

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:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': "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:

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': '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:

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': '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:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': '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:

- {'evaluation': 'Expectations Met', 'evaluation_reason': '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:

- {'evaluation': 'Expectations Met', 'evaluation_reason': '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:

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': '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:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': '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:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': '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:

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': '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:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': '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:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': '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.'}