



# Promise to performance.



# Index

## INTEGRATED REPORT

- 02 About the report
- 04 2023 at a glance
- 06 Vice Chairman & Managing Director's review
- 10 Key performance indicators

## Who are we

- 12 Aurobindo at a glance
- 20 Our global presence

## Creating sustainable value

- 22 Business model
- 24 Operating landscape
- 26 Strategic priorities

## Our approach to sustainability

- 28 Our sustainability approach
- 30 Stakeholder engagement
- 32 Materiality assessment
- 36 Sustainability goals and progress
- 38 Our contribution to UN SDGs

## Delivering value through capitals

- 40 Financial capital
- 46 Manufactured capital
- 52 Intellectual capital
- 56 Social and relationship capital
- 66 Human capital
- 82 Natural capital

## Governance

- 92 Board of Directors
- 94 Business ethics and responsibility
- 96 Risk management

## STATUTORY REPORTS

- 98 Notice
- 110 Board's Report
- 120 Management Discussion and Analysis
- 134 Risk Management
- 142 Business Responsibility & Sustainability Report
- 197 Report on Corporate Governance

## FINANCIAL STATEMENTS

- 224 Standalone
- 316 Consolidated

# Promise to performance

At Aurobindo Pharma Limited (APL), we embody the spirit of adaptability and innovation, recognising that these qualities are key to achieving true success. Our relentless pursuit of growth has led us to expand our product portfolio, encompassing a diverse array of oral products, general injectables, ophthalmic products, and more. Through strategic acquisitions, partnerships, and internal research and development, we continuously broaden our range of offerings to cater to the evolving needs of our valued customers.

But our ambitions extend far beyond our current horizons. APL aims to establish a formidable market presence on a global scale. By harnessing the power of innovation, we are steadfast in our commitment to launching scientifically advanced products that not only meet unmet medical needs but also deliver exceptional value to consumers worldwide.

Driven by purpose, we remain dedicated to making significant contributions to the fields of

anti-diabetic and oncology treatments. Through rigorous product trials and clinical testing, we tirelessly strive to pioneer breakthroughs that instil hope and yield improved outcomes for patients across the globe.

In our pursuit of global excellence, APL continues to expand its operations in China. With an ambitious plan to introduce a comprehensive range of new products, we are resolute in our determination to fortify our presence in this vital market.

Over the past year, we have celebrated numerous accomplishments and wground-breaking achievements, underscoring our unwavering commitment to excellence. However, we do not rest on our laurels. We place paramount importance on regulatory compliance and operational excellence, ensuring that our success is built upon a solid foundation of quality and sustainability.



## About the report

# Our integrated approach

APL has over three decades of experience, expertise in chemistry, world-class infrastructure, and a talented team. We are committed to sustainable business practices and creating value for all stakeholders. Our reporting process has been guided by the principles and requirements contained in the Integrated Reporting (IR) Framework.

The preparation process for this integrated report involves a structured content-gathering exercise across the entire organisation which is driven by cross-functional teams. This process is thorough and includes extensive interaction with multiple stakeholders both internal and external with a focus on future business and societal priorities.

### REPORTING PERIOD

April 1, 2022, to March 31, 2023

### REPORTING SCOPE AND BOUNDARY

The data in this report covers all our worldwide product manufacturing operations and R&D facilities, and marketing operations and includes all ingredient sourcing, patient management, product packaging, and warehousing facilities.

Sustainability performance is only of Manufacturing and R&D facilities and the initiatives taken by our corporate office in Hyderabad, India.

### MATERIALITY

To ensure transparency and provide relevant information to stakeholders, we have included in this report all issues that could impact our ability to create and sustain value over the short, medium, and long term. In identifying and prioritising these material matters, we conducted a thorough review.

## INTRODUCING OUR CAPITALS

### Financial capital

We showcase financial discipline in our capital allocation practices. We employ cash generated through our operations, divestitures, and financing from debt and equity to sustain and evolve our business, distribute profits to shareholders, and fuel our expansion plans.

PAGE 40

### Manufactured capital

By investing in capacity expansion, we can produce valuable products while ensuring operational reliability. These investments also aid us in controlling our environmental impact and meeting regulatory obligations.

PAGE 46

### Intellectual capital

Our competitive advantage at Aurobindo Pharma is reinforced by a combination of technologies, software, procedures, and protocols. Furthermore, we reinforce our strong foundation through various initiatives such as operational excellence and digitalisation.

PAGE 52

### Human capital

To fulfil our purpose of generating continuous value for stakeholders and effectively managing our business, we require a talented, diverse, and innovative workforce with appropriate skills and experience. We aim to remain a highly respected employer by establishing an inclusive environment

that promotes critical skills retention, fosters career development and maintains a robust leadership and management succession plan.

PAGE 56

### Social and relationship capital

At APL, we strive to establish a supportive environment for our operations and investment by incorporating the interests of our stakeholders and fulfilling our commitments. We actively engage with our stakeholders to adopt a multi-stakeholder approach to tackling challenges and achieving our strategic objectives.

PAGE 66

### Natural capital

We use a variety of natural resources to develop products that promote good health and combat illnesses. Our plant operations require energy and water, but our sustainability focus has enabled us to achieve a significant degree of self-sufficiency. We have long been committed to the 3Rs (Reduce, Reuse, Recycle), facilitating efficient resource utilisation, and we are gradually transitioning to renewable energy resources to reduce our reliance on non-renewable resources.

PAGE 82

## FEEDBACK AND CONTACT

Your suggestions, views, and opinions allow us to further improve our reporting. Please email your feedback to: [jvnreddy@aurobindo.com](mailto:jvnreddy@aurobindo.com)



2023 at a glance

# A year of many highs



## DRIVING ECONOMIC GROWTH

₹**24,855**CR  
Revenue

₹**13,562**CR  
Gross profit

₹**3,758**CR  
EBITDA

₹**1,928**CR  
Net profit

## ENVIRONMENTALLY CONSCIOUS

**17%**  
Reduction in carbon emissions from baseline year FY20 (Achieved more than 100% of 2025 target)

**62%**  
Hazardous Waste is sent for Co-Processing for use as alternate fuel in Cement units against target of 60% (Achieved more 100% of 2025 target)

**29%**  
Reuse of treated wastewater out of total wastewater generated (273,345 KI)

**~12%**  
Utilisation of renewable energy in operations against target of 20% (Power to Power) (288,995 GJ)



## ENSURING TRANSPARENCY

**50%**  
Of the Board comprises Independent Directors, of whom 2 are women

**16+ YEARS**  
Average tenure of the Directors on our Board

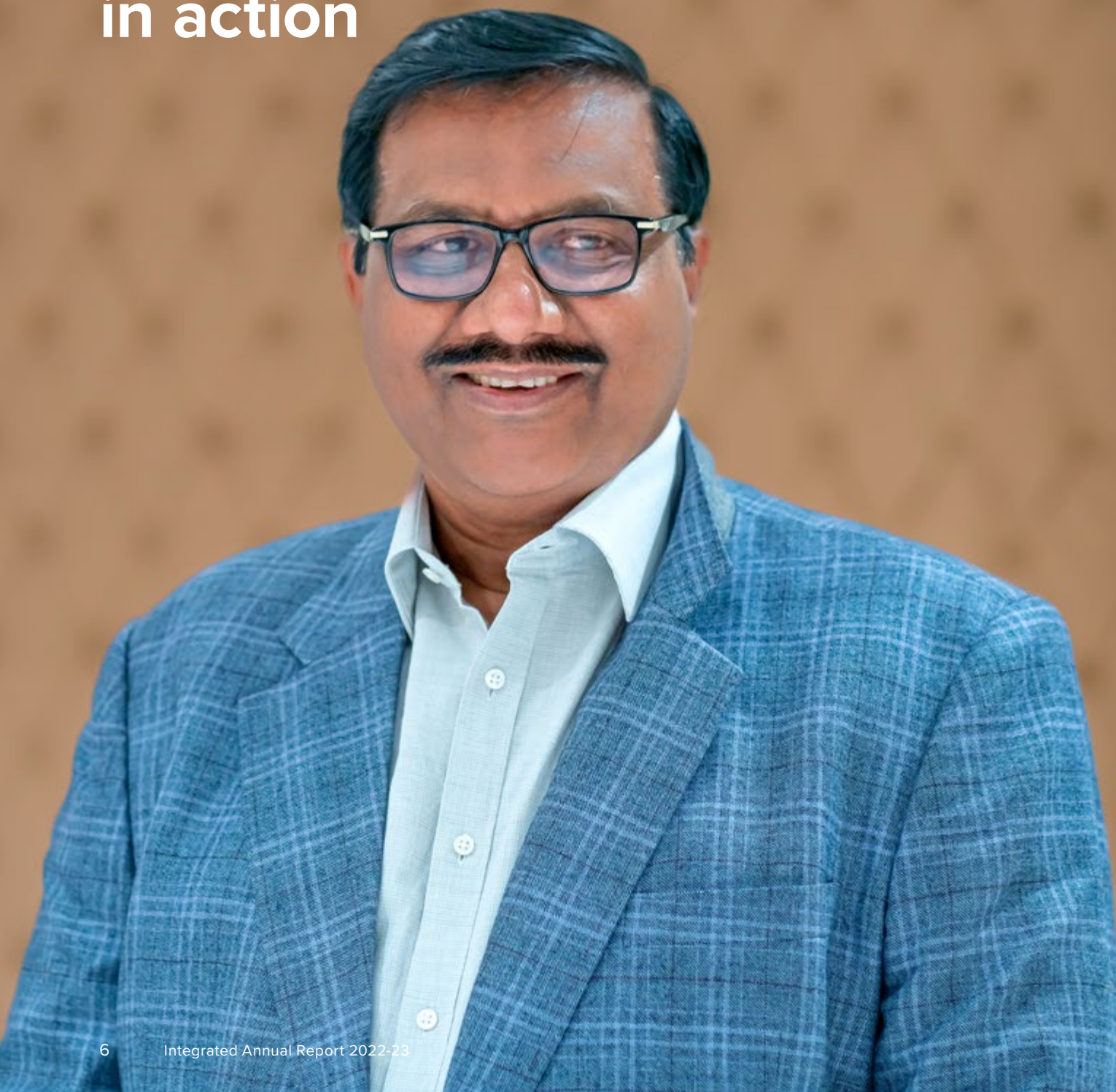
₹**76.3**CR  
Total CSR spend

**7.38** LAKHS  
Lives impacted through CSR interventions



## Vice Chairman & Managing Director's review

# Excellence in action



### Dear Stakeholders,

We are pleased to present our inaugural Integrated Annual Report, encapsulating our progress and accomplishments across various financial and non-financial areas over the past year. Our steadfast commitment to innovation, sustainability, and operational excellence has enabled us to navigate challenging market conditions and emerge stronger than ever. As we reflect on the past year, we are confident in our ability to seize future opportunities and deliver long-term value to all stakeholders. Upholding our core values, we eagerly anticipate capitalising on the prospects that lie ahead.

**₹24,855CR**  
Revenue from operations

**43,000MWh**  
Solar power generation



# Vice Chairman & Managing Director’s review

In the face of adverse factors such as a challenging macro environment and intense competition within the industry, our company achieved favourable financial performance. In FY23, our total revenue from operations grew by 6% y-o-y , reaching ₹24,855 crore. Despite experiencing price erosion in our key US generics business and grappling with high input price inflation that compressed margins, we implemented multiple initiatives to enhance efficiency and offset margin pressures. Notwithstanding the challenging business environment, we remained committed to investments in R&D and capex projects, essential for our long-term sustainable growth strategy.

FY23 proved to be a significant and eventful year for Aurobindo, as it marked our first complete year of business after the pandemic. Despite global uncertainties and the potential threat of a recession in major economies, India's strong fundamentals and supportive policies enabled us to showcase resilience and achieve widespread economic growth. The strength of our diversified product portfolio and global market presence mitigated the negative impact, highlighting the robustness of our business model and strategies. Leveraging our diverse portfolio and global presence, we will continue to drive growth and deliver value to stakeholders in the years ahead.

## EXPANDING LEADERSHIP AND EMPOWERING OUR LEADERS

Our commitment to expanding leadership and empowering our leaders has been a cornerstone of our progress.

We have successfully transitioned to a more decentralised structure, appointing a dedicated CEO and Board for each vertical within our Company. This transformation marks a pivotal moment for us, fostering increased accountability and ensuring the development of strong leaders for the future. By moving away from a centralised approach, we cultivate a culture of innovation, agility, and adaptability that will propel us forward into new realms of success. Our efforts to expand leadership reflect our unwavering commitment to building a robust foundation that will support our continued growth and enable us to navigate the evolving landscape of the pharmaceutical industry with confidence.

## PIONEERING CHANGE FOR A BETTER FUTURE

In today's world, the profound impact of climate change and irresponsible consumption leading to resource scarcity cannot be ignored. It is a crucial time to act responsibly and integrate sustainability into our business practices. Aligned with our purpose, we have remained unwavering in our commitment to enhance the well-being of the communities we engage with and nurture life on our planet through active environmental stewardship. We have set ambitious Environment, Social, and Governance (ESG) goals, including reducing carbon emissions, transitioning from traditional fuel sources to renewable energy, and implementing responsible water and waste management practices. Given we prioritise the well-being of our employees and partners, we have already made substantial progress in these areas.



FY23 proved to be a significant and eventful year for Aurobindo, as it marked our first complete year of business after the pandemic. Despite global uncertainties and the potential threat of a recession in major economies, India's strong fundamentals and supportive policies enabled us to showcase resilience and achieve widespread economic growth.

## PRESERVING OUR PLANET

Our dedication to sustainability is evident in the steady increase in the adoption of sustainable packaging techniques and practices throughout the year. Furthermore, our efforts to promote sustainability within our supply chain continue to thrive. Through our dedication and investment, we have successfully established solar power generation capabilities, resulting in the generation and consumption of 43,000 MWh of solar energy in FY23. This achievement represents a significant step towards reducing our environmental impact and promoting cleaner energy sources. Additionally, our commitment to combat beyond-the-fence water pollution and alleviate the burden of antimicrobial resistance (AMR) has led us to implement wastewater treatment measures at our API manufacturing and formulation facilities. Our ultimate objective is to treat and reuse wastewater, ensuring responsible resource management and contributing to a healthier environment.

## EMPOWERING GROWTH AND FOSTERING EXCELLENCE

Our core purpose is deeply rooted in prioritising our people, as we believe they are the driving force behind our success and the most valuable assets we possess. Through our continuous endeavours, we seek to empower and transform our organisation through our dedicated workforce. They are not only crucial partners in our journey to meet the needs of patients and create value for our stakeholders but also crucial contributors to our overall growth. We have formed collaborations with prestigious universities like ICFAI University and other well-known institutions to enhance and develop



Our core purpose is deeply rooted in prioritising our people, as we believe they are the driving force behind our success and the most valuable assets we possess.

emerging leaders. As part of our Reward and Recognition initiative, we have implemented a comprehensive Performance Management System (PMS) to evaluate employee performance and establish a framework for acknowledging and rewarding individuals based on their achievements. To ensure our compensation and rewards remain competitive, we regularly conduct benchmark studies, comparing our practices with other reputable pharmaceutical companies.

## HIGH-IMPACT SOLUTIONS AND COLLABORATIVE APPROACHES

Our commitment to society underlies everything we do, and this is exemplified through our work with neighbouring communities, reflecting our profound social purpose. We actively engage in various social development areas, including preventing malnutrition, controlling and eradicating diseases in rural communities, promoting sustainable agriculture, and empowering women. These efforts reflect our dedication to creating a healthier society

and a sustainable planet. With a focus on transforming communities and societies, we employ high-impact solutions, thought leadership, and collaboration. By embracing innovative approaches, we overcome critical obstacles and achieve greater impact. Working alongside like-minded partners, we develop scalable projects that have long-term effects. Our goal is to drive positive change and create a better future for all.

## WAY FORWARD

In conclusion, I would like to express my sincere appreciation for our dedicated employees, esteemed partners, and supportive stakeholders. We take immense pride in the progress we have achieved thus far, and we remain committed to reaching even greater heights. I extend my gratitude to the Board for their invaluable guidance and to all stakeholders for their firm belief in our abilities. Your continued support is a testament to our shared vision, and we are truly grateful for the trust you have placed in us. Together, we will continue to strive for excellence and make a positive impact.

Regards,

K. NITYANANDA REDDY

Vice Chairman & Managing Director

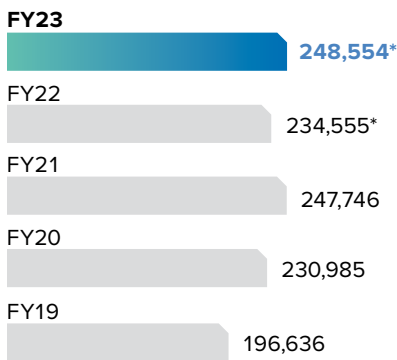
## Key performance indicators

# Resiliently ahead

### PROFIT AND LOSS METRICS

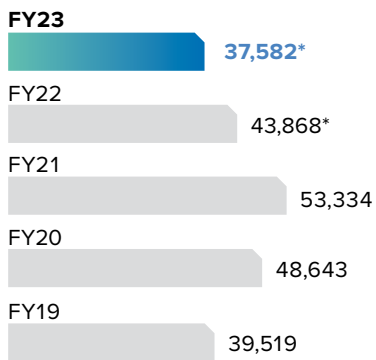
#### Revenues

(₹ in million)



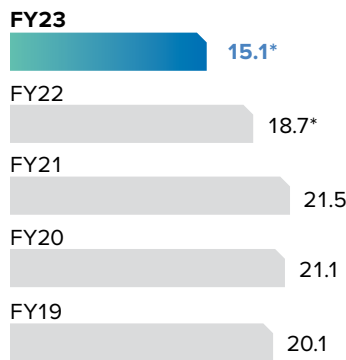
#### EBITDA<sup>@</sup>

(₹ in million)



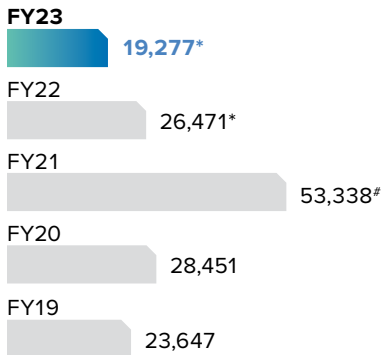
#### EBITDA margin

(%)



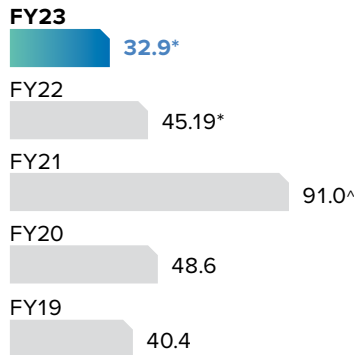
#### Net profit

(₹ in million)



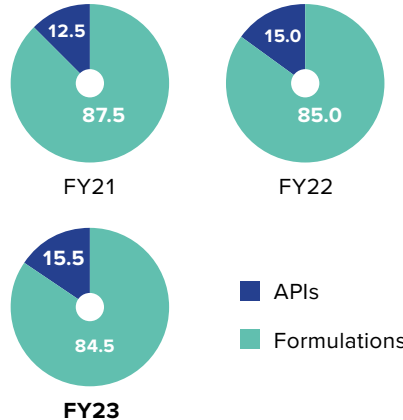
#### Earnings per share

(₹)



#### Revenue mix

(%)



#Includes exceptional items gain of ₹23,397 million (Net of tax) on sale of Natrol.

\*FY22 & FY23 numbers does not include Natrol.

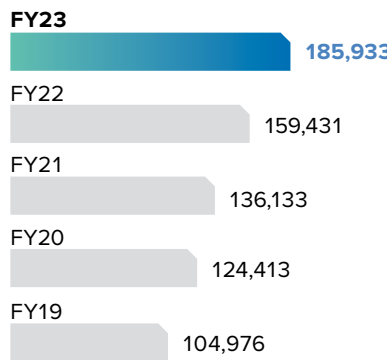
^Excluding exceptional items, EPS for FY21 stood at ₹ 51.6 per share.

@EBITDA = Earnings before interest, taxes, depreciation and amortisation expense, which has been arrived at by obtaining the Profit before share of profit of Joint Ventures, Associates, Exceptional Items and Tax for the year and adding back finance costs, depreciation and amortisation expense and reducing other income.

### BALANCE SHEET METRICS

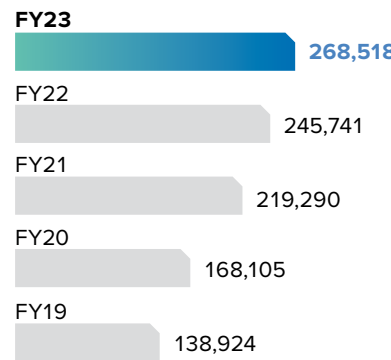
#### Gross block\*\*

(₹ in million)



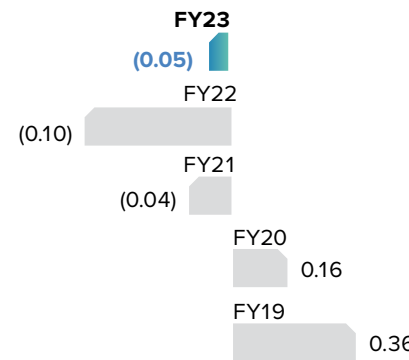
#### Net worth

(₹ in million)



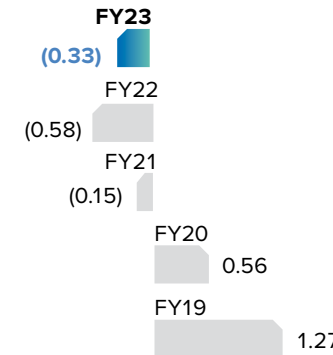
#### Net debt to equity

(X)



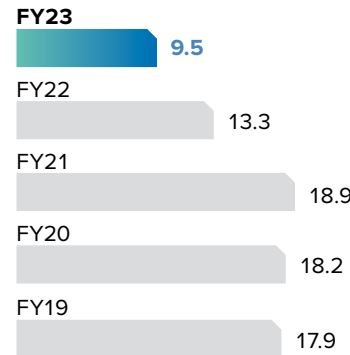
#### Net debt to EBITDA

(X)



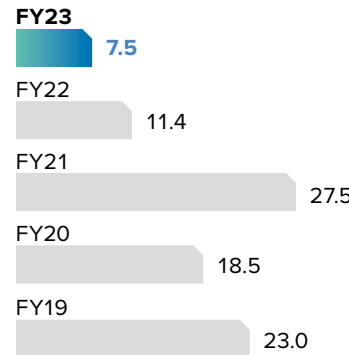
#### Return on capital employed (ROCE)

(%)



#### Return on equity (ROE)

(%)



\*\* Represents gross carrying value of Property Plant & Equipment, Goodwill, Other Intangible Assets and Right of Use Assets

## Aurobindo at a glance

# Making a global impact

With remarkable growth and unwavering dedication, we have solidified our position as one of the top pharmaceutical companies worldwide. Our relentless pursuit of meeting evolving healthcare needs has been the key catalyst behind this success. As a top-tier Indian pharmaceutical company, we boast an expansive product portfolio infused with cutting-edge technology. Our focus on innovation and delivering quality healthcare solutions propels our steady growth and secures our prominent leadership position in the industry.

We are committed to providing advanced medicines across various therapeutic areas at affordable prices. Our dedication has helped establish the company as an industry leader, catering to the global population with our wide range of medicines. As we strive to achieve even greater heights, we remain committed to innovation and continuously meet the medical industry's changing demands.

### VISION

To become a leading and an admired global pharma company, ranked within the top 25 by 2030

### MISSION

To become the most valued pharma partner in the world pharma fraternity by continuously researching, developing

Our focus on capability development has contributed significantly to our success in submitting Drug Master Files (DMFs), Abbreviated New Drug Applications (ANDAs), and formulation dossiers. As one of the most frequent filers of DMF and ANDA in the United States, we prioritise innovation to stay ahead of the curve.

### OUR STRENGTH

**25**

State-of-the-art manufacturing and packaging facilities

**150+**

Countries with export presence

**9**

R&D centres

**1,500+**

Scientists and analysts involved in R&D





# Aurobindo at a glance

## OUR BUSINESS SEGMENTS

### Formulation

Our approved formulation production capabilities prioritise technology and knowledge to offer a diverse product portfolio.

We have 15 formulation manufacturing & packaging facilities in India, USA, Portugal, and Brazil accredited by regulatory bodies such as FDA, EMA, and ANVISA. All our formulation units have Voluntary Action Initiated (VAI) status.

In the US, APL ranks #1\* in terms of prescription share and has a presence across orals, injectables, OTC and branded Oncology segments. It also has 774 ANDA filings as on 31<sup>st</sup> March '23, including 565 final approvals.

In Europe, APL has a presence in 10 countries with full-fledged Pharmacies, Hospitals, and Tender sales infrastructure. It ranks amongst the Top 10 generic companies in 8 countries, including four of the top-5 EU countries.

(\*as per IQVIA for quarter ending 31 March '23)

### US

**₹11,654CR**

Revenue from the US

**47%**

Contribution to the total revenue mix

**6.6%**

5-year revenue CAGR in US

Some of the notable product approvals we received during the year include:

- Lenalidomide Capsules
- Pemetrexed for injection
- Amphotericin B Liposome for Injection
- Medroxyprogesterone Acetate Injectable Suspension
- Vasopressin Injection USP
- Triamcinolone Acetonide Injectable Suspension
- Bortezomib for Injection

### Europe

**₹6,426CR**

Revenue from Europe

**26%**

Contribution to the total revenue mix

**6.7%**

5-year revenue CAGR in Europe

### Growth market

**₹1,973CR**

Revenue from growth markets

**8%**

Contribution to the total revenue mix

**13.4%**

5-year revenue CAGR in Growth Markets

**31%**

y-o-y growth

### ARVs

**₹954CR**

Revenue from ARV

**4%**

Contribution to the total revenue mix

We have announced the signing of a voluntary license with the Medicines Patent Pool for Cabotegravir Long-Acting Injectable for HIV pre-exposure prophylaxis (PrEP) in 90 countries, including India.

### API

With our strong expertise in process chemistry and the benefits of large-scale production, we have established ourselves as a cost-effective supplier of active pharmaceutical ingredients (APIs). In FY23, 53% of the API requirements for formulations were sourced in-house. This integrated approach, coupled with the fact that all API units, except one, have a VAI status, provides us with a significant advantage. By having control over the API supply chain, we can mitigate potential disruptions and minimise the impact of inflationary shocks. This strategic advantage enables us to gain a larger market share in key markets, further strengthening our position in the pharmaceutical industry.

**₹3,848CR**

Revenue from APIs

**15%**

Contribution to the total revenue mix

**9%**

y-o-y growth

**53%**

API requirements for formulations were sourced in-house



# Aurobindo at a glance

## BIOSIMILARS

CuraTeQ Biologics Pvt. Ltd, a wholly-owned subsidiary of APL, is a company focused on developing biosimilars for the treatment of various cancers and autoimmune diseases. Biosimilars are biologic products that are highly similar to their reference or originator products in terms of their pharmacokinetics, pharmacodynamics, efficacy, and safety. CuraTeQ's pipeline consists of fourteen biosimilars, primarily targeting the immunology and oncology segments. The company believes that this extensive pipeline will contribute to sustained growth and long-term value creation. CuraTeQ has completed licensure clinical trials for three biosimilars including that of a Herceptin biosimilar and had filed its biosimilars with EMA, MHRA and Health Canada regulatory agencies. Two more products from CuraTeQ's pipeline, one an oncology biosimilar and another an ophthalmic biosimilar, are in global Phase 3 clinical studies. Another immunology biosimilar has received the necessary clearances for advancing to Phase 3 clinical studies in chronic spontaneous urticaria patients.

14

Biosimilars currently in our product pipeline

## Immunology & Oncology

Target therapeutic segments

3

Products in Phase 3 clinical trials

## DERMATOLOGY

We are involved in the development of topical and transdermal products within the dermatology therapeutic segment.

### Topicals

We have filed 4 new and 2 supplemental ANDAs during the FY23. We have also completed 11 exhibit batches which will be filed in FY24. Additionally, there are about 29 products which are at various stages of development, including a range of specialised products such as foams, shampoos etc. We have also developed in-house capabilities to carry out in-vitro studies which serve as a surrogate to clinical endpoint studies to reduce the filing timelines and cost of development. Also, we have received final approval for a topical product filed from the facility in the US.

48

Products in portfolio including 29 under development

4

New ANDAs filed in FY23

2

Approved ANDAs

### Transdermal patches

A transdermal patch is a specialised adhesive patch that is applied to the skin to deliver a specific dosage of medication directly into the bloodstream. These patches are designed to provide relief from various conditions and contain medications such as pain relievers, nicotine, hormones, and drugs used to alleviate angina and motion sickness. By delivering the medication through the skin, transdermal patches offer a convenient and controlled method of administration.

We are developing 9 transdermal patches and one oral film product. The total market size for the products under development exceeds \$3 billion. We have successfully completed pivotal pharmacokinetic studies and expect to file ANDA in FY24. The plan is to complete 2 new products Exhibit batches including one OTC monograph product.

10

Products in development stage

## RESPIRATORY

Within the respiratory segment, we are developing Nasal sprays and Inhalers, which include both Metered dose inhalers (MDI) and Dry powder inhalers (DPI).

### Nasal sprays

Nasal sprays are utilised to administer medications directly to the nasal cavity, as the nasal route allows for quicker absorption of chemicals. In certain cases, nasal administration is preferred over injections or pills.

12

Nasal sprays in portfolio including 9 under development

2

Products with approved ANDAs

We have filed a complex new ANDA suspension product in a new line where in bigger batch size can be taken to meet the anticipated commercial demand. We have also received ANDA approval for one OTC product. To strengthen our portfolio, we have expanded our development to unit dose new device-based Nasal products including medication for emergency use. We have 12 Nasal products in our portfolio, including 1 ANDA awaiting approval.

