AUROBINDO

June 11, 2021

To	To
Listing Department, **NATIONAL STOCK EXCHANGE OF INDIA LIMITED** Exchange Plaza, Bandra Kurla Complex, Bandra (E), **MUMBAI -400 051** **Company Code No. AUROPHARMA**	The Corporate Relations Department **BSE LIMITED** Phiroz Jeejeebhoy Towers, 25th floor, Dalal Street, **MUMBAI -400 001** **Company Code No. 524804**

Dear Sirs,

Sub: Transcript of earnings call.

Please refer to our letter dated May 28, 2021 wherein we have intimated the schedule of Investors/ Analysts call on May 31, 2021. We are attaching herewith the Transcript of the analyst / investor call on the Audited Financial Results of the Company for the fourth quarter and year ended March 31, 2021 and the same is being uploaded on the website of the Company and is available in the following web link.

https://www.aurobindo.com/investors/results-reports-presentations/conference-call-transcripts/

Please take the information on record.

Thanking you,

Yours faithfully,
For AUROBINDO PHARMA LIMITED

B. Re.

B. Adi Reddy
Company Secretary

AUROBINDO PHARMA LTD. * HYDERABAD, INDIA *

Encl: As above.

“Aurobindo Pharma Limited's Q4 FY'21 Earnings Conference Call”

May 31, 2021

MANAGEMENT: **MR. P.V. RAM PRASAD REDDY—EXECUTIVE CHAIRMAN, AUROBINDO PHARMA USA**
MR. N. GOVINDARAJAN – MANAGING DIRECTOR, AUROBINDO PHARMA LIMITED
MR. SANJEEV DANI – CHIEF OPERATING OFFICER & HEAD, FORMULATIONS, AUROBINDO PHARMA LIMITED
MR. SANTHANAM SUBRAMANIAN – CHIEF FINANCIAL OFFICER, AUROBINDO PHARMA LIMITED
MR. SWAMI IYER – CHIEF FINANCIAL OFFICER, AUROBINDO PHARMA USA
MR. ARVIND BOTHRA, -- HEAD, INVESTOR RELATIONS & CORPORATE COMMUNICATIONS, AUROBINDO PHARMA LIMITED
MR. KRISHNA KIRAN – INVESTOR RELATIONS, AUROBINDO PHARMA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Aurobindo Pharma Limited Q4 FY '21 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Krishna Kiran. Thank you, and over to you, sir.

Krishna Kiran: Thank you. Good evening and a warm welcome to our Fourth Quarter & Full Year FY'21 Earnings Call. I am Krishna Kiran from Aurobindo Pharma Investor Relations. We hope you have received the Q4 FY'21 Financials and the Press Release that were sent out earlier. These are also available on our website.

With me, we have our senior management team, represented by Mr. P.V. Ram Prasad Reddy -- Chairman, Aurobindo Pharma USA; Mr. **N**. Govindarajan -- Managing Director; Mr. Sanjeev Dani -- COO and Head, Formulations; Mr. Santhanam Subramanian -- CFO; Mr. Swami Iyer -- CFO, Aurobindo Pharma USA; and Mr. Arvind Bothra -- Head, Investor Relations and Corporate Communications.

We will begin the call with Summary Highlights from the Management followed by an interactive Q&A Session.

Please note that some of the matters we will discuss today are forward-looking, including and without limitation statements related to the implementation of strategic actions and other affirmations on our future business, business development and commercial performance. While these forward-looking statements exemplify our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors may cause actual developments and results to materially differ from our expectations. Aurobindo Pharma undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances.

And with that, I will hand over the call to Mr. Santhanam Subramanian for the highlights. Over to you, sir.

Santhanam Subramanian: Thank you, Krishna. Good evening, everyone. I hope that all of you and your families are safe. While the uncertainty due to pandemic continues, we are trying our best to be at the forefront in fighting the challenge. We are committed in protecting the health and wellbeing of our employees, their families and other stakeholders. Also, we would like to express our sincere gratitude towards the frontline & healthcare workers and our employees across the globe who are tirelessly working during this pandemic.

We will now discuss the Results for the Fourth Quarter and Full Financial Year 2021 declared by the Company. Please note that I will be referring to the Ex-Natrol Financials. For the year,

the company clocked a total revenue of Rs.23,681 crores, an increase of 8% over last year. The EBITDA before FOREX and other income increased by 9% year-on-year to Rs.4,997 crores. EBITDA margin for the year was 21.1%, an improvement of 20 bps over the corresponding previous year despite approximately 200 bps increase in R&D. Adjusted net profit, excluding the exceptional items, increased by 10% year-on-year to Rs.2,992 crores.

I would like to draw your attention the company has spent in R&D of Rs.1,510 crores for the year against Rs.958 crores last year to augment the future growth. In Q4 FY'2021, revenue increased by 2.1% year-on-year to Rs.6,007 crores. The EBITDA before FOREX and other income stood at Rs.1,276 crores, decreased by 2% year-on-year. EBITDA margin was at 21.2% for the quarter under review. Net profit declined by 5% year-on-year to Rs.802 crores. However, this is not comparable fully as the last year includes export benefit of Rs.83 crores, (net of tax of Rs.68 crores), certain tax benefits like R&D weighted deduction, etc. despite increase in R&D, we maintained the margin sequentially.

In terms of the Business Breakdown, Formulations business in FY '21 witnessed a growth of 9% year-on-year to Rs.20,592 crores. For the quarter, Formulations business clocked a revenue of Rs.5,211 crores, increased by 2% year-on-year. API business clocked a revenue of Rs.3,086 crores for the year; for the quarter, API business increased by 5% to Rs.794 crores. In the Formulations business, US business posted a growth of 8% year-on-year to Rs.11,231 crores in FY'21. On a constant currency basis, US business increased by 4% year-on-year to around US$1.5 billion. For the quarter, on a constant currency basis, US revenue ex-Natrol was at US$393 million, increased by 5% year-on-year.

We have received final approval for nine ANDAs and 19 products were launched in the quarter under review. For the year, we have received approval of 42 ANDAs and launched 53 products across Oral, Injectable and OTC segments. We have filed 9 ANDAs during the quarter and 55 ANDAs during the year.

Revenue of Aurobindo Pharma USA, the company marketing oral products in USA has increased by 8% for the year and declined 5% year-on-year for the quarter due to lower sales from antibiotics.

Revenue of AuroMedics, our Generic Injectable business declined by 10% year-on-year to US$249 million for the year due to reduction in hospital procedures on the back of COVID-19. For the quarter, AuroMedics sales increased by 13% year-on-year to US$67 million. We have filed a total of 145 injectable ANDAs as on 31st March 2021, out of which 91 have received the final approval and the balance 54 are under review.

European Formulations revenue clocked Rs.6,061 crores in FY'2021, an increase of 2.3% growth over last year. For the quarter, European Formulations revenues clocked Rs.1,553

crores, declined by 6% over corresponding previous year due to start of the pandemic in Q4 FY'20.

Growth markets witnessed a growth of 6% year-on-year to Rs.1,438 crores in FY'2021. For the quarter, Growth Markets declined by 19% year-on-year basis to Rs.306 crores due to low patient footfall to hospitals and pharmacies in several markets owing to the COVID situation.

In FY'2021, ARV Formulations business grew by 49% year-on-year to Rs.1,863 crores. In Q4 FY '21, ARV revenues grew by 29% year-on-year to Rs.491 crores. Our Global Generic Injectable consolidated revenue is $395 million for the year. Apart from this, Acrotech, our branded injectable business achieved a revenue of US$103 million for the year.

R&D expenditure is at Rs.457 crores during the quarter, which is 7.6% of the revenue. For the year, R&D expenditure is at Rs.1,510 crores, which is a 6.1% of the revenue. CAPEX for the quarter is around US$88 million. The closing rupee versus US dollar was Rs.73.11 in March'21 and Rs.73.06 in December'20. Net cash including investments at the end of March'21 was US$113 million. The average finance cost is at 1.4%, mainly due to availing multiple currency loans.

We would like to welcome Mr. Arvind Bothra to the Aurobindo family. He would be heading the Investor Relations and Corporate Communications at Aurobindo. We wish him a long and fruitful association with us. This is all from our end and we are very happy to take your questions now. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rahul Veera from Abakkus Asset Management. Please go ahead.

Rahul Veera: In Q4, we saw the ARV growth of around 29%. How much of that would you attribute towards the COVID-related molecules?

N. Govindarajan: I don't think this can be related to COVID-related molecules. Most of the growth has come from Dolutegravir and its combinations.

Moderator: Thank you. The next question is from the line of Damayanti Kerai from HSBC Securities and Capital Markets India Private Limited. Please go ahead.

Damayanti Kerai: Sir, can you provide update on our COVID-19 vaccine facility like when do you expect to complete the expansion? And also progress on the vaccine candidate UB-612? Similarly, if you can provide us some update if there is some discussions are ongoing for the contract manufacturing which we can see some participation in near-term?

N. Govindarajan: On your COVID-19 facility question, our viral vaccine facility equipment's would all be installed and all the qualification for the equipment's will be completed by June end. From

July onwards, our process validation would start and we can continue the commercial after the process validation is completed. But meanwhile, Covaxx company's UB-612, they rechristened the name as Vaxxinity. Their product can be manufactured even in our existing bacterial facility because technically it's a peptide-based product, so, it has no restriction that it has to be manufactured only in viral vaccine facility. It can be manufactured in bacterial facility or even a general injectable facility. So, to that extent we have the facility ready for running their product right away. The second question is about UB-612. Originally, the collaborator thought that they would do the trial in Brazil and they had actually waited for four to five months to kick it off, but it did not work out hence they decided to do the trial in India. They had already filed for the Phase 2/3 application to DCGI two days back. But we even had a pre-submission discussion. So to that extent, we don't expect too much of queries since most of the queries have been already taken in consideration in the application. We expect the SEC approval to happen as we progress and once that approval happens from the DCGI, we would be starting the trial in India. To your third question, as far as contract manufacturing is concerned, we have been exploring opportunities, but as such, Vaxxinity itself is expecting their emergency usage authorization from Taiwan between mid of July to end of July. And they are already in discussion with us to start manufacturing for around 25 million doses in anticipation of that approval. It can be expanded as the requirement goes up. So yes, that opportunity as a contract manufacturing would also start in the near future.

Damayanti Kerai: Yes, just a clarification, these 25 million doses to start, it's for the UB-612 vaccine only for Taiwan market, right?

N. Govindarajan: Yes, it is for UB-612 product only, but it need not be restricted to Taiwan, they would apply for approvals in various countries, so, it could be for a bunch of markets rather than only for Taiwan.

Damayanti Kerai: Sir, my second question is on vaccine facility at Vizag for Europe and ROW markets. So, again, what is the status of that facility, when we can see start of supplies from that particular plant?

N. Govindarajan: In terms of the Europe and ROW facility, it is not a vaccine facility, it's an injectable facility. Because of our current general injectable facility in Unit-4 is supplying more to US markets, so, we wanted to have dedicated capacity to focus on Europe and ROW market. So that would be ready in the next 12 to 14 months.

Damayanti Kerai: Yes, I said it's the injectable plant. And my final question is you are doing some capacity addition in the injectable part for the US market also. So, are you broadly done with those expansions?

P.V. Ram Prasad Reddy: Yes, US plant is already in production.

Moderator: Thank you. The next question is from the line of Shyam Srinivasan from Goldman Sachs. Please go ahead.

Shyam Srinivasan: Just the first one on the outlook for fiscal '22. If you could talk us about the main geographies, US we had 50 launches. Just want to understand how should we look at the US business specifically and maybe if you have guidance for the rest of the business as well?

N. Govindarajan: You know that we don't give any forward-looking statements, but what I would only give you some sense of what is currently happening. As far as the US business is concerned, there is a bit of erosion. We always budget for a mid-single-digit erosion and we have seen mid-single-digit at this juncture. As we progress, we will recalibrate on how the market is performing. But as you are aware of it that since we have several avenues in terms of the US market, so we don't see that as an issue, there could be a minor blip in the short-term and we don't expect that to continue for a longer term, that is as far as U.S. is concerned.

Sanjeev Dani: **I**n Europe, as you know, that vaccination is progressing very well and we have seen about 40% of population being covered. Overall outlook is quite optimistic as compared to the previous quarter. We think that the footfall and the patient flow will resume in hospitals for elective surgery as well as in pharmacies. So, we are quite optimistic that there will be normalization of situation as the Summer progresses. However, we have to keep it in mind that there was stock up last year even in April. So, some impact of that will be seen. In Growth Markets such as Canada and Brazil, there has been a lockdown situation. The population will be covered 100% with vaccination. In Canada in a couple of months and the situation should be normalizing.

Shyam Srinivasan: Just stepping back, Govind, we are at US$3.3 billion. So just from a growth perspective, do you think there are still enough avenues for us to grow? We have been probably executing better over the last two to three years relative to say rest of the pharma. Just want to understand is there any broad guidelines we can keep in mind? And which are the engines you think will help drive growth going forward?

N. Govindarajan: The Company has been investing very well in the differentiated portfolio and I don't want to waste your time by running through the entire opportunity, because you are aware of it starting from the peptide to depot injections to vaccines to biosimilars. There has been enough investment which has gone in and in the next two to three years most of it would have reached critical stage for commercialization. Definitely we are convinced about whatever investment which has been made and we are confident about the return from those investments which has happened so far. Having said that, till we reach that particular fructification of those opportunities, we have enough opportunity in terms of the filings which has happened in our orals and injectables. You have already heard that in the next three years, we would like our injectable business to reach around $700 million. The European facility which would get ready will also like add to both the top and bottom line. The last one, we are also expanding in API in terms of ensuring that we have certain large volume products which will also add the growth to

the API as well. You know about the PLI scheme as well. So we have enough engines to continue the growth is what our belief, but you are also aware that we don't give any specific commitment in terms of the future numbers.

P V Ram Prasad Reddy: In Biosimilars, we will be filing two products this year and two products next year.

Shyam Srinivasan: When will be the earliest biosimilar launch -- is it fiscal '22?

P V Ram Prasad Reddy: Second half of 2022.

Shyam Srinivasan: Last question, Govind, I think is on margins. So, we have recognized that R&D costs are going up and you have called that out. But just from a perspective of, again, just looking ahead, how should we think about margins specifically, you are talking about injectables being a larger percentage of revenue?

N. Govindarajan: As you are aware of it, we always maintained that we would like to put our efforts in maintaining the current margin before we start talking about the expansion. While the margin expansion would happen as we start getting more of those newer opportunities which you had mentioned. In the interim, we will be happy with the current margin is what I would say. Yes, our efforts would be to improve it, but we are also conscious that we don't want to drop the margin.

Moderator: Thank you. The next question is from the line of Amit Goela from Rare Enterprises. Please go ahead.

Amit Goela: Sir, this question also relates to injectables. Like now that the injectables have become so large like 400 million of generic and then 100 million of specialty injectables, which is much bigger than your competitor. Would you be interested in giving some color on the margins of this business, one? And the second is from the restructuring which seems to be going on, which have been announced over the last two quarters, three quarters, like more or less your injectable units except Unit-4 seem to be all under coming under Eugia. So, what are the plans over you are consolidating everything over that if you can throw some light over this?

N. Govindarajan: So, as far as margin is concerned, we have not separated so far, so, I am not going to separate it right now. As far as restructuring is concerned, we will be discussing more on this in our next board meeting and we will take a decision, because we have already merged Unit-16 and Auro Cure facilities with the step-down subsidiary of Eugia. That has been done to achieve the operational efficiencies and also to get better focus on the business segment. But obviously, the board will evaluate various options to ensure the value creation for all stakeholders. So, that is something which definitely the board will consider. We will be taking up in the next board meeting whenever it happens.

Amit Goela: Sir, in Europe, it was said that a lot of elective surgeries and all got postponed and which will come back now. Would you envisage a similar situation in US? And would you guys specifically lost some businesses which can come back?

Swami Iyer: Yes, in the US, we have seen less of elective surgeries because of the pandemic. We have seen a good improvement in the recent past and we are also seeing some more traction in terms of the hospitals wanting to meet our territory managers. So, we are cautiously optimistic on this.

Amit Goela: Any number you would like to quantify in terms of how much you would have lost or anything like that?

Swami Iyer: All that I can tell you is despite all the constraints we have been fairly stable.

Moderator: Thank you. The next question is from the line of Cyndrella Carvalho from Centrum Broking Limited. Please go ahead.

Cyndrella Carvalho: Sir, I understand that the vaccination is improving in the US and Europe region. So specifically, any observations like how far are we from a pre-COVID level, if you could help us understand that?

N. Govindarajan: So, I would put it this way, the second half of the current financial year, we would prefer to have it, but as you would also appreciate that these are all predictions, these are all not based on a specific data saying that we will have it. We would be happy if we can get that, that's what I would say.

Cyndrella Carvalho: Any data comparison like footfall level or prescription level, where do we see it, anything that we have?

N. Govindarajan: If you heard from what Swami said is that the footfalls have improved, but it has not reached the pre-COVID level, you might have heard that clearly. So to that extent, we are still waiting for achieving the same level what we used to achieve in the past,

P V Ram Prasad Reddy: As on today, the antibiotics sale, there is no much movement, but that is a barometer, Antibiotics, cold medicines and those things where we are having. We have not seen much movement, but definitely we are expecting in the coming quarter onwards it will slowly improve. To come par with the before years, it may take another four quarters.

N. Govindarajan: Majority of the consumption would happen in winter, but the procurement will happen in summer. So in next two - three months we will have clarity on where we stand.

P.V. Ram Prasad Reddy: Antibiotics or any cough and cold medicines.

Cyndrella Carvalho: Similar situation in Europe as well?

P.V. Ram Prasad Reddy: Yes, same.

Cyndrella Carvalho: Sir, we have consolidated most of our injectables business under one entity right now and you are in the process. So, if we look at our business, ex-injectables, so, is there any thought process to look at the business like that?

N. Govindarajan: When injectable business is under one umbrella, so obvious the business which is not part of that umbrella will be the existing business. So, what exactly you are trying to drive at.

Cyndrella Carvalho: I am saying is there any thought process in terms of how should we look at the ex-injectable business for Aurobindo in terms of entire consolidated entity, what would remain with us in terms of growth?

N. Govindarajan: When we talk about the injectable consolidation, as earlier mentioned except Unit-4 at this juncture. The only part we are talking about is Unit-4 at this juncture. But keeping that aside for a minute, let us take for an example about the existing business other than injectable, we have a pretty decent size at this juncture. Apart from that, we have a large investment which has been made on the differentiated portfolio, which includes biosimilars as Mr. Reddy was explaining about two products getting filed this year, two products next year, there are pipeline of products which are coming up in biosimilars. We have vaccines, we have peptide-based depots and we have enough opportunities in the differentiated portfolio which are not necessarily part of this current injectable part we are talking about. So, we have enough opportunities to grow the non-injectable business.

Moderator: Thank you. The next question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal: On the Eugia business, have we commercialized all the product approvals that you have got so far, obviously waiting for the critical mass to meaningfully sort of growth there, I think you are waiting for a certain number of critical mass, number of product approvals to launch your business?

N. Govindarajan: So, overall 10 hormonal and 65 oncology products are under development with addressable market size of more than $45 billion. As on 31st March ‘21, we have filed 41 ANDAs including 31 oncology that is including the 13 orals and 18 injectable and 10 hormonal products. So, we have enough headroom for us to continue working on that. At this juncture, we have got approval for 15 products and we have launched 13 products.

Nitin Agarwal: Just on that point, during the quarter in the press release you mentioned you launched 19 products including 10 injectables. In your assessment has there been any impact or a meaningful impact of these launches in the current quarter or most of it is going to come through the subsequent quarters?

N. Govindarajan: You will start seeing more of it in the coming quarters.

Nitin Agarwal: And bag lines has also got re-commissioned again, Govind?

N. Govindarajan: Yes, two quarters back.

Nitin Agarwal: On the vaccine that you mentioned Govind our capacities will come through in June. The other point you mentioned is, you are having extra. You did mention that for the UB-612, existing capacities are enough to manufacture it. Large capacity we put out in the new viral vaccine facilities. How do you see that getting utilized over the next few quarters and going forward? Because our own internal development candidates are far behind you mentioned they do it in inherent properties as well?

N. Govindarajan: Yes, our viral vaccine facility is getting completed in terms of all aspects of equipment qualification by June and by July, the process validation would start. We don't need to wait for that facility for producing UB-612 because it can be even made in our existing PCV facility because this product doesn't need to be produced in a viral vaccine facility, it can be produced in PCV facility or even an injectable facility. To that extent, that is not a concern at all in terms of utilizing this product into the existing facility. As the volume grows up, it can move into the newer facility, because please remember the fact that our PCV product, we expect the approval to happen somewhere in the middle of next year and we need to start producing that product atleast five to six months earlier, because it is a long synthesis and we need to be ready. So, we got a narrow window in terms of utilizing the PCV facility and as soon as the new facility is commissioned, we will move into that new facility, that is as far as UB-612 is concerned. From a capacity perspective, we had mentioned in the past we have around 250 million doses which could have been made in our existing PCV facility and around 480 million doses can be made in terms of the new viral vaccine facility and as of now we are also looking at creating some more capacity if the need arises. But the most important point as to answer your question in terms of how those capacities would be utilized, I have already answered you for the PCV, how it will be utilized. For Vaxxinity itself, we are starting with 25 million, but they need large volumes as they progress and by the time if everything goes well, which I have to be carefully wording it because we are yet to get the Phase-2/3 application approval from DCGI. Approval in India towards the end of the current calendar year or the beginning of next year, then in that case, that facility would not only be catering to the Vaxxinity in the global market, but it has to cater to the Indian market as well.

Nitin Agarwal: You are exploring opportunities for further utilization of the capacities for any other contract manufacturing services or any other vaccine manufacturers?

N. Govindarajan: We are exploring as well, as we progress you will hear from us.

Moderator: Thank you. The next question is from the line of Harith Ahamed from Spark Capital Advisors. Please go ahead.

Harith Ahamed: On the ARV segment, we have seen a 50% growth this year and you commented on how we transitioned from TLE to TLD driving this. So, once this transition from TLE to TLD is completed, how should we think of the sustainability of the current base of revenues in this segment, will there be a decline once the transition going forward?

N. Govindarajan: First of all, I would like to clarify one important aspect of it that you cannot see a 50% jump because of the simple reason it is not that it has been growing and suddenly you have seen a 50% jump, because prior to the transition to Dolutegravir for almost a period of two to three years it had a drop in business. So, from the drop-down business, it has now improved to this particular level. So, at least starting from the current year and next year you should look at more of a flat level or maintaining this level is what I would say a minor growth, you cannot see it continuing a double-digit growth and all we are not budgeting for, we will be happy if we get it, but we are not budgeting because we expect to maintain this business.

Harith Ahamed: On the biosimilar launch, which you guided for in the second half of FY'22, so have there been any filings already or we will be making filings in the coming months, how should we read that comment?

N. Govindarajan: What Mr. Reddy said is second half of next calendar year is what he was mentioning which will be technically FY'23. So, that's when that numbers would arise. Is that right Mr. Reddy?

P.V. Ram Prasad Reddy: Yes, it is the calendar year 2022.

Harith Ahamed: So, earlier there was a guidance of making our first biosimilar filing towards the end of FY'21. So, have we been able to achieve those timelines in terms of first few filings in biosimilars?

N. Govindarajan: The current status is we expect to file two products in the second half of this financial year and that is what Mr. Reddy was talking about those launch would happen in the subsequent year. Considering even the seven months of fixed review and considering some buffer, I think definitely that approval will happen and we will be able to launch those products. Apart from that Mr. Reddy has also already guided we will be filing two more products in the next year.

Harith Ahamed: When I look at the operating cash flows for FY'21, there is a decline compared to FY'20 and this despite our EBITDA being higher and our working capital cycles remaining almost flat. So, anything that you would want to call out here in terms of maybe some of the non-operating working capital items or any other reasons for lower operating cash flow in FY'21?

Santhanam Subramanian: If I recollect FY'20 that is 31.3.20 we made the total operating cash flow of around $365 million. But this year we have made the operating cash flow of around $421 million. So, the PBT for the year is around $612 million and we had a depreciation of around $143 million and

we paid tax and others around $168 million. So, the net cash inflow during the year is around $587 million. Post working capital and investments in various joint ventures, etc., the net cash flow from operations is $421 million. We have bought the balance share from the JV partner of Eugia, for $105 million. We spent a CAPEX of around $247 million. We have got net cash from Natrol of around $435 million after tax. We paid a dividend of around $32 million, After all this the total free cash flow available after everything is around $472 million. Net debt at the beginning of the year was $359 million. Our free cash flow was around for $472 million including investments made of around $43 million. So, the closing cash including the investment is around $113 million. So, this year we are better off because 1) the profits have improved and 2) last year also we had the similar number for the working capital, this also is a similar number, but overall the cash part has improved really this year.

Moderator: Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

Sameer Baisiwala: Sir, is it possible for you to expand a bit more on your biosimilar strategy in terms of which countries would you be filing? And what kind of products are these that you are working on?

N. Govindarajan: Yes, the first two products we would be filing for Europe and it would get filed in the US a bit later, because in Europe we have got a waiver in terms of a Phase-3 with the extended Phase-1 itself we are able to get an approval. That is the first two products that would get into Europe. As far as the next two products, whatever Mr. Reddy had mentioned is actually for the global market including US and Europe.

Sameer Baisiwala: Are they immune, onco or monoclonal, what kind of products…?

P.V. Ram Prasad Reddy: Onco-based biosimilars.

Sameer Baisiwala: Second question is, is there anything that you are seeing for the US market in terms of alternate channels? When I say that I am referring to ePharmacies or online maybe people like GoodRx or Amazon, is this getting to be a meaningful part of your sales?

Swami Iyer: As far as the eCommerce is concerned, we already launched some products in the eCommerce platform for the OTC products and then we also have certain auction sites for some of these products. With regards to Amazon, we have initiated some discussions and we are looking at wherever opportunity comes in this area. We would like to look at it. But at this point of time, it's primarily limited to the OTC products.

Sameer Baisiwala: What's the outlook for this say in next two or three on ePharmacies, GoodRX, Amazon, etc., -- can this be a $500 million kind of a product? Will this be a big channel for you?

Swami Iyer: I don't know if I can give you the number, but all that we know is Amazon Pharmacy has started selling their products through their pharmacy business and we have to see how far that grows, they have started in the recent past.

P.V. Ram Prasad Reddy: Even though that is small, every year it is growing at 100% basis. It may reach around $10 million to $15 million business come only from Amazon and other e-pharmacy in next two to three years. We are also listing the products in our new Nutraceutical division. So, the most growth is coming only from those areas.

Sameer Baisiwala: Can you update us on your complex injectable products portfolio how many filed, how may you are targeting to file as we go forward?

P.V. Ram Prasad Reddy: In complex injectables there are at least 15-20 products including depot injection. We are going to take exhibit batches for four depot products in next three - four months and where filing may happen by end of this financial year. Majority of the critical injectables will be manufactured from US plant because of some specialty manufacturing lines required. These include pen injections. So lots of things are happening on the difficult to develop injectables side.

Moderator: Thank you. The next question is from the line of Tarang from Old Bridge Capital. Please go ahead.

Tarang: A couple of questions from my side. If I look at the oral solids business in North America ex-Natrol and ex-injectables, the business has grown about 8% on a year-on-year basis from about $1.060 billion to about $1.18 billion. So, just wanted to check, are there any specific drivers in this year which drove this business, it's almost 8% constant currency growth?

N. Govindarajan: The answer is at any given year there can always be a few products which can be a star, but it is not that it has been budgeted or it has been planned. You know that as far as oral solid business is concerned, one is the base business which is a regular business which happens; the second is the launch of new products which can happen. Apart from that, we also got something called new business opportunities (NBO) when somebody is not able to supply that will come as an NBO and typically in NBO we have probably 10% - 15% better margins than the regular products what we can have. The final one is something called one-time business, that is not in a contract or long-term basis, one-time they will come and buy it and that again have a better margin than the typical products. So, what happens is that it's because of the depth of the portfolio there can always be couple of products, we will get opportunities and we will be able to take advantage of it. Since we are also backward integrated, we are able to cater to that need across the entire spectrum.

Tarang: My second question, your Europe business clocked about €700 million in FY'21 that was largely flat if I were to normalize the pile up that happened in Q4 FY'20. So, given how all the

investments are already made in this part of the business, from a medium-term perspective, how do we see this and how should we see it significantly helping in margin expansion?

Sanjeev Dani: Actually, you said it rightly that the top line is definitely governed by the external market growth rate; however, below the top line, there have been significant growth levers which we are working on. First is about switching the products to a lower cost base like to India. Second growth lever is launch of the new products into over 11 focus countries. As a result, during the year, we had 36% volume being sourced from India. So, that is improving the margin, plus we are talking about launching the new products as you heard. We have more than 200 products under development in general oral category, which will be launched over next two to three years. In Eugia's Oncology segment, we have additional 55 products under development, out of which five have already been launched in last one year and two more being launched this quarter. We have not launched Ertapenem in Europe yet and the penem block is being expanded so, we will be launching Ertapenem and looking forward to that very soon. You heard about the Vizag general injectable plant, which will be in operation in 18 months and we are developing close to 50 products, which are going to be very helpful for our hospital taskforces in Europe. We have a very good market share in hospital with products which are sourced from Europe and plus we have two biosimilar products which will be filed next quarter. So, you can have a complete picture about our plans for higher margin products and opportunities.

Tarang: So you have about $800 million of cash on books. Are there some bolt-on inorganic opportunities that you are looking at, how should we look at this cash moving forward from these levels?

P.V. Ram Prasad Reddy: We don't have $800 million cash.

Santhanam Subramanian: Do not go by the $800 million cash because these are all the numbers which are coming at the end of the quarter as there will be quite a lot of collections which will come end of the month that will automatically be used to repay. So, $800 million is on a particular date. That is it.

N. Govindarajan: So, on the inorganic opportunities, we have a very clearly defined way which is in terms of we will look at it in case if there is a market expansion possibility or any portfolio. That's how we have done Profectus BioSciences and that's how the market expansion when we have done Apotex Eastern Europe as well. So we will definitely keep continuously looking for these two defined ways. We are not looking at any large ticket acquisition at this juncture. There can always be medium ticket sizes which can happen as we progress if there are some value-add possible, because suppose if there is a company which is having a set of ANDAs that will fill in the gap in terms of our existing portfolio, we will be happy to do that. So, such opportunities we will definitely be happy to do. But we are definitely not looking at any large ticket for at least the next couple of years. Anything you would like to add to Mr. Reddy on this?

P.V. Ram Prasad Reddy: We are investing, wherever the good opportunities are there. We have recently invested in the branded one from some customer. We will continue to invest based on requirement wherever the gaps are there. we are going to invest continuously.

Moderator: Thank you. The next question is from the line of Prakash Agarwal from Axis Capital. Please go ahead.

Prakash Agarwal: My question is on this restructuring exercise that you are doing on the injectable side. I understand you have taken Unit-16 to Eugia, but what about Unit-4, how do we think this asset, why not consolidate the entire injectable business?

N. Govindarajan: The board will consider this at an appropriate time or even we had mentioned it will be considered in the next quarter is what we have said.

Prakash Agarwal: That is part of the plan is what I am trying to understand, right?

N. Govindarajan: That is what is being evaluated is what I would say. You cannot say anything firmly until the board approves, you would agree with that.

Prakash Agarwal: On raw material side, we have seen some companies talking about increase in API prices for particular products. How are we placed for the upcoming quarters?

N. Govindarajan: As far as API is concerned, you would appreciate the fact that external sales still predominantly is antibiotics, almost 60% would be antibiotics and 40% would be non-antibiotics. As far as antibiotics is concerned, you have heard enough from us. On non-antibiotics, selectively we are seeing some price improvement, but not en masse is what I would say.

Prakash Agarwal: No, no. I meant from our gross margin perspective, we use our in-house, but we also import lot of intermediates and API, right. So I am trying to understand that how does the gross margin look from here?

N. Govindarajan: We cannot again mention it as en masse, there are specific products, certainly because of the non-availability of raw material or the raw material supplier has increased the price, there are certain specific products, they have increased the price as well, but you cannot generalize it is what I am trying to tell.

Prakash Agarwal: Last one on ARV side. You saw phenomenal growth with TLD, TLE moving. But how do we see the year ahead?

N. Govindarajan: We would be happy to maintain the current level, we would be happy in case if minor growth happens, but we don't expect a tectonic growth on ARV portfolio for at least next one or two years, because you would remember, when the transition happened into Dolutegravir regime,

you remember we had a drop in business a couple of years and then Dolutegravir started picking up. So, we have reached now a stable level and we would be happy to maintain this level for at least one or two years.

Prakash Agarwal: To maintain the growth or maintain the absolute?

N. Govindarajan: Maintain the current business. We are not talking about maintaining growth.

Moderator: Thank you. The next question is from the line of Ritesh Rathod from Nippon India Mutual Fund. Please go ahead.

Ritesh Rathod: Any thoughts on dividend payout given the high cash value from the books and what you are going to accumulate in the next couple of years?

N. Govindarajan: You might have seen that we already announced that we are going ahead with PLI scheme. We are also looking at expanding injectable business by creating a capacity in Vizag, plus we are investing in API capacity creation. So, board will consider all this and then take a decision on the dividend. So, obviously the current level this CAPEX has to be focused on.

Ritesh Rathod: So, basically, it will be in line with the historical number is what you are saying or that will be regarding once this is done after a couple of …

N. Govindarajan: My answer is that the board will consider the current CAPEX and they will decide, but one thing is we have been fairly distributing dividend and even improved in the last year or two, we would like to ensure that at least dividend is maintained and whatever improvement can be made always would be considered by the board.

Moderator: Thank you. The next question is from the line of Surya Patra from PhillipCapital. Please go ahead.

Surya Patra: Sir, you mentioned about the commercialization of this new US injectable facility. So, whether it is ready for commercialization, whether it has completed all the inspection and all that or how significant this capacity would be as in kind of incremental growth driver for our US injectable business, any color on that please?

N. Govindarajan: Currently, the exhibit batches are being run and as we progress we would give more color in terms of the size and shape on what it can take.

Surya Patra: The specific question was because we are having that capacity constraint and that is why we have created two dedicated ones, one in US for US and in India for EU and as well as ROW. So that is I was trying to understand that, okay, while there is a kind of doubling growth guidance that is there on the injectable side over three to four-year timeframe, but how

significant this asset could be or would we require additional CAPEX to achieve that so that was my specific point, so that's why?

N. Govindarajan: I don't think that we need to have other than whatever we have mentioned about the Vizag capacity and commissioning the US capacity. We may not look at additional capacity for reaching the number what has been projected already, that is number one. But two is currently US facility… Mr. Reddy also might correct me if I am wrong, around 20 products exhibit batches will be run in next 12 to 14 months. So objective is this US facility has two objectives, one is this is for more of high value, low volume product and also the mitigation for US market as far as Unit-4 is concerned. So, definitely, it's a very important capacity and this will also add value in terms of our larger goal of reaching the $700 million, this will also play a role apart from the Vizag facility and Unit-4 as well.

Surya Patra: My second question is on the European business side. So is it possible to share what is a portion of that EU business currently would be exported from India? And let's say last full year, what margin that we have achieved for the European operation?

Sanjeev Dani: We crossed about 50% of volume sold in Europe being sourced from India now and we have double-digit EBITDA margin in business on the whole.

Surya Patra: So this margin indication in the previous quarter you had mentioned, I think 15% and the blended margin for European region, I think that was the kind of…

Sanjeev Dani: That was without Apotex, as you know the Apotex business of €130 million, that was loss-making one and we were earlier looking at like-to-like comparison with business which consisted of previous acquisition andorganic launches. But after acquiring the loss-making business of Apotex which is close to 20% of our current EU business, we have again regained to level of double-digit percentage of EBITDA.

Surya Patra: In fact, my another extended question on this Europe is that, see from various studies that we are finding, this Indian export to Europe was the one of the best in last one year period. And I think that was a kind of a trend reversal in terms of growth, Indian pharma export to Europe, it's been over last one decade kind of a very low single-digit kind of growing business otherwise, that was about the industry as a whole. But so given the kind of strong export trend what we observed for the industry, our performance looks muted against that, that is one. And secondly, any specific reason that we are seeing sequential decline in the European business?

Sanjeev Dani: First of all, as I mentioned in response to earlier question, Aurobindo Pharma exported volume to Europe increased by 36% last year in FY'21. So when you are looking at the export out of India to Europe, it was definitely led by Aurobindo Pharma in terms of volume and that was because we switched 13 products from Europe to India last year to a lower cost base and also 10 new products were launched, thereby totally 23 products were added to the portfolio. Now,

we are exporting close to 225 products to Europe. That's why I said that whatever volume we are selling in Europe, now more than 50% is being sourced from India and you are looking at only the India export to Europe, but we are sourcing another 50% of volume from Europe itself to sell in Europe. So, that growth rate is separate. Now on YoY basis last year, the same Q4 of FY'20, we had 26% growth in euro terms and as you are aware that the markets are growing only at about 2% to 4%. So that was because of the stocking up which happened in the COVID-related situation. Italy and Spain were the first of the countries which were affected and there was high stock up that happened in February & March. Some countries followed with same phenomenon in April also. Out of 26% growth of euro terms, we expect that at least 15% to 18% were stock-up off. When you are looking at last year this quarter €207 million that we sold, close to €37 million, we think it was because of stock-up and that's why the real base was €170 million and this quarter which we are reviewing right now is €177 million. So, we have not lost sale, we have grown if at all slightly. Yes, it is below expectation, but then the market is degrowing. In fact, normal patient footfall is not more than 7 out of 10 as compared to pre-COVID. So, we expect that now Germany and UK also, even though it's not part of EU strictly speaking, have already covered 40% and 50% of the population in vaccination, it is catching up very well, even in Italy and Spain and other countries. So, we think that summer is going to be coming back to very much normal and we are optimistic that the footfall in hospitals and pharmacies will come back to normal, but we can say only as the time goes by.

Moderator: Thank you. The next question is from the line of Nishid Shah from Ambika Fincap. Please go ahead.

Nishid Shah: Govind, just a follow-up question on vaccine. You mentioned earlier that the trials are going on for UB-612 in Taiwan and results are expected sometime in middle of July. Now, with the revised guidelines of Government of India, if that trial is WHO approved, can we use that trial data to start producing and selling in India also?

N. Govindarajan: No, because they have clearly mentioned the countries which they will encourage in terms of US, Europe, and Japan and unfortunately, Taiwan is not part of the list which would be accepted by the Indian government in terms of replicating their emergency usage authorization. But at the same time, they can always consider their immunogenicity data which can save some time for us, but they cannot give an emergency usage based on Taiwan approval.

Nishid Shah: We will need to do a clinical trial out here. That would take how many months according to you?

N. Govindarajan: So, the clinical trial if you are talking about, the full subjects might take more time, but there are certain criteria based on that we can request for an earlier approval in terms of emergency usage authorization subject to triggering certain aspects, those are like part of that calculation

like they say N equal to 60 or 70 once they reach, they can ask for emergency usage authorization, so that can happen earlier.

Nishid Shah: It will take couple of months before we start selling it in India. But in the meanwhile…

N. Govindarajan: No, I am not saying to a couple of months it will happen. I'd be happy in case if it happens towards the end of the calendar year or beginning of next calendar year. So definitely it will not happen in the next two months.

Nishid Shah: What about WHO and UNICEF related sales because we have arrangement whereby we have India, WHO and UNICEF… so, for that also, we will need to do a separate trial?

N. Govindarajan: No, you don't need to. They would give the approval once Indian emergency usage authorization is arrived. UNICEF and Gavi can also buy from us.

Nishid Shah: They will be able to sell only in Taiwan, that's what once the Taiwan approval comes, right?

N. Govindarajan: No, what I mentioned earlier is based on the Taiwan approval; they would be applying and getting approval in certain other countries which are willing to accept Taiwan emergency usage authorization. That is where they are planning to make some product and keep it ready and then they will increase the volume as they see more progress in the sale of that product.

Nishid Shah: So if I may ask, which are the countries where they will be targeting or where they will be able to sell, Govind?

N. Govindarajan: There are certain Central America, Latin American countries they had mentioned. I don't want to get into the specific country names, because it might be confidential for the collaborators.

Moderator: Thank you. That was the last question. I would now like to hand the conference over to the management for closing comments.

Krishna Kiran: Thank you all for joining us on the call. If you have any question unanswered, please keep in touch with Investor Relations. The transcript of this call will be uploaded on our website, www.aurobindo.com in due course.

Moderator: Thank you. On behalf of Aurobindo Pharma Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.