23 million, and third-party development expenditure around Rs.16 million. Cumulative Penicillin G capital expenditure reached USD 89 million against the estimated expenditure of USD 250 million as of 31st December.
['Q1', '2024']:
- In Q1 FY24, the net capital expenditure for the quarter was approximately USD 95 million, including an investment of approximately USD 34 million in the PLI project. The total PLI capex spend up to 30th June 2023 was approximately USD 160 million. The cumulative capex for the Pen-G PLI project till June 30th amounts to USD 160 million.
['Q4', '2023']:
- In Q4 FY23, the actual results reported by management included the following key metrics:
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- - Total Capital WIP (Work in Progress) as on 31st March 2023 was approximately Rs. 4,496 crore, which includes around Rs. 2,582 crore for Lyfius and other new business/markets.
- - Net capital expenditure for the quarter was approximately USD 105 million, which included an investment of approximately USD 31 million in the PLI (Production Linked Incentive) project and capex of approximately USD 12 million in various new business/markets.
- - The cumulative PLI capex spend up to 31st March 2023 was approximately USD 121 million, with USD 91 million spent during FY23.
- - The Penicillin G project is estimated to require around USD 250 to 265 million plus or minus contingencies, with an additional USD 130 to 140 million expected to be spent this year on the project.
- **Evaluation:**
- Expectations Met: The company aimed for a cumulative Penicillin G capital expenditure of USD 250 million, and by Q2 FY24, they reached USD 188 million, which aligns with their progress timeline. Additionally, the capital work in progress projects are on track, with substantial investments recorded, meeting management's guidance.

12. Biosimilars and vaccine pipeline
- **Narrative:** Management outlined the strategic focus on expanding their biosimilars and vaccine pipeline, which is expected to drive growth and enhance cash flow generation in the coming years. This forms part of a broader strategy to bolster Aurobindo's presence in the biopharmaceutical sector.
- **Management's Guidance:**
- Management indicated that cash flows are anticipated to be generated starting FY25 onwards from the Pen G project and biosimilars.
- **Actual Results:**
['Q4', '2023']:
- In Q4 FY23, the company has invested more than 1,900 crores on biosimilars till date.
['Q1', '2024']:
- In Q1 FY24, management reported that the total spend in Biosimilars (capital and revenue) up to 30th June 2023 is approximately US$ 280 Million.
['Q2', '2024']:
- In Q2 FY24, the company has invested more than 1,900 crores on biosimilar till date.
['Q3', '2023']:
- In Q3 2023, the company has invested more than 1,900 crores on biosimilar till date.
- **Evaluation:**
- Insufficient Info: The management's guidance anticipated cash flow generation from the biosimilars and Pen G project starting FY25, but the actual results only provide information on the investment made up to FY24 without detailing any cash flow outcomes, making it difficult to assess if expectations are met.

Q2 2023

1. Revenue diversification strategies
- **Narrative:** Management discussed strategies to enhance revenue growth through diversification, including expanding the global generic injectable sales and leveraging new market opportunities such as Revlimid. The company aims to bolster its presence in the US market as the business environment normalizes in hospitals.
- **Management's Guidance:**
- The management maintains their guidance for global generic injectable sales of $650-700 million by FY24. The CFO projected a revenue growth of 12% for the next fiscal year. Yugandhar Puvvala mentioned that the volume for the US business should go up as business returns to normal in all hospitals. Yugandhar Puvvala indicated that Revlimid's opportunity will start from FY24 and will remain until FY26 or FY27.
- **Actual Results:**
['Q1', '2024']:
- Revenue from operations at Rs 6,851 crore, an increase of 9.9% YoY. US revenue in Q1FY24 increased by 11.2% YoY and 8.5% QoQ to Rs. 3,304 crores, accounting for 48.2% of consolidated revenue. Eugia revenue in the US was US$ 90.9 Mn in Q1FY24, which includes US$ 80.1 Mn from generic injectables.
['Q3', '2023']:
- The company achieved $100 million plus in global injectables for the quarter. Revenue from the U.S. market improved by 9.3% year on year to Rs.3,001.2 crores, accounting for 46.8% of consolidated revenue. The company registered a revenue of Rs.6,407 crores for Q3FY23. The board member stated that they achieved a 15% increase in revenue last quarter.

['Q2', '2023']:
- In Q2 FY23, global injectables revenue for the quarter was in the range of around $100 million. US revenue in Q2FY23 decreased by 11% YoY and QoQ to Rs. 2,638 crore, accounting for 46% of consolidated revenue. Revenue from operations was Rs 5,739.4 crore. The company registered a revenue of Rs. 5,739 crores for Q2 FY23; a decrease of 3.4% over last year. The Growth Market witnessed a growth of 17% year-on-year to Rs. 451.9 crores.

['Q4', '2023']:
- Revenue from operations increased by 11.4% YoY in Q4FY23, aligning closely with the projected revenue growth target. US revenue in Q4FY23 increased by 11.6% YoY and 1.4% QoQ to Rs. 3,044.5 crores, accounting for 47.0% of consolidated revenue. Revenue of US injectable products in the US increased by 3% YoY and 18% QoQ to USD 71.9 million in Q4FY23, indicative of the expanding global generic injectable sales. Total Eugia specialty sales in the US amounted to USD 81 million.

- **Evaluation:**

- Expectations Not Met: The management's guidance anticipated a 12% revenue growth for FY24, yet the actual YoY revenue growth in Q1FY24 was only 9.9%, falling short of the target. Additionally, while the US revenue increased by 11.2% YoY, it did not align with the anticipated boost in global generic injectable sales to $650-700 million by FY24, as evidenced by the Q1FY24 injectables revenue.

2. Profit margin analysis

- **Narrative:** During the Q2 2023 earnings call, the management of Aurobindo Pharma emphasized their strategic focus on maintaining robust profit margins. The management outlined specific targets for gross and EBITDA margins, reflecting their commitment to financial stability and growth. Their approach appears to be centered on sustaining high gross margins and improving regional profitability, particularly in the European market.
- **Management's Guidance:**
- The CFO provided guidance on maintaining gross margins around 60% for the upcoming year. Sanjeev Dani expects the EBITDA margin in Europe to reach beyond 15% in the coming quarters.
- **Actual Results:**

['Q1', '2024']:
- In Q1 FY24, the gross margin for the quarter was reported at 53.9%, which is below the guidance of 60%. The EBITDA margin for the quarter was at 16.8%, which is above the guidance for Europe (15%). Additionally, the EBITDA before forex and other income grew by 19.3% year-on-year and 14.9% quarter-on-quarter to 1,151.4 crores. The EBITDA margins before R&D were 22.5% for the quarter against 21.8% of the last quarter.

['Q2', '2023']:
- During the Q2 2023 earnings call, the management of Aurobindo Pharma emphasized their strategic focus on maintaining robust profit margins. The management outlined specific targets for gross and EBITDA margins, reflecting their commitment to financial stability and growth. Their approach appears to be centered on sustaining high gross margins and improving regional profitability, particularly in the European market. The CFO provided guidance on maintaining gross margins around 60% for the upcoming year. Sanjeev Dani expects the EBITDA margin in Europe to reach beyond 15% in the coming quarters. However, the actual results showed that the Gross Margin was reported to be 55.3% in Q2FY23, which is below the management's guidance of maintaining around 60% for the upcoming year. The EBITDA Margin was reported at 14.6% in Q2FY23, which is slightly below the target of beyond 15% for the European market that was mentioned in the management guidance.

['Q3', '2023']:
- During the Q2 2023 earnings call, the management of Aurobindo Pharma emphasized their strategic focus on maintaining robust profit margins. The management outlined specific targets for gross and EBITDA margins, reflecting their commitment to financial stability and growth. Their approach appears to be centered on sustaining high gross margins and improving regional profitability, particularly in the European market. The CFO provided guidance on maintaining gross margins around 60% for the upcoming year. Sanjeev Dani expects the EBITDA margin in Europe to reach beyond 15% in the coming quarters. The actual results showed that the EBITDA margin for Q3 2023 was reported at 14.9%. Gross Profit increased by 7.4% year-over-year to Rs 3,499.6 Crore and 10.4% quarter-over-quarter to Rs 3,171.3 Crore. EBITDA (before forex and other income) decreased by 6.1% year-over-year to Rs 954.4 Crore but increased by 14.0% quarter-over-quarter to Rs 836.9 Crore. Net Profit decreased by 18.7% year-over-year to Rs 491.2 Crore but increased by 20.0% quarter-over-quarter to Rs 409.4 Crore.

['Q4', '2023']:
- In Q4 FY23, Aurobindo Pharma achieved an EBITDA before forex and other income of Rs 1,002.2 crores, resulting in an EBITDA margin of 15.5%. The gross profit grew by 7.8% year on year, and the net profit was reported at Rs 505.9 crores.

- **Evaluation:**

- Expectations Not Met: Aurobindo Pharma's management guidance was to maintain a gross margin around 60%, but actual results showed margins below this target in all reported quarters. While the EBITDA margin in Europe exceeded expectations in Q1 FY24, the overall profit margin targets were not consistently met.

3. New product launches

- **Narrative:** Management is strategically focused on expanding their product portfolio significantly over the next few years. They have outlined plans for launching a considerable number of new products, including injectables, biosimilars, and oral solids, across various markets. The company is poised for aggressive growth with a strong pipeline of product filings and launches scheduled both in the current fiscal year and upcoming years.
- **Management's Guidance:**
- The CEO stated that they expect to launch 10 new products in the next fiscal year. The COO announced the launch of three new products by Q4 of this fiscal year. The CEO indicated plans to launch three new products in the European market by Q3 of the upcoming year. Yugandhar Puvvala stated that they expect to launch roughly around 20 products in this financial year. Yugandhar Puvvala confirmed the launch of 20 products in the current financial year. Yugandhar Puvvala stated that they expect to launch around 20 products this year. Swami Iyer mentioned a potential launch of around 40 products for the next 12 months. Sanjeev Dani plans to launch more than 200 products, including injectables, biosimilars, and oral solids over the next 2 years.
- **Actual Results:**

['Q3', '2023']:
- Mr. Yugandhar Puvvala reported that Eugia Pharma Specialties Limited launched 5 new products in the last quarter. We talked about 40 ANDA's being commercialised.

['Q4', '2023']:
- In Q4 FY23, the company launched 10 products, including 4 injectables during the quarter. Additionally, they received final approval of 26 ANDAs and launched 10 products during the quarter. They also filed 12 ANDAs, including 3 injectables during this period.

['Q1', '2024']:

- In Q1 2024, the company received final approval for 19 ANDAs and launched 15 products in the quarter under review.
['Q2', '2023']:
- This year, we should have around 20 launches.
- **Evaluation:**
- Expectations Exceeded: The management had set a goal to launch approximately 20 products in the fiscal year, including specific targets for quarters and regions. Actual results show that they launched 10 products in Q4 2023 and 15 in Q1 2024, surpassing the target of 20 products for the fiscal year, along with additional achievements in ANDA approvals and injectables, indicating that the expectations were exceeded.

4. R&D investment focus
- **Narrative:** Management has articulated a clear focus on enhancing R&D efforts, with a specific emphasis on achieving key milestones in their immunology program. This is complemented by an anticipated increase in R&D expenditure relative to sales, indicating a strategic commitment to advancing their product development pipeline.
- **Management's Guidance:**
- The company's R&D expenditure is projected to be around 5.5% to 6% of sales for the fiscal year. Additionally, the R&D expense is expected to increase to 6% of revenue in the coming quarters, and the company plans to achieve the phase 3 first patient injection milestone by Q4 of this fiscal year for its immunology program.
- **Actual Results:**
['Q1', '2024']:
- In Q1 FY24, the R&D spend was reported as Rs 388 crore, accounting for 5.7% of the revenue, which aligns with the management's guidance of 5.5% to 6% of sales. Additionally, R&D expenditure was noted to be 387.6 crores during the quarter, which also represented 5.7% of the revenue. This demonstrates that the company is on track with its strategic R&D investment focus. Furthermore, the company has more than 200 products under development or already filed, indicating a robust product development pipeline.
['Q2', '2023']:
- In Q2FY23, the R&D spend was Rs 276 crore, which represented 4.8% of revenue, falling short of the projected 5.5% to 6% range for the fiscal year.
['Q3', '2023']:
- In Q3 FY23, the R&D spend was Rs 415.2 crore, which constituted 6.5% of revenue, compared to Rs 275.6 crore in Q2 FY23, which was 4.8% of revenue. The R&D cost for the quarter was reported as Rs 415 crores against Rs 276 crores in the previous quarter. These figures indicate that the company exceeded its R&D expenditure guidance of 6% of revenue.
['Q4', '2023']:
- The R&D spend for Q4 FY23 was reported as 6.3% of revenue, exceeding the projected increase to 6% of revenue. The actual R&D expenditure was Rs 410.7 crore during the quarter. This indicates a strong commitment towards R&D investment, aligning with the strategic focus on product development and innovation as mentioned in the management's guidance. However, no specific mention of achieving the phase 3 first patient injection milestone for the immunology program was found in the provided data.
- **Evaluation:**
- Expectations Exceeded: The company's R&D expenditure consistently aligned with and even surpassed the management's guidance of 5.5% to 6% of sales across the quarters, reaching 6.3% in Q4 FY23. However, there was insufficient information on the phase 3 first patient injection milestone for the immunology program, yet the robust R&D investment indicates a strong commitment to the strategic focus outlined.

5. Biosimilars development
- **Narrative:** Management has conveyed their strategy to advance in the biosimilars market through substantial progress in clinical trials and anticipated regulatory filings. They are focusing on completing phase 3 trials and preparing for product approvals, with an eye towards eventual market entry and revenue generation.
- **Management's Guidance:**
- The company plans to unblind the clinical trial data of their phase 3 efficacy trial for a biosimilar starting at the end of Q3 this financial year, with a series of filings to begin from Q1/Q2 in the next fiscal year. Satakarni Makkapati stated that a product approval in the area of biosimilars is expected next year, with commercialization revenues anticipated to begin in Q3 or Q4 of the next year.
- **Actual Results:**
['Q4', '2023']:
- In Q4 2023, the company reported that the total spend in Biosimilars (capital and revenue) up to 31st March 2023 was approximately Rs. 1.9 billion. Additionally, they completed the treatment phase of the clinical trial in 690 metastatic breast cancer subjects for a Trastuzumab biosimilar.
['Q1', '2024']:
- Dr. Satakarni Makkapati highlighted that Aurobindo Biosimilars saw a 20% increase in sales volume in the past year.
['Q2', '2023']:
- We have completed randomization of all 690 metastatic breast cancer subjects in our phase 3 efficacy trial.
['Q3', '2023']:
- Dr. Satakarni Makkapati highlighted that Aurobindo Biosimilars saw a 20% increase in sales volume in the past year.
- **Evaluation:**
- Expectations Met: The company completed the treatment phase for their phase 3 efficacy trial and reported a 20% increase in sales volume in biosimilars, aligning with management's guidance of progressing towards regulatory filings and eventual market entry.

6. Cost reduction strategies
- **Narrative:** The management has analyzed the issues faced in the second quarter and determined them to be anomalies rather than a recurring pattern. This insight suggests that the company is focused on identifying and mitigating unique challenges to streamline operations and reduce costs effectively.
- **Management's Guidance:**
- The management expects the issues encountered in Q2 to be isolated incidents, implying a return to normal operational efficiency and cost structure in future quarters.
- **Actual Results:**
['Q4', '2023']:
- The company successfully reduced operational costs by 5% compared to the previous year.
['Q1', '2024']:
- The team successfully reduced operational costs by 10% this year. Additionally, a board member stated that they reduced operational costs by 10% this year.

Furthermore, the company reduced operational costs by 8% over the last fiscal year.
['Q2', '2023']:
- The company reduced its operational costs by 10% compared to the previous year. This result indicates that the company has been successful in its cost reduction strategies for the period in question, aligning with the management's expectation of overcoming the anomalies faced in Q2 and achieving improved operational efficiency.
['Q3', '2023']:
- In Q3 2023, the board member mentioned that the company reduced operational costs by 10% compared to the previous year. Additionally, the board member noted that production costs were reduced by 5% last quarter and operational costs by 5% in the previous quarter.
- **Evaluation:**
- Expectations Exceeded: The management anticipated a return to normal operational efficiency and cost structures after Q2 anomalies. The actual results demonstrate a significant reduction in operational costs by 10% across multiple quarters, surpassing the expected stabilization.

7. Manufacturing process improvements
- **Narrative:** The management of Aurobindo Pharma has emphasized a strategic focus on improving manufacturing efficiencies through capacity expansion and relocation of production. This includes a significant increase in production capacity and relocation of manufacturing processes to India, which aligns with their long-term operational goals.
- **Management's Guidance:**
- The CEO of Eugia Pharma Specialties Limited has set an operational goal to increase production capacity by 20% by mid-next year. The CFO has also mentioned targeting a 20% increase in production capacity by the end of the next fiscal year. S. Subramanian indicated that 50% of the products have been moved to India over the last 3-4 years, with plans to continue this process. Satakarni Makkapati mentioned that a 15KL manufacturing bioreactor capacity is expected to be operational and ready for commercial supplies in FY25-26.
- **Actual Results:**
['Q3', '2023']:
- In Q3, 2023, management reported that a 600 crores installation is over.
['Q4', '2023']:
- Santhanam Subramanian mentioned that the current capacity utilization for formulation is significantly high.
['Q1', '2024']:
- Santhanam Subramanian mentioned that the current capacity utilization for formulation is significantly high.
['Q2', '2023']:
- In Q2 2023, Aurobindo Pharma Limited reported that the production capacity will be around 15,000 Metric Tonnes. Additionally, the company currently has a 140,000 square feet manufacturing footprint with four 2,500 litre bioreactors, totaling around 10 KL capacities for internal programs.
- **Evaluation:**
- Expectations Not Met: The management set a goal to increase production capacity by 20% and relocate 50% of products to India, but the actual results indicate high capacity utilization without confirming the achievement of the specified increase or relocation goals.

8. Competitive positioning
- **Narrative:** Management discussed their strategy to bolster competitive positioning in the US generic market. They are focused on capturing a significant market share as part of their expansion plan.
- **Management's Guidance:**
- The CEO of Aurobindo USA confirmed a target to achieve 15% market share in the US generic market by the end of next year.
- **Actual Results:**
['Q4', '2023']:
- Tarang Agrawal inquired about the volume share in the Eugia business in the US and how it has moved over the last year or previous quarter.
['Q1', '2024']:
- Tarang Agrawal inquired about the volume share in the Eugia business in the US and how it has moved over the last year or previous quarter.
['Q2', '2023']:
- In Q2 2023, the company expanded its market share by 5% in the previous year. However, they experienced a significant volume drop not only for them in Q1 and Q2.
['Q3', '2023']:
- In Q3 2023, Mr. Swami Iyer mentioned that Aurobindo Pharma USA increased its market share to 12% in the generics segment last year.
- **Evaluation:**
- Expectations Not Met: Management aimed for a 15% market share in the US generic market by year-end, but Aurobindo Pharma USA achieved only a 12% market share, thus failing to meet the target.

9. FDA approval status
- **Narrative:** During the Q2 2023 earnings call, management highlighted their progress in the regulatory landscape, particularly in the filing and approval of Abbreviated New Drug Applications (ANDAs). The company is strategically advancing its clinical trials and anticipates regulatory approvals that will significantly impact future revenue streams. They are actively pursuing FDA approvals and are focused on closing trials and initiating filings in both Europe and the US. This strategy is expected to enhance their market presence and revenue generation in the coming fiscal years.
- **Management's Guidance:**
- 1. The company plans to close a clinical trial by Q1 of FY24 and commence the filing process in Europe and the US, indicating a strategic focus on diversifying market presence and enhancing regulatory compliance. 2. Revenues from three large antibody clinical trials are anticipated to begin contributing by the end of FY24 or FY25, contingent upon the 9-15 month regulatory process in Europe and the US following filings. 3. Approval of the PCV-15 vaccine is expected to progress through the regulatory process within the next 2-4 months, indicating a near-term focus on vaccine portfolio expansion.
- **Actual Results:**
['Q4', '2023']:
- During the Q2 2023 earnings call, management highlighted their progress in the regulatory landscape, particularly in the filing and approval of Abbreviated New Drug Applications (ANDAs). The company is strategically advancing its clinical trials and anticipates regulatory approvals that will significantly impact future revenue streams. They are actively pursuing FDA approvals and are focused on closing trials and initiating filings in both Europe and the US. This strategy is expected to enhance their market presence and revenue generation in the coming fiscal years. The actual results include: 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 FY24, the company reported the following: - There were a total of 169 ANDA filings as of June 30, 2023, with 130 receiving final approval. The company has filed 814 ANDAs with the US FDA cumulatively, of which 613 have received final approval. - Additionally, 17 out of 18 US FDA regulated units have a classification of VAI (Voluntary Action Indicated), indicating compliance with FDA regulations. - This confirms progress in their regulatory strategy and ANDA approval process, aligning with the guidance provided in the prior quarter.
['Q2', '2023']:
- As of 30th September 2022, the company has filed 756 ANDAs, of which 527 have the final approval. Satakarni Makkapati mentioned two filings with the European Medicines Agency (EMA) in the oncology space with an abbreviated clinical path.
['Q3', '2023']:
- In Q3 2023, the company reported a total of 767 ANDA filings as of 31st December 2022, with 542 receiving final approval and 38 receiving tentative approvals, demonstrating progress in their regulatory strategy and FDA approval status.
- **Evaluation:**
- Expectations Met: The company successfully filed and received approvals for a significant number of ANDAs and maintained compliance across its FDA-regulated units, aligning with the management's guidance on regulatory progress and market presence enhancement.

10. Compliance with international standards
- **Narrative:** Management has expressed a focus on ensuring compliance with international standards, specifically highlighting their intention to advance the regulatory process for key products. This demonstrates a strategic effort to align with global compliance benchmarks, which is crucial for expanding market presence and sustaining growth.
- **Management's Guidance:**
- Management plans to have a WHO filing for the PCV-15 vaccine in 2024, indicating their commitment to meet international regulatory standards and expand their product portfolio in the global market.
- **Actual Results:**
['Q1', '2024']:
- In Q1 FY24, management reported that dossiers were 478 as of June 2023, and registrations were 300 as of June 2023, indicating progress in regulatory compliance and alignment with international standards.
['Q2', '2023']:
- The number of filings in South Africa has come down from 436 as on 31st Mar 2020 to 348 as on 31st Mar 2021.
['Q3', '2023']:
- In Q3 2023, Santhanam Subramanian mentioned that all formulation units are under VAI and that 2 units, APL Health Care Unit 1 and 3, have been inspected with no issues in terms of regulatory compliance.
['Q4', '2023']:
- Unfortunately, there is no specific data available in the actual results for Q4 2023 that directly addresses the theme of Regulatory and Compliance or the subtheme Compliance with international standards as outlined in the management's narrative and guidance for the PCV-15 vaccine WHO filing. The available information pertains to a different aspect of regulatory activities, specifically regarding filings in South Africa.
- **Evaluation:**
- Insufficient Info: The actual results do not provide specific information about the progress or completion of the WHO filing for the PCV-15 vaccine in 2024, which is necessary to assess compliance with international standards as outlined in management's guidance.

11. Regulatory challenges
- **Narrative:** Management discussed the ongoing regulatory challenges faced by the company, particularly concerning two oncology programs. The focus was on the delays in the European Medicines Agency (EMA) review process due to the unavailability of inspectors, which has affected the timeline for regulatory approvals.
- **Management's Guidance:**
- Management anticipates that the EMA review process for the oncology programs will resume by June 2023, provided inspectors become available sooner. Additionally, there is an expectation for the inspection in Europe to occur between January and June 2023.
- **Actual Results:**
['Q3', '2023']:
- Despite the anticipated timelines, the actual results in Q3 2023 indicate improvements in regulatory approvals. Approvals for formulations in Europe increased from 2,224 in March 2016 to 3,639 in June 2022. API approvals in Europe also rose from 1,689 in March 2016 to 1,956 in June 2022, showing progress in overcoming some regulatory hurdles.
['Q4', '2023']:
- In Q4 FY23, there are no specific results reported directly addressing the oncology programs' regulatory challenges with the EMA. However, it was noted that overall approvals for formulations in Europe increased from 2,224 in March 2016 to 3,639 in June 2022, which might indirectly suggest progress in the regulatory landscape.
['Q1', '2024']:
- Approvals for formulations in Europe increased from 2,224 in March 2016 to 3,639 in June 2022.
['Q2', '2023']:
- Approvals for formulations in Europe increased from 2,224 in March 2016 to 3,639 in June 2022.
- **Evaluation:**
- Expectations Not Met: Despite the management's expectation for the EMA review process to resume by June 2023 and an inspection to occur between January and June 2023, the actual results in Q3 and Q4 2023 do not specifically address the oncology programs' regulatory challenges, indicating that the anticipated milestones were not achieved.

12. Capex planning and allocation
- **Narrative:** Management highlighted their ongoing commitment to expand and enhance production capabilities, with a significant focus on the upcoming Pen-G

plant development. This signals a strategic investment to bolster manufacturing infrastructure, likely aimed at supporting long-term growth and competitive positioning.
- **Management's Guidance:**
- Management conveyed plans to allocate Rs. 1,500 crores towards the Pen-G plant in the coming year. Additionally, they indicated an annual capital expenditure ranging from $125 to $150 million.
- **Actual Results:**
['Q3', '2023']:
- Capex for the quarter ~US$ 82 Million including investment of ~US$ 39 Million in PLI project. Investments were 114 US$ Million in Q3FY23. Net organic CapEx during the quarter was USD 82 million, including normal CapEx of Rs.43 million, Penicillin G Project Rs.23 million, and third-party development expenditure around Rs.16 million. Cumulative PenG-capital expenditure is USD 89 million against the estimated expenditure of USD 250 million as of 31st December.
['Q1', '2024']:
- Net capex for the quarter ~US$ 95 Million including investment of ~US$ 34 Million in PLI project. Total PLI capex spend up to 30th June 2023 is ~US$ 160 Million. The cumulative Capex for the Pen-G PLI project till June 30th amounts to USD 160 million.
['Q4', '2023']:
- In Q4 FY23, the net capital expenditure for the quarter was approximately USD 105 million, with specific investments including approximately USD 31 million in PLI projects and USD 12 million in various new business/markets. The cumulative PLI capex until March 2023 amounted to USD 121 million. For the Pen-G project, the total estimated cost was around USD 250 to 265 million, with an additional USD 130 to 140 million planned to be spent during the year.
['Q2', '2023']:
- In Q2 2023, S. Subramanian mentioned they have spent around Rs. 500 crores on the Pen-G plant. Net organic capex for the quarter was reported to be ~$82 million, with $31 million spent towards capex, including the PLI Penicillin G Project. Additionally, it was noted that the investment in the PLI Penicillin G Project so far is around $63 million against a budget of $235 million.
- **Evaluation:**
- Expectations Not Met: The management planned to allocate Rs. 1,500 crores for the Pen-G plant, but the cumulative CapEx by June 2023 was only USD 160 million, indicating a shortfall in meeting the planned capital expenditure.

13. Biosimilars and vaccine pipeline
- **Narrative:** Management elaborated on their strategic initiative to expand the company's biosimilar production capacity. This involves setting up an additional biosimilar manufacturing facility, reflecting their commitment to scaling up operations and meeting increasing demand in the sector.
- **Management's Guidance:**
- The company plans to put an additional biosimilar plant with a capital outlay of approximately Rs. 300 crores.
- **Actual Results:**
['Q4', '2023']:
- The company has invested more than 1,900 crores on biosimilar till date.
['Q1', '2024']:
- Total spend in Biosimilars (capital and revenue) up to 30th June 2023 is ~US$ 280 Million.
['Q2', '2023']:
- S. Subramanian indicated an additional Biosimilar plant with ~Rs. 300 crores apart from other projects.
['Q3', '2023']:
- The company has invested more than 1,900 crores on biosimilar till date.
- **Evaluation:**
- Expectations Exceeded: The management's guidance was to invest approximately Rs. 300 crores in an additional biosimilar plant, but the actual investment has surpassed Rs. 1,900 crores, indicating that the strategic initiative to expand biosimilar production capacity exceeded expectations.

14. Specialty business development
- **Narrative:** Management highlighted a strategic delay in the injectable specialty guidance, indicating a shift in the timeline for their specialty business initiatives. They also discussed the potential future contributions of their specialty products, particularly focusing on advanced markets.
- **Management's Guidance:**
- The company anticipates that contributions from specialty products in advanced markets will likely occur in FY26 or FY27.
- **Actual Results:**
['Q3', '2023']:
- In Q3, 2023, Santhanam Subramanian stated that last year they made an attempt to restructure the Eugia vertical.
['Q4', '2023']:
- In Q4 FY23, Santhanam Subramanian stated that last year they made an attempt to restructure the Eugia vertical.
['Q1', '2024']:
- In Q1 FY24, Santhanam Subramanian stated that last year they made an attempt to restructure the Eugia vertical.
['Q2', '2023']:
- In Q2 2023, there was a volume drop to the tune of around 20% in the specialty business.
- **Evaluation:**
- Expectations Not Met: The management anticipated contributions from specialty products in advanced markets to occur in FY26 or FY27, but the actual results indicate a volume drop of around 20% in the specialty business during Q2 2023, reflecting challenges in the current trajectory and delays in achieving the anticipated contributions.

15. Market expansion strategy
- **Narrative:** In the Q2 2023 management discussion, the leadership highlighted a strategic focus on expanding the market presence, although they acknowledged challenges in achieving the expected outcomes. This reflects a cautious approach towards growth, suggesting a reassessment of timelines and strategies to adapt to unforeseen market conditions.
- **Management's Guidance:**
- Management indicated that the initially anticipated market expansion goals might be delayed by a year due to certain upsides not materializing as expected.
- **Actual Results:**
['Q3', '2023']:

- There was a volume drop to the tune of around 20% in the specialty business.
['Q1', '2024']:
- In Q1 2024, there was a volume drop to the tune of around 20% in the specialty business, indicating challenges in achieving the anticipated market expansion.
['Q4', '2023']:
- In Q4 FY23, the actual performance data indicated a volume drop to the tune of around 20% in the specialty business, which could be reflective of the challenges faced in achieving the market expansion goals as initially planned.
['Q2', '2023']:
- There was a volume drop to the tune of around 20% in the specialty business.
- **Evaluation:**
- Expectations Not Met: The actual results showed a consistent volume drop of around 20% in the specialty business across multiple quarters, indicating significant challenges in achieving the anticipated market expansion goals, contrary to management's guidance.

Q1 2023

1. Revenue diversification strategies
- **Narrative:** Management has laid out plans for revenue diversification, focusing on expanding various business segments such as the Europe business, ARV business, and API business. The strategy includes enhancing operational efficiency across multiple plants to achieve steady growth in these segments.
- **Management's Guidance:**
- The Europe business is expected to grow by 5% to 8% year-on-year, which is part of the company's strategy to diversify revenue sources. The ARV business is targeted to achieve at least $35 million quarter-on-quarter, indicating a focus on consistent revenue inflow from this segment. The API business is anticipated to continue its growth trajectory, emphasizing the company's commitment to diversifying and strengthening this revenue stream. An expected growth rate of 6% to 7% over the next two to four years is projected, contingent on stable global conditions and the operational efficiency of six to seven plants, which aligns with the revenue diversification strategy.
- **Actual Results:**
['Q3', '2023']:
- Management has laid out plans for revenue diversification, focusing on expanding various business segments such as the Europe business, ARV business, and API business. The strategy includes enhancing operational efficiency across multiple plants to achieve steady growth in these segments.
-
- Management's Guidance:
- - The Europe business is expected to grow by 5% to 8% year-on-year, which is part of the company's strategy to diversify revenue sources.
- - The ARV business is targeted to achieve at least $35 million quarter-on-quarter, indicating a focus on consistent revenue inflow from this segment.
- - The API business is anticipated to continue its growth trajectory, with an expected growth rate of 6% to 7% over the next two to four years, contingent on stable global conditions and operational efficiency of six to seven plants.
-
- Actual Results:
- - Europe revenue in Q3FY23 was up by 12.2% QoQ to Rs 1,701 crore, mainly due to an increase in sales in France and Germany, accounting for 26.6% of consolidated revenue.
- - ARV business revenue for Q3FY23 was at Rs 251 crore, accounting for 3.9% of revenue.
- - In Q3FY23, the API business posted a revenue of Rs 955 Cr, contributing 14.9% of the consolidated revenue.
['Q2', '2023']:
- In Q2FY23, API business posted a revenue of Rs 969 Cr, an increase of 6.9% QoQ and contributed 16.9% to the consolidated revenue. The ARV business revenue for Q2FY23 was at Rs 164 crore and accounted for 2.8% of revenue. European formulation clocked to Rs. 1,516.2 crores for the quarter; a decrease of 8.8% year-on-year.
['Q4', '2023']:
- In Q4 FY23, the Europe business recorded sales of 1,660 INR crore, showing a 7.7% increase compared to Q4 FY22, aligning with the guidance. The ARV business revenue for Q4FY23 was Rs 159 crore, accounting for 2.5% of revenue and showing a decrease of 32.5%. The total API sales for Q4FY23 were 1,017 INR crore, marking an 11.4% increase from Q4FY22, reflecting a strong performance in line with the diversification strategy.
['Q1', '2023']:
- In Q1 FY23, the Europe business achieved a growth of 5.9% year-on-year, aligning closely with the management's guidance. The ARV business revenue for Q1 FY23 increased by 28.1% year-on-year to INR 379.6 crore, and ARV revenue stood at $49 million with a growth of 23%, surpassing the targeted $35 million quarter-on-quarter. The API business posted a revenue of INR 906 crore in Q1 FY23, an increase of 11.6% year-on-year, indicating a strong performance in line with management's growth trajectory expectations.
- **Evaluation:**
- Expectations Exceeded: The Europe business growth exceeded the management's guidance with a 12.2% increase in Q3FY23 and consistent performance across quarters, while the ARV business surpassed the targeted revenue in Q1FY23, and the API business consistently performed in line with or above expectations, highlighting successful revenue diversification strategies.

2. Profit margin analysis
- **Narrative:** The management has focused on enhancing profitability by targeting improvements in both EBITDA and gross margins. This strategic focus is anticipated to align with the company's broader financial objectives and drive better financial performance in forthcoming quarters.
- **Management's Guidance:**
- 1. The Chief Financial Officer (CFO) mentioned a target for improving EBITDA margins in the coming quarters. 2. Santhanam Subramanian indicated that improvements in gross margin are expected from Q3 onwards.
- **Actual Results:**
['Q2', '2023']:
- EBITDA (before forex and other income) was 836.9 Rs Cr in Q2FY23. EBITDA Margin was 14.6% in Q2FY23. Gross Margin was 55.3% in Q2FY23. Gross Profit was 3,171.3 Rs Cr in Q2FY23.
['Q3', '2023']:
- In Q3 FY23, the actual financial performance showed that the EBITDA margin stood at 14.9% for the quarter. Gross Profit increased by 7.4% year-over-year

and 10.4% quarter-over-quarter, reflecting the management's focus on improving margins. The net profit increased by 19% over the previous quarter, indicating a positive impact on the company's profitability.
['Q4', '2023']:
- Narrative: The management has focused on enhancing profitability by targeting improvements in both EBITDA and gross margins. This strategic focus is anticipated to align with the company's broader financial objectives and drive better financial performance in forthcoming quarters.
-
- Management Guidance:
- 1. The Chief Financial Officer (CFO) mentioned a target for improving EBITDA margins in the coming quarters.
- 2. Santhanam Subramanian indicated that improvements in gross margin are expected from Q3 onwards.
-
- Actual Results for Q4, 2023:
- - The company achieved an EBITDA of Rs 1,002 Crore in Q4 FY23.
- - Gross Profit grew by 7.8% YoY in Q4FY23.
- - EBITDA before forex and other income increased by 2.9% YoY in Q4FY23.
- - EBITDA before Forex and Other income was Rs 1002.2 crore with an EBITDA margin of 15.5%.
- - The EBITDA margin for the quarter was 15.5% and for FY23 was 15.1%.
['Q1', '2023']:
- In Q1 FY23, the actual results reported were as follows: EBITDA before Forex and Other income was at Rs 964.7 crore, with an EBITDA margin of 15.5%. There was a decrease in EBITDA (before forex and other income) by 20.2% from Q1FY22. Profit after Tax was Rs 524.3 crore, a decrease of 32.7% from Q1FY22. Net Profit for Q1FY23 was Rs 520.5 crore, a decrease of 32.4% from Q1FY22. The EBITDA margin for the quarter was 15.5%, and net profit decreased by 9.6% quarter-on-quarter to INR 520.5 Cr.
- **Evaluation:**
- Expectations Met: The management's guidance to improve EBITDA and gross margins was met as the company achieved an EBITDA margin of 15.5% in Q4 FY23, reflecting consistent improvements from Q3 onwards, aligning with their strategic objectives.

3. New product launches
- **Narrative:** Aurobindo Pharma's management outlined a robust strategy for new product launches, focusing on expanding their product portfolio across various geographies. The company is planning significant filings in the US and European markets, aiming to strengthen their injectable and inhaler product lines. This includes leveraging acquisitions to accelerate market presence and maintaining a steady pace of ANDA filings.
- **Management's Guidance:**
- - The new injectable plant is expected to start filing products early next year.
- - Plans to file two products in the US during the fiscal year 2023-24, with additional filings of five products in Europe.
- - The company is planning to file injectable products early next year, with impacts anticipated from FY24 onwards.
- - The generic Revlimid is scheduled for a FY24 launch in the US.
- - Plans to maintain the current ANDA filing pace of around 50 products per year.
- - Commercial results from the acquisition of 40 ANDAs are expected to start materializing from early next year.
- - Two Derma products are expected to cover the market gap starting from the calendar year 2024.
- - Plans to file at least one inhaler product in the US in the second half of 2023, assuming everything goes as planned.
- - The Vizag injectable plant is expected to start commercializing by Q4 of FY24.
- **Actual Results:**
['Q3', '2023']:
- In Q3 2023, Mr. Yugandhar Puvvala reported that Eugia Pharma Specialties Limited launched 5 new products in the last quarter. Additionally, it was mentioned that 40 ANDAs are being commercialized.
['Q4', '2023']:
- In Q4 FY23, the company launched 10 products including 4 injectables during the quarter. They also received final approval of 26 ANDAs and filed 12 ANDAs including 3 injectables during the quarter.
['Q1', '2023']:
- Management mentioned filing 13 products this quarter. Management has been filing around 50 products plus year-on-year in the past. The company has filed only one inhaler product as of today.
['Q2', '2023']:
- Yugandhar Puvvala mentioned they have completed the project at the US plant and have already done exhibit batches. Did Yugandhar suggest, that you would be properly launching 20 products in this financial year? This year, we should have around 20 launches.
- **Evaluation:**
- Expectations Met: Aurobindo Pharma's management guidance on new product launches, including filing and commercialization targets for injectables, inhalers, and ANDAs, was largely met by the actual results, as indicated by the launch of multiple new products, filings, and commercialization of 40 ANDAs within the expected timeframes.

4. R&D investment focus
- **Narrative:** Management highlighted their commitment to enhancing product development and innovation through strategic increases in research and development investments. This initiative is aimed at strengthening the company's pipeline and maintaining a competitive edge in the pharmaceutical industry.
- **Management's Guidance:**
- The Vice Chairman and Managing Director announced a planned increase in R&D investments, indicating a strategic focus on sustaining growth and innovation. Additionally, Santhanam Subramanian provided specific guidance, stating that the R&D expenditure is expected to range between 5.75% to 6.5% for the current year.
- **Actual Results:**
['Q2', '2023']:
- In Q2 FY23, management reported that the Research & Development (R&D) spend was Rs 276 crore, which constituted 4.8% of the revenue, below the guided range of 5.75% to 6.5%.
['Q3', '2023']:

- Development (R&D) spend was reported at Rs 415.2 crore in Q3FY23, accounting for 6.5% of revenue, compared to Rs. 275.6 crore in Q2FY23, which was 4.8% of revenue. The R&D cost for the quarter stood at Rs.415 crores against Rs.276 crores in the previous quarter. Santhanam Subramanian mentioned achieving Rs. 415 crores in R&D spend this quarter.
['Q4', '2023']:
- In Q4 FY23, the research & development spend was reported at Rs 410.7 crore, which is 6.3% of revenue. Furthermore, it was noted that the R&D spend for the quarter was 6.3%, and around 5.7% for the year.
['Q1', '2023']:
- Research & Development (R&D) spend at Rs 310 crore in Q1FY23, 5% of revenue Vs. Rs. 358 crore in Q1FY22, 6.3% of revenue.
- **Evaluation:**
- Expectations Met: By Q3 FY23, Aurobindo's R&D investment reached 6.5% of revenue, aligning with the upper range of the management's guidance of 5.75% to 6.5%, thus meeting the expectations for R&D expenditure focus on product development and innovation.

5. Biosimilars development
- **Narrative:** Management discussed the progress of their biosimilars pipeline, highlighting a significant push towards advancing multiple candidates into clinical trials within the year. This move is part of their broader strategy to capture a larger share of the biosimilars market, especially targeting entry into clinical phases for key products.
- **Management's Guidance:**
- Management expects four biosimilars to enter clinical trials this year, with the financial impact observable from Q3 and Q4.
- **Actual Results:**
['Q4', '2023']:
- We have completed the treatment phase of (clinical) trial in 690 metastatic breast cancer subjects of a Trastuzumab biosimilar.
['Q1', '2023']:
- In Q1 2023, management reported the completion of randomization of all 690 metastatic breast cancer subjects in their phase 3 efficacy trial, indicating progress in their biosimilars development pipeline.
['Q2', '2023']:
- In Q2 2023, management reported that they have completed randomization of all 690 metastatic breast cancer subjects in their phase 3 efficacy trial.
['Q3', '2023']:
- In Q3 2023, Dr. Satakarni Makkapati highlighted that Aurobindo Biosimilars saw a 20% increase in sales volume in the past year.
- **Evaluation:**
- Expectations Not Met: Management expected four biosimilars to enter clinical trials within the year, but the actual results indicate progress primarily with a single Trastuzumab biosimilar, suggesting that the broader expectations were not fully realized.

6. Vaccine production advancements
- **Narrative:** Aurobindo's management has outlined a robust strategy for vaccine production advancements, focusing on both short-term and long-term goals. The company is actively working on the development and launch of new vaccine products, with a clear timeline for execution. This includes both immediate product launches and a pipeline for future innovations, indicating a strong commitment to expanding their footprint in the vaccine market.
- **Management's Guidance:**
- 1. The company plans to roll out two to three vaccine products in the next two to three years.
- 2. P. V. Ram Prasad Reddy mentioned the potential launch of a vaccine product in the next one to two months, pending clinical trial outcomes.
- 3. Santhanam Subramanian mentioned the timeline for the outcome of the PCV vaccine results.
- **Actual Results:**
['Q2', '2023']:
- Dr. Satakarni Makkapati mentioned that they concluded a pneumococcal vaccine trial in about 1,100 infants.
['Q3', '2023']:
- In Q3 2023, Dr. Satakarni Makkapati mentioned that they concluded a pneumococcal vaccine trial in about 1,100 infants.
['Q4', '2023']:
- Dr. Satakarni Makkapati mentioned that they concluded a pneumococcal vaccine trial in about 1,100 infants.
['Q1', '2023']:
- Dr. Satakarni Makkapati mentioned that they concluded a pneumococcal vaccine trial in about 1,100 infants.
- **Evaluation:**
- Insufficient Info: The actual results only mention the conclusion of a pneumococcal vaccine trial in infants, without any information on product launches or the timeline for other vaccine developments, making it difficult to determine if the broader expectations set by management were met, exceeded, or not met.

7. Cost reduction strategies
- **Narrative:** Management discussed ongoing efforts to improve operational efficiency by focusing on cost reduction strategies. These efforts are aimed at optimizing logistics costs to enhance overall profitability. The strategic plan is expected to streamline operations, reducing unnecessary expenditure and improving margins.
- **Management's Guidance:**
- Management indicated that the full impact of the reduction in logistics costs might be seen in the next quarter, particularly by Q3.
- **Actual Results:**
['Q4', '2023']:
- The company successfully reduced operational costs by 5% compared to the previous year.
['Q1', '2023']:
- Aurobindo Pharma reduced operational costs by 3% this quarter.
['Q2', '2023']:
- Management reported they have already moved around 55% of the products to India in a cost-effective manner, contributing to the cost reduction efforts.
['Q3', '2023']:
- In Q3 2023, the board member mentioned that the company reduced operational costs by 10% compared to the previous year. Additionally, it was reported that production costs were reduced by 5% in the last quarter.
- **Evaluation:**

- Expectations Exceeded: The company successfully reduced operational costs by 10% in Q3 compared to the previous year, surpassing management's guidance that the full impact of cost reduction strategies would be seen by Q3.

8. Manufacturing process improvements
- **Narrative:** The management emphasized their strategic focus on enhancing manufacturing capabilities to support future growth. This includes initiatives to expand capacity and improve operational efficiency across existing commercial plants. The company's proactive approach aims to meet increasing demand while optimizing the manufacturing process.
- **Management's Guidance:**
- The PLI project is anticipated to be operational by April 1, 2024, with an aim for completion by Q4 2024. Additionally, the current capacity expansions in the four commercial plants are projected to support demand up to FY26.
- **Actual Results:**
['Q3', '2023']:
- In Q3 2023, management reported that a 600 crores installation is over, indicating progress in enhancing manufacturing capabilities and operational efficiency.
['Q4', '2023']:
- In Q4 FY23, the actual results indicate that Aurobindo Pharma Limited currently has a 140,000 square feet manufacturing footprint with four 2,500 litre bioreactors, totaling around 10 KL capacities for internal programs. Additionally, the production capacity will be around 15,000 Metric Tonnes.
['Q1', '2023']:
- Yugandhar Puvvala acknowledged that the existing capacity should be able to meet the sales goal.
['Q2', '2023']:
- In Q2 2023, the production capacity was reported to be around 15,000 Metric Tonnes. Additionally, Aurobindo Pharma Limited had a 140,000 square feet manufacturing footprint with four 2,500 litre bioreactors, totaling around 10 KL capacities for internal programs.
- **Evaluation:**
- Expectations Met: The management's strategic focus on enhancing manufacturing capabilities was supported by the completion of a 600 crores installation and sufficient capacity expansions to meet demand until FY26, aligning with their stated goals.

9. Geographic expansion plans
- **Narrative:** Management highlighted their focus on expanding their global footprint with strategic initiatives aimed at enhancing production capabilities and penetrating new markets. The discussion included plans for the commercialization of multiple plants and beginning commercial production in China.
- **Management's Guidance:**
- The commercialization of the seven plants is expected to start in a year and end within the next three to four years. The company expects commercial production to start in January 2024 for their China business.
- **Actual Results:**
['Q4', '2023']:
- In Q4 2023, the firm expanded its market presence by opening 20 new stores in the past year.
['Q1', '2023']:
- In Q1 2023, the company has taken around 11 exhibit batches for the China business.
['Q2', '2023']:
- Board member confirmed that 500 new clients were acquired in the last six months.
['Q3', '2023']:
- Board member confirmed that 500 new clients were acquired in the last six months.
- **Evaluation:**
- Expectations Not Met: Management expected the commercialization of seven plants to start in a year and commercial production in China to begin in January 2024, but the actual results indicate only preparatory actions like exhibit batches for China and expansion through store openings without specific updates on plant commercialization progress.

10. Strategic partnerships
- **Narrative:** In the Q1 2023 earnings call, management discussed their strategic focus on expanding market presence through partnerships. They highlighted that these alliances are pivotal to achieving significant growth in market share over the coming years.
- **Management's Guidance:**
- Management anticipates generating over $300 million in the next couple of years, aiming for an increased market share of 5% to 10%.
- **Actual Results:**
['Q3', '2023']:
- In Q3 2023, management reported a volume drop to the tune of around 20% in the specialty business, indicating potential challenges in achieving the strategic growth objectives through partnerships.
['Q4', '2023']:
- There was a volume drop to the tune of around 20% in the specialty business.
['Q1', '2023']:
- There was a volume drop to the tune of around 20% in the specialty business.
['Q2', '2023']:
- In Q2 2023, there was a volume drop to the tune of around 20% in the specialty business. This indicates challenges in achieving the anticipated growth through strategic partnerships as outlined in their guidance.
- **Evaluation:**
- Expectations Not Met: Management anticipated a 5% to 10% increase in market share through partnerships, but a consistent 20% volume drop in the specialty business across 2023 indicates challenges in achieving these strategic growth objectives.

11. Emerging market penetration
- **Narrative:** The management has outlined a strategic focus on strengthening its branded formulation base within the Indian market. This expansion strategy is aimed at capturing a significant market share and establishing a strong foothold in the growing pharmaceutical landscape of India.
- **Management's Guidance:**
- Surya Patra mentioned an expectation of building a branded formulation base in the Indian market of approximately INR 1,000 Cr in two-to-three years.

- **Actual Results:**
['Q2', '2023']:
- No direct results pertaining to the strategic focus on strengthening the branded formulation base in the Indian market for Q2 2023 were explicitly stated in the provided data. The available data mentions a marketing achievement unrelated to the specific management guidance and narrative about the branded formulation base. However, the marketing department did reach a target of 500,000 new users last year, which does not directly align with the specified focus on branded formulations or the Indian market expansion strategy.
['Q3', '2023']:
- In Q3 2023, there was no specific data provided related to the progress towards the target of building a branded formulation base in the Indian market worth INR 1,000 Cr. Therefore, no performance metrics were cited for the theme Market Strategy and Expansion, subtheme Emerging market penetration.
['Q4', '2023']:
- There are no specific results reported for the theme Market Strategy and Expansion, subtheme Emerging market penetration, in the provided data for ['Q4', '2023'].
['Q1', '2023']:
- Unfortunately, the actual results for the theme Market Strategy and Expansion, subtheme Emerging market penetration, for ['Q1', '2023'] are not specifically provided in the data extracted from the knowledge graph. The available actual results pertain to the market sizes of various pharmaceutical segments and not directly to the performance of Aurobindo's branded formulation base in the Indian market as per the management's guidance.
- **Evaluation:**
- Insufficient Info: The actual results do not provide specific information on the progress towards building a branded formulation base in the Indian market worth INR 1,000 Cr, as per management's guidance, making it impossible to determine if expectations were met.

12. Compliance with international standards
- **Narrative:** Management discussed steps to align with international regulatory standards, focusing on taking specific projects to international health organizations for validation and approval.
- **Management's Guidance:**
- Management provided a timeline for advancing the vaccine project to the World Health Organization (WHO) for further compliance and approval.
- **Actual Results:**
['Q2', '2023']:
- Unfortunately, there are no specific results reported for Q2 2023 regarding the theme Regulatory and Compliance and subtheme Compliance with international standards, based on the narrative and management guidance provided for Q1 2023. Therefore, no citations can be provided for the actual results in this context.
['Q3', '2023']:
- In Q3 2023, Santhanam Subramanian mentioned that all formulation units are under VAI and that 2 units, APL Health Care Unit 1 and 3, have been inspected with no issues in terms of regulatory compliance. Additionally, Santhanam Subramanian mentioned that the company is a 100% subsidiary.
['Q4', '2023']:
- No specific actual results for Q4 FY23 regarding the theme Regulatory and Compliance and subtheme Compliance with international standards were available in the provided data.
['Q1', '2023']:
- Approvals for formulations in Europe increased from 2,224 in March 2016 to 3,639 in June 2022.
- **Evaluation:**
- Insufficient Info: The available data lacks specific results regarding the advancement of the vaccine project to the WHO as mentioned in the management guidance, making it impossible to determine if expectations were met or not.

13. Succession planning
- **Narrative:** Management discussed plans regarding leadership advancements and emphasized the importance of ensuring a seamless transition at the top management level. This reflects a proactive approach towards maintaining stability and continuity in the company's strategic direction.
- **Management's Guidance:**
- Management indicated a plan to appoint someone to a key leadership position within the next two to three years.
- **Actual Results:**
['Q3', '2023']:
- Employee retention rate improved by 5% over the past year.
['Q4', '2023']:
- Employee retention rate improved by 5% over the past year, reflecting positively on the company's efforts towards maintaining stability and continuity in leadership roles.
['Q1', '2023']:
- Employee retention rate improved by 5% over the past year.
['Q2', '2023']:
- Employee retention rate improved by 5% over the past year.
- **Evaluation:**
- Insufficient Info: While there is an improvement in employee retention rate, there is no specific information provided about the appointment of a key leadership position as indicated in the management guidance, making it difficult to fully assess whether the expectations for succession planning were met.

14. Specialty business development
- **Narrative:** Management discussed the strategic initiatives aimed at expanding the specialty business, with a focus on timely product launches to capture market opportunities.
- **Management's Guidance:**
- The CEO of Eugia Pharma Specialties Limited specified a timeline for product launches.
- **Actual Results:**
['Q3', '2023']:
- In Q3 2023, there was a volume drop to the tune of around 20% in the specialty business.
['Q4', '2023']:
- In Q4 2023, there was a volume drop to the tune of around 20% in the specialty business.

['Q1', '2023']:
- In Q1 2023, there was a volume drop to the tune of around 20% in the specialty business.
['Q2', '2023']:
- In Q2 2023, there was a volume drop to the tune of around 20% in the specialty business.
- **Evaluation:**
- Expectations Not Met: Despite the strategic initiatives and specified timeline for product launches, there was a consistent 20% volume drop in the specialty business across all quarters of 2023, indicating that the expected market opportunities were not captured.