



## KEY FINANCIAL HIGHLIGHTS OF 2018-19

TOTAL REVENUE  
**₹195,636**  
MILLION

EBITDA  
**₹39,519**  
MILLION

PAT  
**₹23,647**  
MILLION

EPS  
**₹40.36**

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<https://www.aurobindo.com/investors/results-reports-presentations/annual-reports/>

As a well-integrated pharma company, LEAP, for us, has a broader connotation that encompasses every aspect of the business – from products, processes to global capabilities, compliance aspects and people. Within a short span of three decades, we have emerged as the 10th largest global generic company, in terms of revenue.

We have accomplished this distinction by offering a diversified product basket, foraying into new therapeutic areas, exploring new markets and expertise both organically & inorganically.

LEAP, an encapsulation of our key differentiators that sets us apart in a constantly evolving and hyper-competitive market environment.



Our business has grown sustainably over all these years as we have always followed the strategy of being present in a wide range of product basket in every segment that we enter. This has helped us scale to our current size.



We have also been eager to expand into new therapeutic areas and segments, wherever we have capabilities. We are strengthening our product basket by creating a range of products in a host of new segments such as oncology, hormones, dermatology, respiratory, biosimilars, vaccines, peptides and depot injections.



To grow sustainably, we have acquired a rich repertoire of capabilities both organically and inorganically, while further strengthening our existing and new units to produce quality products.



At Aurobindo Pharma, we believe that one of our biggest strength lies in execution. It is our ability to take on projects and seamlessly execute them within a limited timeframe meeting all the fundamental requirements including compliance that has brought us success across geographies, markets and products. As we grow, we are increasingly embedding our capabilities across all facets of our business to support our fast-paced execution strategy.

**These differentiators are integral to our DNA and help us LEAP to the next wave of growth and sustainability.**

## Scaling up to LEAP ahead

**We, at Aurobindo Pharma, commenced our journey in 1986 with a mission to become the most valued partner to the global pharma fraternity by continuously researching, developing and manufacturing a wide range of pharmaceutical products for patients in need.**

We are the second largest generic company in the US in terms of prescriptions dispensed and rank among the top 10 generic companies in eight out of top the 11 countries we operate in Europe

As one of India's largest vertically integrated pharmaceutical companies, our strength lies in developing quality Active Pharmaceutical Ingredients (APIs) and Finished Dosage Forms (FDFs). These products are manufactured across our facilities, which have been inspected by various regulatory authorities such as the USFDA, UK MHRA, Japan PMDA, WHO, Health Canada, MCC South Africa, and ANVISA Brazil.

We have established our foothold in key therapeutic segments such as Central Nervous System (CNS),

Cardiovascular System (CVS), Antiretrovirals, Diabetics, Anti-Allergies, Gastroenterology and Antibiotics, and are expanding into Speciality Generics.

Our research team helps us to commercialise cost-effective and quality products. Our Research & Development (R&D) initiatives are increasingly directed towards difficult-to-develop niche products, which requires bioequivalence studies or clinical trials.

Taking a long-term perspective, we focus on developing complex molecules and adopting new technologies to improve the lives of millions of patients globally.



10<sup>th</sup>

**LARGEST GENERIC COMPANY BY  
REVENUES GLOBALLY**

**2<sup>ND</sup> LARGEST  
LISTED INDIAN  
PHARMACEUTICAL  
COMPANY BY REVENUES**

**2<sup>ND</sup> LARGEST  
GENERIC COMPANY BY  
PRESCRIPTIONS DISPENSED  
IN THE US**

**AMONGST TOP 10  
GENERIC COMPANIES IN 4  
OUT OF TOP 5 EUROPEAN  
MARKETS**



**22,000+**  
EMPLOYEES  
GLOBALLY

**7**  
R&D CENTRES WITH  
A TEAM OF 1,600+  
PROFESSIONALS

**US\$2.8 Bn**  
IN REVENUES FOR  
2018-19

**34 COUNTRIES**  
FRONTEND PRESENCE WITH  
PRODUCTS EXPORTED TO  
155 NATIONS

**33 BILLION+**  
DIVERSE DOSAGE FORMS  
MANUFACTURED  
IN 2018-19

**27**  
MANUFACTURING  
FACILITIES  
WORLDWIDE

# Strengthening global prominence

- |                  |                       |
|------------------|-----------------------|
| 01. Australia    | 18. Thailand          |
| 02. Hong Kong    | 19. Czech             |
| 03. Russia       | 20. Myanmar           |
| 04. Belgium      | 21. Uganda            |
| 05. Italy        | 22. Ethiopia          |
| 06. South Africa | 23. Netherlands       |
| 07. Brazil       | 24. UK                |
| 08. Japan        | 25. France            |
| 09. Spain        | 26. Poland            |
| 10. Canada       | 27. Ukraine           |
| 11. Kenya        | 28. GCC (Dubai, Oman) |
| 12. Sudan        | 29. Portugal          |
| 13. China        | 30. USA               |
| 14. Malta        | 31. Germany           |
| 15. Tanzania     | 32. Romania           |
| 16. Colombia     | 33. Vietnam           |
| 17. Mexico       | 34. India             |

9<sup>TH</sup> LARGEST  
GENERIC COMPANY  
AS PER SALES

10

30

17

3 FORMULATION  
FACILITIES AND  
2 R&D CENTRES

PORTFOLIO MIX IS  
COMPLEMENTED WITH  
THE INTRODUCTION OF  
HIGH-VALUE PRODUCTS

16

07

ONE  
FORMULATION  
FACILITY

2<sup>nd</sup> Largest

GENERIC COMPANY AS PER  
Rx DISPENSED IN THE USA

AMONGST  
Top 10

GENERIC PLAYERS IN FRANCE,  
GERMANY, PORTUGAL, UK, ITALY,  
CZECH REPUBLIC, NETHERLANDS  
AND BELGIUM

Company Overview

Statutory Reports

Financial Statements

ONE  
FORMULATION  
FACILITY

ONE  
FORMULATION  
FACILITY

11 API AND INTERMEDIATE PLANTS  
10 FORMULATION FACILITIES  
5 R&D CENTRES

Map not to scale



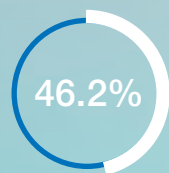
# Building on our global expertise

## FORMULATIONS

### US



- Our prescription market share in oral solid improved to 7.0% for MAT March 2019 from 5.3% in the corresponding previous year
- Witnessed growth across segments including orals, injectables, over the counter (OTC) and dietary supplements
- Entered the branded oncology market with a range of recognised products
- Filed 63 ANDAs with the USFDA, including 21 injectables, 3 dermatology and 2 nasals



**REVENUE**  
**₹90,307**  
MILLION

### EUROPE



- Among the top ten generic companies in eight out of the 11 countries we operate in
- Acquired Apotex Inc's operations in five European countries, helped foray into Poland and the Czech Republic and augment presence in Spain, Netherlands and Belgium
- Operates across 11 countries with full-fledged pharmacy, hospital and tender sales infrastructure
- Portfolio expansion through the launches of targeted Day 1 products, oncology range, hormones and niche low-volume injectables and orals

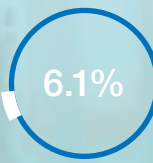


**REVENUE**  
**₹49,602**  
MILLION

### GROWTH MARKETS



- Focused on key markets of Canada, Brazil and South Africa
- Among Canada's top 10 generic companies
- Growth to be driven by registering more products in oncology and specialty injectables
- Joint venture with Shandong Luoxin to set up a manufacturing plant in China



**REVENUE**  
**₹11,937**  
MILLION



## ANTIRETROVIRAL DRUGS (ARVS)



- Strategic focus on garnering business from tenders floated by multilateral organisations
- Pick-up in sales from Dolutegravir triple combination product
- Awarded tender from South African government, supplies to begin from 2019-20

5%

**REVENUE**  
**₹9,725**  
MILLION

## API



- Strategic in terms of vertical integration with 70% of API being sourced internally
- To focus on moving up the value chain with more complex products
- Additional investments being made to scale up capacities
- 242 Drug Master files (DMFs) filed with USFDA as on 31st March 2019

17.4%

**REVENUE**  
**₹34,030**  
MILLION

# Delivering sustained growth

## REVENUE (₹ IN MILLION)

12.7%

2018-19	195,636
2017-18	164,998
2016-17	150,899
2015-16	139,552
2014-15	121,205

## EBITDA (₹ IN MILLION)

11.4%

2018-19	39,519
2017-18	37,885
2016-17	34,343
2015-16	31,881
2014-15	25,636

## EBITDA MARGIN (%)

2018-19	20.2
2017-18	23.0
2016-17	22.8
2015-16	22.8
2014-15	21.2

## PAT (₹ IN MILLION)

10.7%


2018-19	23,647
2017-18	24,232
2016-17	23,017
2015-16	20,251
2014-15	15,758

## NET DEBT/EQUITY

2018-19	0.36
2017-18	0.30
2016-17	0.30
2015-16	0.58
2014-15	0.77

## NET DEBT/EBITDA

2018-19	1.27
2017-18	0.93
2016-17	0.83
2015-16	1.33
2014-15	1.55

 5 year CAGR







## Crafting a strategic way forward



**"Our investment and acquisitions are strategic in nature, and they have added value not just in terms of improving revenues and profitability, but also acted as stepping stones for foraying into new regions, therapeutic areas or dosage forms."**

### **Dear Shareholders,**

It gives me great pleasure to report the fact that we saw another year of impressive growth. Financial year 2018-19 saw us accomplish higher sales across all our business segments and geographies. Essentially, we were able to reap the fruits of investments we made in our products, markets and processes, and we will continue to strengthen our capabilities to cater to the requirements of patients globally.

### **ECONOMIC LANDSCAPE**

The upswing in global economic activity that began in the last quarter of 2016 continued to persist until the middle of 2018, resulting in the highest degree of synchronised global expansion



during the post-crisis period. However, the momentum soon began to lose its steam, amid broad-based moderation in activity across developed and emerging economies.

Economic growth remained tepid in key economies such as the Eurozone, Japan and China. As a result, global economic growth slowed from 3.8% in 2017 to 3.6% in 2018. The outlier was the US economy that expanded at 2.9% in 2018 vis-à-vis 2.3% in the previous year.

Notwithstanding global headwinds, India continued to be in the esteemed club of the world's fastest growing economies, although the growth trajectory declined from 7.2% in 2017-18 to 6.8% in 2018-19. While the slowdown in various economies delayed investment decisions, the pharmaceutical industry itself grappled with multiple challenges.

## PERFORMANCE REVIEW

I am happy to share that despite increased competition, we maintained sustained growth over the last few years across businesses, regions and segments. For 2018-19, our consolidated revenues increased by 18.6% to ₹195,636 million following strong growth across all key regions, including the US, Europe and other Growth Markets.

Our EBITDA before forex and other income grew by 4.3% to ₹39,519 million, while the EBITDA margin stood at 20.2%. Our net profit for the year amounted to ₹23,647 million, leading to an EPS of ₹40.36.

## SUSTAINABLE PERFORMANCE

We have grown ahead of the sector over the last few years, and are confident that with the capacities that we have added organically and inorganically, we will continue to sustain this momentum, going forward.

Our confidence emanates from the fact that we have always taken a long-term view of the sector while making our acquisitions and investments. While most of our acquisitions have strengthened our revenue and profitability from the very first year, the idea behind acquiring them was more strategic in nature as it helped us foray into a new geography or business segment.

As a Company, we were extremely judicious in terms of the value paid to acquire an asset. While we came across multiple assets that could have added value to the Company, we have always been cautious about choosing only those assets that have been reasonably priced. It is our ability to acquire businesses at reasonable prices and then turn them around quickly that has helped us build a formidable presence in multiple international markets.

## LEAP AHEAD

The industry is seen growing at 3-6% over the next five years to reach US\$ 1.5 trillion by 2023. Within the industry, specific areas such as specialty medicines and biosimilars are seen growing at a faster pace.

Aware of the dynamic operating landscape, we have already invested in developing our expertise in multiple areas including large molecules. We have been working on attaining the required capabilities and building the relevant infrastructure to foray into areas, where we foresee substantial growth.

As one of the leading global pharmaceutical companies, it is increasingly important for us to upgrade our manufacturing and compliance systems. Over the years, we have continuously invested in improving processes and systems to create key differentiators that set us apart, and also allows us to stay ahead of the curve in terms of manufacturing practices and compliance.

We are excited about the opportunities that lie ahead of us, and our research & development efforts across multiple new products and therapeutic areas, along with the newly added capacities have helped us build a strong foundation; and we are ready to LEAP ahead.

## GLOBAL PLAYER

We work with people from diverse nationalities and cultures, which help us in being the most valued partner to the global pharma fraternity. It also testifies to the fact that we are driven by meritocracy and have been able to provide our people with an enabling environment that promotes professionalism.

As a leading industry player, we are aware that our initiatives have a far-reaching impact on multiple stakeholders, communities and the environment. Recognising this responsibility, we are adopting industry-leading sustainable practices and ensuring that we remain at the forefront of initiatives such as dealing with the challenge of Anti-Microbial Resistance (AMR).

Whether in making business decisions or participating in initiatives that impact the environment and the community, we have always been thought leaders and followed our thoughts with fast-paced execution.

Before closing, I must share that our culture and mindset will help us LEAP ahead to the next growth level. I thank all the stakeholders for their continued trust and support.

**K. Nithyananda Reddy**  
Vice Chairman

# Growing sustainably across high-impact markets

## Dear Stakeholders,

I am happy to report that we had another year of sustained growth across markets, driven by our portfolio of diversified products. This growth is much more precious to us as it has made us stand out in a challenging year where the industry has been stagnating.

Our unique aspect is that, we are not dependent on a single product or event that determines our success. We are present in multiple geographies, across products, delivery mechanisms and therapeutic areas and our sustained growth over the years is a result of our actions in all these areas.

During the year, we came across key assets that have been added to our portfolio, which complement our current operations and help us LEAP to the next level.

## GROWTH ACROSS MARKETS

The US business contributed to 46% of our revenue and registered a strong 21% growth during the year to ₹ 90,307 million as all our key business segments, including orals, injectables, over the counter (OTC) drugs and dietary supplements performed well.

It was a busy year for the US team as we launched 50 new products, including 12 injectables in the market. Also, in 2018-19 we received approvals for 48 ANDAs and filed for a total of 63 ANDAs with the USFDA.

While these filings will drive organic growth in the US market, during the year we also had the opportunity to pursue inorganic growth that will help us enter into new therapeutic areas and segments including branded oncology products.

In September 2018, we entered into a definitive agreement with Sandoz Inc., USA to acquire its dermatology and oral solids businesses. On completion of this acquisition, we will become the second largest generic player in the dermatology

segment in US and further strengthen our oral solids product basket.

We also completed the acquisition of seven branded oncology injectable products from Spectrum Pharmaceuticals Inc. to gain access to the branded oncology market with a range of products that is well recognised by the oncology community.

Our European operations accounting for 25% of our revenues posted 13.9% growth to report revenues of ₹49,602 million. Following the acquisition of Apotex's commercial operations and supporting infrastructure in five countries in the European Union (EU), we now have operations in 11 countries in Europe with manufacturing facilities in Portugal and the Netherlands. We rank among the top 10 generic companies in eight of the 11 countries we operate in.

Revenue from Growth Markets surged 33.1% to ₹11,937 million. While there was an upswing in all major markets, Canada led this growth. In Canada, we currently market 90+ molecules and launched 16 products during the year under review. The country accounted for 21% of the sales in Growth Markets.

During the year, in our ARV business we have also been awarded a contract from South African government for Dolutegravir and its triple combination products.

Going ahead, we expect an all-round growth in the US market with a significant traction in our injectables portfolio, while growth in Europe is likely to be more broad-based, driven by existing and new businesses and regions brought in by the Apotex acquisition.

Our ability to produce affordable drugs and enter new therapeutic segments and geographies will be the key factors in our expansion across Growth Markets.

To support this growth, we are investing in expanding our capacities. Unit X – a greenfield oral solid manufacturing facility at Naidupet, Andhra Pradesh was commissioned during the year.

This facility can manufacture various dosage forms like capsules, tablets, nasal sprays, topical gel and so on, and has a total installed capacity of about six billion units annually. Besides, we also expanded capacities in select API and formulation facilities.

## DIFFERENTIATED PRODUCTS

Our progress, over the years, is largely driven by our ability to develop a portfolio of products. Our philosophy has been to enter a market with a basket of products that provides us a larger market share and significantly minimises our risks and reduces our dependence on a single product.

The diversified portfolio was developed by the efforts of our research team that includes 1,600+ scientists and analysts that work across our seven R&D centres.

To bolster our R&D capabilities in the respiratory segment, we acquired a product under development and related assets from Australia-based, Advent Pharmaceuticals Pty. Ltd.

While we already have a robust presence in generics, our research team is working on a range of new product lines, including nasals, inhalers, transdermal patches, vaccines, peptides, depot injections and biosimilars that will further diversify our portfolio and help us move up the value chain into specialty and branded products.

## GROWTH MINDSET

To keep pace with this growth, it is imperative for all people and processes across the organisation to work more efficiently and transparently. We, at Aurobindo Pharma, have invested significant time and resources to strengthen our operations across departments in such a manner that the people involved can utilise their time more efficiently and enhance their careers.

From talent recruitment and learning to talent engagement, our people resource

team has integrated technology at every step of the way. This has enabled our teams to handle the requirements of a growing organisation efficiently.

Our manufacturing operations have integrated processes in a manner whereby all systems work seamlessly to ensure that we are able to produce quality products. The key benefit of taking our systems online is that we have been able to reduce the mundane and repetitive manual tasks for the people at our plants, so that they are able to utilise their time efficiently in improving operational processes.

Our systems are configured in such a manner that we are immediately notified in case of any disruptions in product output or quality.

We also have a robust compliance framework and a dedicated quality assurance department that ensures complete compliance of our plants according to various regulatory requirements. We continuously work on improving our manufacturing and quality processes, which will help us deliver quality products.

## HOLISTIC WELLBEING

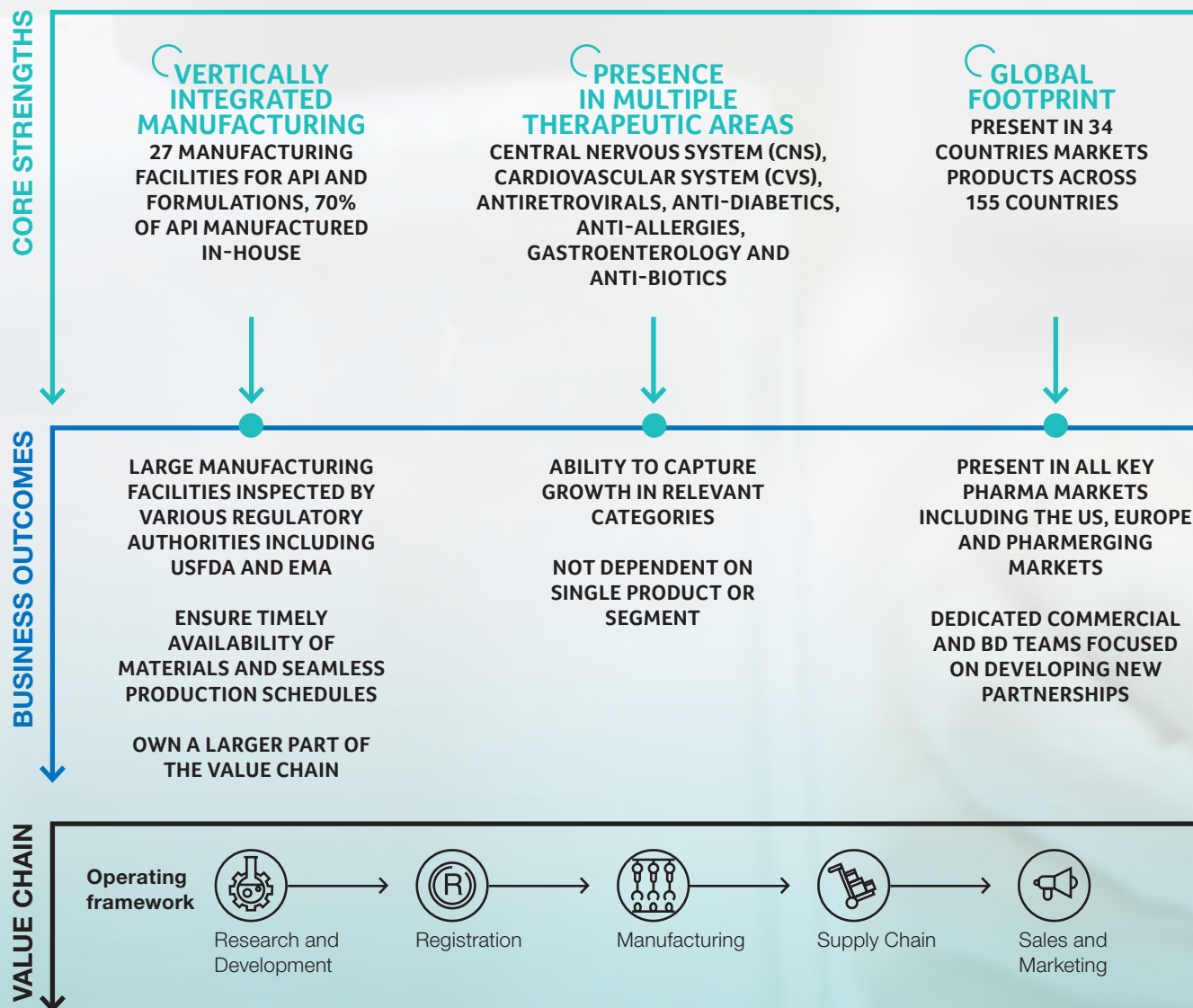
As an industry leader, we are cognisant of our responsibility towards our planet and the communities we work with. We have been adopting industry leading standards for environment, health and safety practices, and are truly humbled by the fact that we have been able to support communities, build social infrastructure and make a meaningful impact in the lives of people around us.

I would like to take this opportunity to thank the multiple stakeholders and the entire Aurobindo Pharma family for their continued encouragement in helping us achieve the mission of the Company.

**N. Govindarajan**  
Managing Director



# Deriving significant value from our strengths



## IMPACT ON STAKEHOLDERS



### Customers

Providing quality and affordable pharmaceuticals to patients across the world



### Shareholders

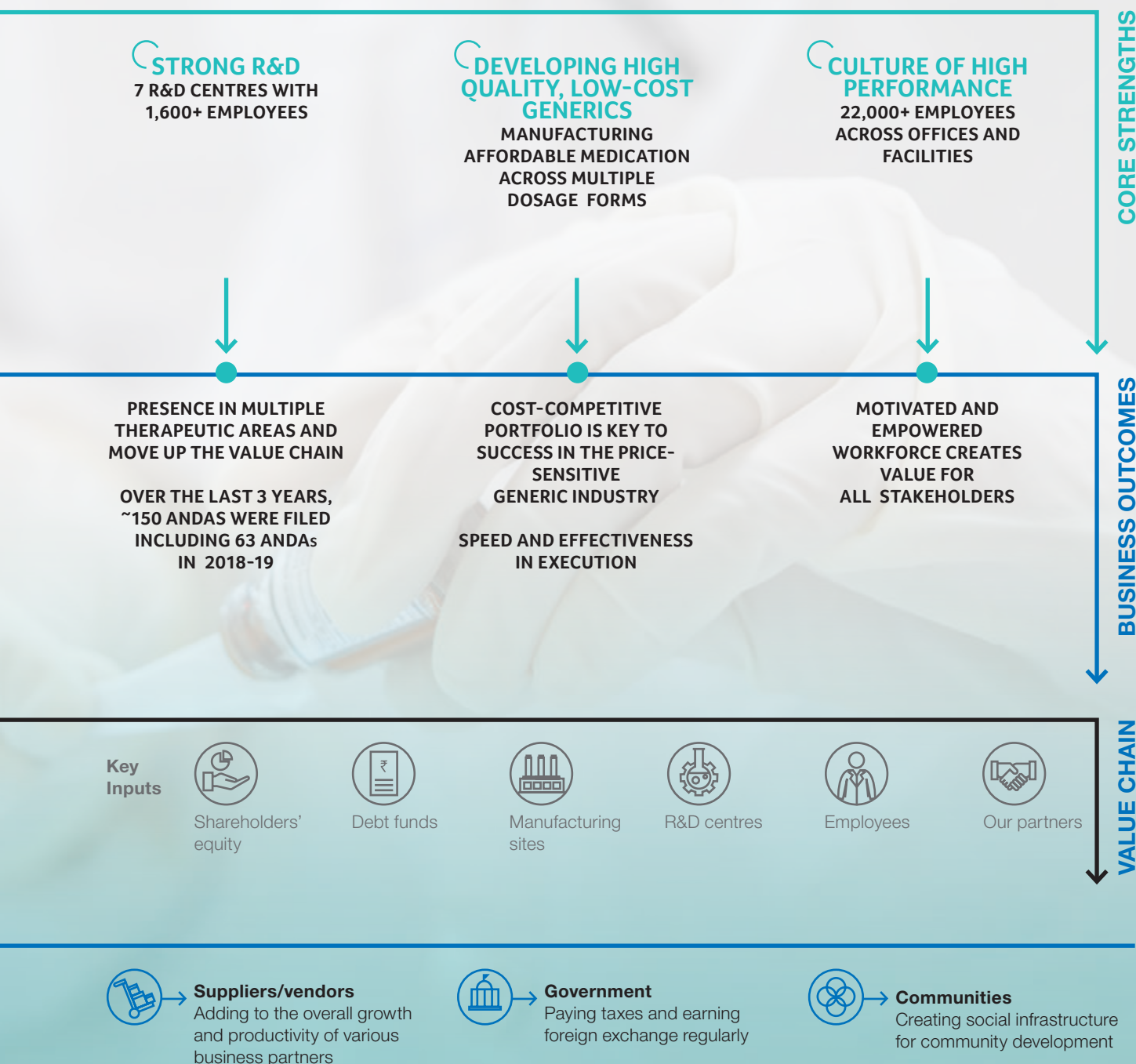
Rewarding shareholders through regular dividends and strengthening shareholder value



### Employees

Providing a safe and nurturing work environment with ample learning and growth opportunities







## Lead with a range of products

**We have grown to emerge as one of the largest generic companies globally on the back of expansive product portfolio spanning multiple therapeutic areas, dosage forms and geographies. This ensures that we can capture the growth in multiple products and categories, while reducing the risk of dependence on any single product.**

We have established our foothold in diverse therapeutic segments, such as Central Nervous System (CNS), Cardiovascular (CVS), Antiretrovirals, (ARVs), Anti-Diabetics, Anti-Allergies, Gastroenterology and Antibiotics and expanding our presence in Dermatology, Respiratory and Oncology segments.

Our strategy is to offer a wide range of products across multiple therapeutic segments. In the product development process, we ensure that the products are developed in such a manner which meets global regulatory requirements. This has naturally led us to establish one of the most extensive product portfolios among generic players.

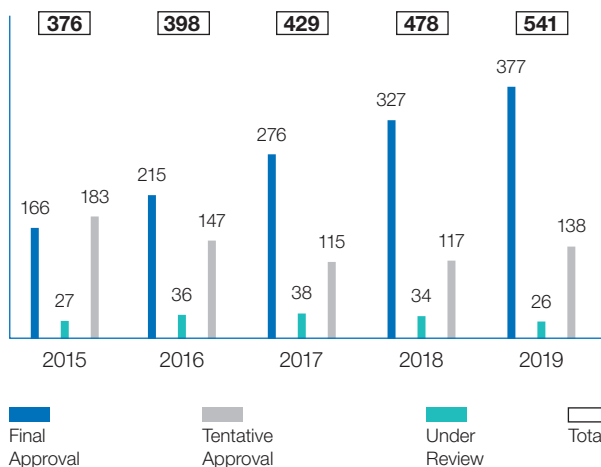
Over the years, we have filed 540+ ANDAs in the USA, over 3,000 dossiers (multiple registrations) in Europe, ~150 dossiers in Canada and ~430 dossiers in South Africa (multiple registrations). Also, as a vertically integrated player, we continue to file DMFs across geographies. On API front, we have filed 242 DMFs with USFDA, 1,834 DMFs in Europe (multiple registrations) and 932 DMFs across other geographies (multiple registration).



### FORTIFYING OUR US PORTFOLIO

Our diverse product basket has also made us the second largest generic player in the US in terms of the number of prescriptions issued. Besides, a diverse portfolio automatically makes us less dependent on any one product or segment.

#### Cumulative ANDA filings and approvals

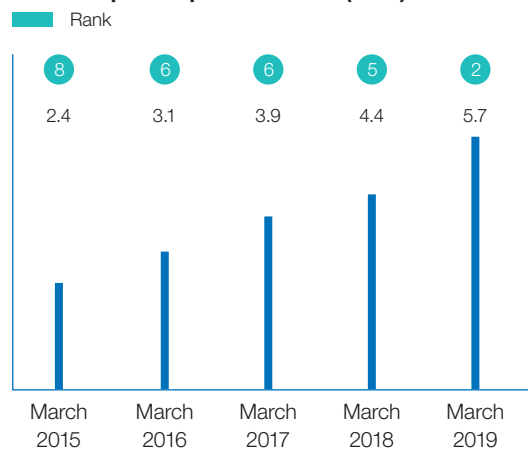




#### Cumulative ANDA Filings as on 31 March 2019

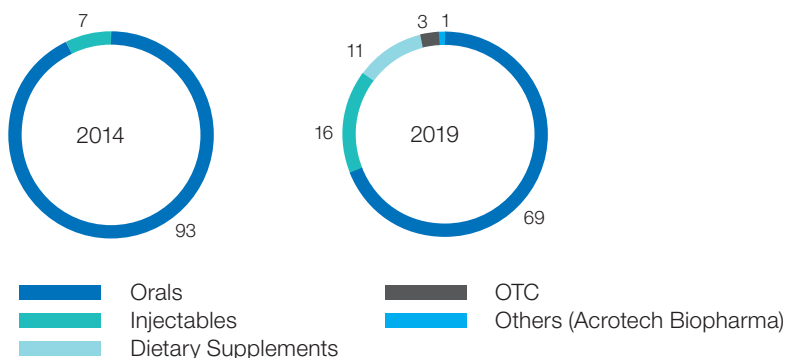
Therapy	ANDAs	Addressable Market Size (US\$ Bn)
Anti-diabetic	19	9.2
ARVs	42	5.7
CNS	95	24.8
Controlled Substances	17	1.4
CVS	84	24.7
Gastroenterological	32	3.6
Ophthalmic	12	0.5
Others	167	16.8
Penem	2	0.4
Respiratory (incl. Nasal)	14	0.7
Oncology & Hormones	24	8
SSP & CephS	30	0.8
Dermatology	3	1.3
<b>Total</b>	<b>541</b>	<b>97.8</b>

#### Aurobindo's market share and rank in the US in terms of prescriptions issued (in %)



With the addition of new businesses, our product mix has evolved to be increasingly diverse. Over the preceding few years, there has been an increasing contribution of Injectables, Dietary Supplements and over the counter (OTC) products, to our US portfolio. Out of 164 ANDAs pending for approval as on 31st Mar 2019, 48 ANDAs are for injectable products and 9 ANDAs are for OTC products. Going ahead, we are looking to add new products including nasals, inhalers, transdermal patches and topicals to our product mix.

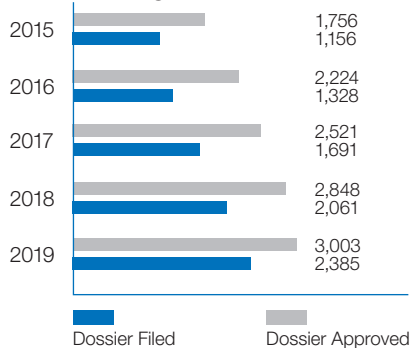
### US business revenue mix



### EUROPE

We are the leading generic pharma Company in Europe among the Indian pharma players. We currently operate in 11 countries with full-fledged pharmacy, hospital and tender sales infrastructure with commercialised 450+ INNs. As on 31st Mar 2019, we have filed over 3,000\* dossiers in Europe and approved 2,385 dossiers\*. The product basket includes CVS, respiratory, Anti-infectives, cancer and dermatology. Apart from these, we are also developing 250 products including orals and injectables.

#### EU filings momentum



\*includes multiple registrations



### GROWTH MARKETS

The key markets in this segment are Canada, South Africa, Brazil and so on. In Canada, we have significantly improved our presence over last five years and ranks 9th largest generic Company as per sales. Our dossier filings have almost doubled from 83 at the end of March 2015 to 150 at the end of March 2019. Approvals have also increased from 68 at the end of March 2015 to 133 at the end of March 2019.

#### Canada









## Expand into new areas

**Through our continuous investment in Research and Development, powered by the efforts of our 1,600+ member R&D team, we are constantly building a portfolio of value-added and complex products for the future. We believe these products are building a sound platform for our Company to LEAP to the next growth altitude.**



### BIOLOGICS

We use recombinant DNA technology to express and produce Biologics in a living system such as a mammalian cell or a microorganism. Biologics, which we work with, are large, complex proteins and monoclonal antibodies.

We have one of the industry-leading portfolios of 14 biosimilars, which include five molecules acquired from TL Biopharmaceuticals AG. The pipeline caters to Oncology, Rheumatology and Ophthalmology. In the first wave of development, our Company is working on five products – all advancing to different stages of clinical trials in the next two to three quarters.

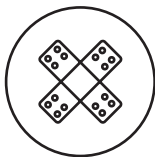
Phase 3 clinical trials of one of our Ophthalmology products is expected to start in this fiscal; three more products including our lead molecule Bevacizumab, a biosimilar version of Avastin, will be tested in Phase 1 clinical trials. The combined market size of these four products is in excess of US\$ 20 billion.



### DERMATOLOGY

We are working on 24 products on different segments such as Acne Vulgaris, inflammatory lesions of Rosacea, Atopic Dermatitis, Hypogonadism, Menopause, Vaginal Atrophy, Osteoarthritis, Herpes, Pruritus and Lice Infestations. The market size of these products is estimated at US\$ 4.4 billion.

The identified products have presence across various dosages including ointment, cream, gel, lotion and solutions in the pipeline. During 2018-19, we completed trials for one product and are planning trials for about 5-7 products in the year ahead. Also, we filed three ANDAs in 2018-19 and are likely to file 8-10 ANDAs over the next two years.



## TRANSDERMAL PATCHES

A transdermal patch is a medicated adhesive patch placed on the skin to deliver a specific dose of medication. We are currently developing eight transdermal products with an addressable global market size of around US\$ 3.3 billion. We successfully completed bioequivalence studies for one product and are likely to file 2 ANDAs by 2020-21.



## RESPIRATORY

Respiratory products represent a key therapeutic area where we are strengthening our presence through our focus on nasals and inhalers.

Nasals are used to deliver medications locally through one's nose, as substances can be assimilated quickly and directly through the nasal cavity. We have identified seven nasal products for development. The market size of these products is US\$ 1.4 billion. We have already filed 2 ANDAs and plan to file 3 more in 2019-20.

An inhaler is a medical device used for infusing medication into the body through the lungs. We have nine inhaler products under development, of which two products are likely to come up for clinical trials during 2019-20. We are likely to file 2 ANDAs during 2020-21. The market size of products under development is US\$ 13.3 billion.

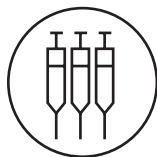




## PEPTIDES

Peptides are short chains of amino acid monomers linked by peptide (amide) bonds. They usually have a long gestation period and take 4 to 5 years to develop.

We have developed the process for manufacturing 20 peptides. The unit has already filed 6 DMFs with the US regulatory authorities and is planning to file an additional 3-4 DMFs in 2019-20. We will start to file injectable products using Auropeptide API from 2019-20.



## DEPOT INJECTIONS

A depot injection is a slow-releasing, slow-acting form of medication. It is administered by an injection and is given through a carrier liquid that releases it slowly, such that it lasts for a longer period. Currently, we are developing four depot injections with combined addressable market size of US\$ 3.6 billion.



## VACCINES

We have done considerable work on the development of the Pneumococcal Conjugate Vaccine (PCV). The global market size of the product is US\$ 6.2 billion.

During 2018-19, we completed Phase I clinical trials and have started enrolment for Phase II clinical trials in March 2019, which will be completed by August 2019. Phase III clinical trials are expected to commence by early 2020. We have already registered the brand in India under the name 'Pneuteger 15'.





#### Growing R&D investments (₹ IN MILLION)

2018-19	8,683
2017-18	6,665
2016-17	5,428
2015-16	4,644
2014-15	3,462



## Attaining capabilities and strengthening compliance

**To accelerate progress, it was important for us to strengthen our capabilities in various domains. During the year, we acquired assets to strengthen our existing product portfolio, helping us set foot in new markets and augment our research & development and production capabilities.**

Even as we added new assets and capabilities to our portfolio, it was equally important for us to bolster our compliance standards and maintain the quality of products being manufactured across new and existing facilities. Over the preceding few years, we have developed a comprehensive framework and took various measures to strengthen our compliance mechanisms.

### FAST-TRACKING GROWTH THROUGH ACQUISITIONS



#### **Oncology products from Spectrum Pharmaceuticals**

Region: US

#### **Rationale: Helps the Company enter the branded oncology market**

We acquired a portfolio of seven branded oncology injectable products from Spectrum Pharmaceuticals Inc. The acquisition marks our entry into the branded oncology market with a wide range of products, well recognised by the oncology community, along with the established branded business infrastructure to continue commercialising these brands.

We will onboard about ~70 people as part of this transaction, including a branded oncology sales force in the US. This team can be leveraged in the future to cross-sell some of our other products, which are currently under development and are likely to be approved in the future.





#### **Apotex's businesses in five European countries**

Regions: Poland, Czech Republic, Netherlands, Spain and Belgium

#### **Rationale: Enhancing Eastern Europe**

With the acquisition of Apotex's businesses, we mark our foray into Poland, the Czech Republic and strengthen our presence in Belgium, Netherlands and Spain. Thus, expanding into Eastern Europe and increasing our tally in Europe to 11 countries.

The acquisition includes a portfolio of 200+ prescription drugs, 88 OTC products and an additional pipeline of 20+ products, expected to be launched over the next two years.

As part of the deal, we also acquired commercial infrastructure, including personnel, products, marketing authorisations and dossier license rights in Poland, the Czech Republic, Netherlands, Spain and Belgium.



#### **Product from Advent Pharmaceuticals**

Region: USA, Europe and China

#### **Rationale: Bolster research capabilities in the respiratory segment**

We acquired a product under development, along with related assets from Advent Pharmaceuticals Pty Ltd., Australia. This will strengthen our research and development capabilities in the respiratory segment in general and dry powder inhalers in particular.



**Dermatology and oral solid businesses from Sandoz USA Inc.**

Region: US

**Rationale:** Significantly improves presence in oral solids and helps the Company become the second largest generics dermatology player in the US.

We announce the acquisition of the dermatology and oral solids business from Sandoz USA Inc. Following the completion of this acquisition, we will become the second largest generic player in the dermatology segment and significantly strengthen our oral solids segment. This acquisition will add about 300 products (including products under development), well recognised by patients, pharmacists and retail/wholesale customers to our portfolio.

The acquisition includes Sandoz's well-established commercial infrastructure, a fully dedicated dermatology sales force, along with manufacturing facilities with specialised capabilities in creams, ointments, lotions, topical solutions and suspensions. These acquired facilities complement our current manufacturing footprint.



**Making strategic investments**

Joint venture with Shandong Luoxin Pharmaceutical Group

Region: China, USA and Europe

**Rationale:** Establish presence in China

Through this joint venture, we set foot in China, the world's largest pharmerging market. The joint venture will set up a formulation facility to manufacture nebuliser, inhaler and other products for China, the US and the EU markets.



**Synergy Remedies**

Region: India

**Rationale:** Augment supplies

Our investment in Synergy Remedies will provide us access to supplies of intermediates manufactured at its Tirupati plant in Andhra Pradesh.





## REINFORCING OUR COMPLIANCE CULTURE WITH DILIGENCE

Operating in a business environment that is constantly reshaping itself, we continue to course-correct and recalibrate our roadmap. Our unwavering quality focus helps strengthen our business model and vindicates our high compliance culture.

Our highly compliant and harmonised policies and procedures are driven by motivated and dedicated people. We design our processes by putting in place proactive risk assessment and mitigation measures. Our strength lies in embracing advanced technology and automations and the agility in implementing them.

Our quality systems comprise several key initiatives. One such initiative is to have a paperless Quality Control Laboratory, which we have recently rolled out. We are one of the leading companies to have implemented a new sterility testing methodology that is much more accurate and precise vis-à-vis traditional testing, which has reduced the duration from 14 days to 4 hours. We have recently implemented pre-emptive trends that provide us real-time perspectives for prompt decision-making.

Consistently, we maintain high standard benchmarks that we have created in the past, and remain steadfast in our resolve to continue providing safe, effective and quality products to patients.

Recently, our three facilities Unit I (Medak, Telangana), Unit XI (Pydibeemavaram, Andhra Pradesh), and intermediate facility of Unit IX (Medak, Telangana) were classified by USFDA as Official Action Indicated (OAI).

We are working on a priority basis to resolve these regulatory challenges in a time-bound manner. Moreover, the OAI status on our three plants isn't going to disrupt existing supplies from our facilities. We believe that our systematically planned compliance practices, investment in reliable systems, and rich industry experience will enable us to navigate these challenges.

## STRENGTHENING OUR COMPLIANCE CURVE

Our systems are being harmonised to ensure the highest levels of compliance across all our plants to produce quality products seamlessly.

We have a 50-member dedicated corporate quality assurance group that conducts regular internal audits at all our plants. Also, we have monthly quality review meetings where the senior management reviews the compliance of each site.

Our systems have been built and integrated in a manner that enables complete transparency. Hence, if there are any disruptions, the issues are immediately brought to the management's notice. Besides, the framework to ensure quality, we also endeavour to continuously upgrade our manufacturing processes.

During 2018-19, we continued the process of integrating laboratory equipment into the Laboratory Information Management System (LIMS) to eliminate the probability of human errors in data entry. We believe that this will improve accuracy and lead to significant saving in people cost.

Our key initiative in 2018-19 was to increase compliance awareness through technical training. We engaged external consultants and conducted extensive training with special focus on computer systems compliance. We will be further strengthening our compliance systems through investing in upgrading our equipment, automation and software in the year ahead.

We, as a Company, have always been ahead of the curve in terms of compliance systems and adherence. Going forward, we are confident that with our continuous investments in upgrading our quality mechanisms, we will be able to satisfy the regulatory requirements of various authorities.





## Promote an Execution-oriented Growth Mindset

**To support a growing organisation, it is important to build a culture of execution excellence that encourages fast learning and accelerated delivery.**

### PEOPLE AND TECHNOLOGY

Technology is increasingly getting integrated into our people processes. This makes the process quicker, streamlines all systems, reduces the load on the human resources team and ensures timely execution of projects.

#### **Talent acquisition**

Our talent acquisition process is now based on artificial intelligence and machine learning. As a result, turn around time (TAT) has been significantly reduced for both new hiring and replacement purpose.

When the hiring manager wants to recruit for a specific skillset – the system pulls out resumes of the appropriate candidates from multiple sources, including our internal live data bank and shows the specific talent for the required role with analytics. The system shows us the right candidates and demonstrates how appropriate the candidate is for the given role.

#### **Online university**

We have developed an online university called Nalanda. Our Company already had 'Pratham Shreni' (First level) during the year. We added the Uttam Shreni (advanced level) which has advanced online leadership competency development models. Essentially, with 'Uttam Shreni' the system has been scaled up to teach functional skills online.

#### **Career enablement programme**

Our internal talent career progression system is entirely online. With this, internal positions are put up on the intranet and people who are qualified can apply online for vertical and horizontal movement. This helps a long way in retaining talent within our Company.

#### **Online grievance handling system**

We have been able to move our entire grievance handling system online. One of the biggest advantages of this is that people can register their grievance online without any fear. The system ensures that all concerns are handled in a time-bound manner, along with solutions that are being offered within the specified timeframe. The proper implementation of this system has been a confidence booster for employees.



## MANUFACTURING AND TECHNOLOGY

To ensure the seamless functioning of our multiple plants, we have invested significant time and resources in bringing all our systems online and integrating them into a single platform.

Over the preceding few years, we have initiated our laboratory information management system, quality management system and document management system. Thus, if there is any distortion, the system notifies us immediately, and we can address the concern. This ensures the smooth functioning of our manufacturing sites.

In addition to the technological integration of our systems, we have also restructured our manufacturing operations in a manner whereby we can take advantage of the new business opportunities (NBOs) presented in the market.

The efficiency levels of our plants are run at a capacity that provides us with the opportunity to take up NBOs that offer higher profitability.

## Meet the Management



### **Standing (L to R)**

Mr. P. Sarath Chandra Reddy, Mr. M. Madan Mohan Reddy, Mr. N. Govindarajan, Mr. P. V. Ramprasad Reddy, Mr. K. Nithyananda Reddy, Dr. M. Sivakumaran

### **Sitting (L to R)**

Mr. K. Ragunathan, Mrs. Savita Mahajan, Dr. (Mrs.) Avnit Bimal Singh, Mr. M. Sitarama Murty



**MR. K. RAGUNATHAN**

**Non-executive Chairman,  
Independent Director**  
Chartered Accountant

He is a CA by profession and a leading management consultant. He has over three decades of experience in consulting services.

**MR. K. NITHYANANDA REDDY**

**Vice Chairman, Whole-time Director,  
a promoter of the Company**  
Postgraduate in Science from  
Venkateswara University

He has been associated with our Company from initial days. He is well-versed with the manufacturing technology and supervises the overall affairs of the Company.

**MR. N. GOVINDARAJAN**

**Managing Director**  
B.E. (Mechanical) from Annamalai  
University

He has more than 25 years of experience across a variety of domains such as active ingredients, CRAMS, finished dosages and biotechnology.

**DR. M. SIVAKUMARAN**

**Whole-time Director**  
Postgraduate in Science from University  
of Madras and PhD in Organic Chemistry  
from Jadavpur University

He has more than four decades of experience in the pharmaceutical industry and is responsible for the technological evolution of the Company. He looks after research and development, new product development and total quality management.

**MR. M. MADAN MOHAN REDDY**

**Whole-time Director**  
Postgraduate in Science (Organic  
Chemistry) from Bhopal University

He has held top managerial positions in leading pharmaceutical companies. He commands over 25 years of valuable experience in the pharmaceutical industry. He looks after formulation manufacturing of the Company.

**MR. P. SARATH CHANDRA REDDY**

**Whole-time Director**  
Graduate in Business Administration

He is a second-generation entrepreneur, experienced in general management and has expertise in project executions, IT, procurement and other aspects of the business.

**MR. P. V. RAMPRASAD REDDY**

**Non-executive Director, Promoter**  
Postgraduate in Commerce from  
Venkateswara University

Prior to promoting Aurobindo in 1986, he held managerial positions in various pharmaceutical companies. In 2008, the widely read, World Pharmaceutical Frontiers named him among the top 35 most influential people in the pharmaceutical industry.

**MR. M. SITARAMA MURTY**

**Non-executive, Independent Director**  
Postgraduate in Electronics from Andhra  
University

He is a professionally qualified banker and has over three decades of experience in the industry with various important positions in nationalised banks. He retired as the Managing Director & CEO of the State Bank of Mysore in 2003. His specialised areas of interest are international banking, foreign exchange, money markets, funds management, credit management, rural development, computerisation, commercial law and systems.

**DR. (MRS.) AVNIT BIMAL SINGH**

**Non-executive, Independent Director**  
M.B.B.S. degree from RNT Medical  
College, Udaipur and Postgraduate  
in Obstetrics and Gynecology from  
Rajasthan University

She is a medical practitioner and a senior obstetrician/gynecologist based in Hyderabad.

**MRS. SAVITA MAHAJAN**

**Non-executive, Independent Director**  
MBA, IIM Ahmedabad

Mrs. Savita Mahajan, is the former Deputy Dean of the Indian School of Business (ISB). She was associated with the ISB for 14 years, since its inception in 2001, and was responsible for building its second campus at Mohali, Punjab, as its CEO. She has also carried out consulting and training assignments for corporations and development organisations, including GE Capital, the Planning Commission, the World Bank, and the Tibetan Government in exile of His Holiness, the Dalai Lama.

# Our commitment to the people, planet and resources

**Our Environment, Health and Safety (EHS) initiatives focus on reducing our impact on the environment, implementing the highest safety standards for employees, contractors and visitors and improving the daily life of our people and communities.**

With each passing year, the authorities continuously upgrade their standards and bring in new regulations. At Aurobindo Pharma, we have made sure that we remain a step ahead and are proud to follow industry-leading practices in all areas related to environment, health and safety.

## INTEGRATING SAFETY ACROSS FACILITIES

Over the years, we have made sure that we follow national / international guidelines on safety across all our facilities.

To implement this, we have made it mandatory for all new projects, including plants, buildings and distribution centres to have EHS clearance right at the planning stage, ensuring that the guidelines are incorporated at the beginning of all projects. After completion of a project, a review of the new facility is conducted to ensure its adherence to standards.

We have also started including safety requirements in all our production processes. Our safety guidelines are included in the Batch Production and Control Record (BPCR). Such measures will ensure greater workplace safety and prevent any occurrence of hazardous incidents in the production process.

During the year, multiple initiatives were undertaken to improve our Company's overall safety standards. These included conducting quantitative risk assessments for bulk solvent storage areas, installing sprinkler systems for an additional layer of safety, conducting ergonomic assessments to assess health risks and initiating product-based risk assessments for formulation products.

Overall, the person-hours spent in safety training increased to 0.65% in 2018-19 from 0.59% last year.

## WORKING TOWARDS A BETTER ENVIRONMENT

We aim to work in a manner which ensures our initiatives having minimal impact on the environment. We also actively take up projects that can bring a positive change in global environment.

In 2018-19, we augmented the capacities of wastewater treatment at two major API manufacturing facilities. We also added Membrane Bio-Reactor (MBR) technology for better treatment of wastewater. MBR is the combination of a membrane process like microfiltration or ultrafiltration with a biological wastewater treatment process. It helps treat municipal and industrial wastewater.

Wastewater and air emission management systems at API units are viewed and monitored online by the concerned environmental regulatory agencies, apart from conducting periodic inspections of the sites. Our waste streams were successfully handled and managed effectively on cradle-to-grave philosophy as per regulations.

Our facilities comply with the regulations stipulated for wastewater treatment, disposal/reuse, hazardous and other waste management, emissions control, to name a few. Our facilities located in Telangana are in compliance with the online manifest system and tracking for respective waste streams as being implemented by the concerned regulatory agency in the financial year 2018-19.

## ANTIMICROBIAL RESISTANCE (AMR)

Aurobindo recognised that AMR is a threat and has taken proactive steps to ensure the Company is at the forefront of the fight against AMR.

The Company collaborated with The Access to Medicine Foundation to participate in The Antimicrobial Resistance Benchmark 2018 and will be a part of the forthcoming 2020 AMR Benchmark.

During the year, we have become a member of the 'AMR Industry Alliance'- one of the largest private sector coalitions set up to provide sustainable solutions to curb antimicrobial resistance.

The alliance brings together research-based pharmaceutical, generic, biotech and diagnostic companies to drive and measure industry progress to curb antimicrobial resistance.

The AMR Industry Alliance will ensure that signatories collectively deliver on the commitments made in the Declaration (January 2016) and the Roadmap (September 2016) and will measure industry's progress in the fight against AMR.

This fiscal, we also participated in the initiatives of the Government of India on combating AMR and engaged actively in the events organised by the Ministry of Environment, Forest and Climate Change.



## GREEN BELT DEVELOPMENT

We have taken up an organisation-wide drive to plant green belts in and around our facilities. During the year, we planted 10,000+ saplings of a variety of indigenous plants like *Azadirachta indica*, *Cassia fistula*, *Dalbergia sissoo*, *Nerium oleander*, *Neolamarckia cadamba*, *Pongamia pinnata*, and so on.

These saplings were planted on avenues, in schools' surroundings and on water bodies surrounding our facilities and to fill gaps in existing greenbelts. Our focused and scientific approach has helped more than 80% of saplings to survive and provide the much needed green cover and ecological balance to the surrounding areas.



## Our commitment to inclusive growth

During the year, our CSR initiatives took a LEAP, as we dived into unexplored regions, took up more work in our existing areas of operation and brought about meaningful impact in the lives of a large number of people.



Aurobindo is committed to create a positive change in the environment and the communities we serve, a commitment that ultimately enhances the value of our business. The community development programme revolves around education, rural development, health, sanitation and others.

In 2018-19, we extended our support to the states of Haryana, Odisha, Bihar, Rajasthan, Kerala and Tamil Nadu by taking up various need-based projects. Our team of 11 dedicated members continuously monitored the implementation of

multiple ongoing and new projects taken up by the department. We are humbled to note that our endeavours have touched the lives of 50,000+ students and 67,000 families during the year.

A large proportion of our resources are invested in building social assets such as schools, hospitals and toilets that help improve the quality of life. We have also worked to provide basic amenities such as safe drinking water and nutritious food to various communities.

The key areas of activity of our CSR efforts include:



Promoting quality education



Supporting preventive healthcare and sanitation



Sustaining ecological balance and conserving natural resources



Promoting road safety



Providing safe drinking water



Supporting rural sportspersons

# NOTICE



## Aurobindo Pharma Limited

(CIN - L24239TG1986PLC015190)

Regd. Office: Plot No.2, Maitrivihar, Ameerpet, Hyderabad – 500 038, Telangana, India

Tel No. +91 40 2373 6370, 2374 7340, Fax No. +91 40 2374 1080, 2374 6833

E-mail: info@aurobindo.com; Website : www.aurobindo.com

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of Aurobindo Pharma Limited will be held on **Thursday, the 29th day of August, 2019 at 3.00 p.m. at Kaveri Ball Room, Hotel Trident, Hi-tech City, Near Cyber Towers, Madhapur, Hyderabad - 500 081, Telangana State, India** to transact the following business:

### ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Standalone Financial Statements for the financial year ended March 31, 2019, together with the reports of Directors and Auditors thereon.
- 2) To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended March 31, 2019, together with the report of Auditors thereon.
- 3) To confirm the first interim dividend of ₹1.25 and second interim dividend of ₹1.25 in aggregate ₹2.50 per equity share of ₹1/- each, as dividend paid for the financial year 2018-19.
- 4) To appoint a Director in place of Mr. P. Sarath Chandra Reddy (DIN: 01628013) who retires by rotation at this Annual General Meeting and being eligible, seeks re-appointment.
- 5) To appoint a Director in place of Dr. M. Sivakumaran (DIN: 01284320) who retires by rotation at this Annual General Meeting and being eligible, seeks re-appointment.

### SPECIAL BUSINESS

- 6) **To re-appoint Mr. K.Ragunathan (DIN: 00523576) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), rules framed thereunder and Schedule IV to the Act and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. K.Ragunathan (DIN: 00523576), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1 April 2019 in terms of Section 161(1) of the

Act and whose term of office expires at this Annual General Meeting and who has submitted a declaration that he meets the criteria of independence and who is eligible for re-appointment for a second term under the provisions of the Act and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of the Director of the Company, as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from April 1, 2019 to March 31, 2024.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution.”

- 7) **To re-appoint Mrs. Savita Mahajan (DIN: 06492679) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), rules framed thereunder and Schedule IV to the Act and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the approval of the members of the Company be and is hereby accorded to the re-appointment of Mrs. Savita Mahajan (DIN: 06492679), Independent Director of the Company and who holds office of Independent Director up to December 15, 2019, who has submitted a declaration that she meets the criteria of independence and who is eligible for re-appointment for a second term under the provisions of the Act and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of the Director of the Company, as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from December 16, 2019 to December 15, 2024.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution.”



- 8) To re-appoint Dr (Mrs) Avnit Bimal Singh (DIN: 01316166) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), rules framed thereunder and Schedule IV to the Act and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the approval of the members of the Company be and is hereby accorded to the re-appointment of Dr (Mrs) Avnit Bimal Singh (DIN: 01316166), Independent Director of the Company and who holds office of Independent Director up to March 24, 2020, who has submitted a declaration that she meets the criteria of independence and who is eligible for re-appointment for a second term under the provisions of the Act and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of the Director of the Company, as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from March 25, 2020 to March 24, 2025."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution."

- 9) To re-appoint Mr.P.Sarath Chandra Reddy (DIN: 01628013) as Whole-time Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other consents/approvals as may be required, the approval of the members of the Company be and is hereby accorded to the re-appointment of Mr.P.Sarath Chandra Reddy (DIN: 01628013) as Whole-time Director of the Company for a further period of three years with effect from June 1, 2019, whose term of office shall be liable to determination by retirement of directors by rotation at a remuneration and perquisites as detailed below with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. P. Sarath Chandra Reddy, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

a	Salary	₹375,000 per month
b	House Rent Allowance	₹250,000 per month
c	Medical Reimbursement	i) Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years. ii) Mediclaim insurance as per rules of the Company.
d	Leave Travel Concession	for self & family once in a year as per the rules of the Company
e	Personal Accident Insurance	Premium not exceeding ₹25,000 per annum
f	Club Fees	Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
g	Provident fund, superannuation benefits and gratuity	as per the rules of the Company subject to the ceilings as per the guidelines for managerial remuneration in force from time to time.
h	Provision of Company's car with driver.	
i	Provision of free telephone at residence.	
j	Encashment of leave as per the rules of the Company	

- 10) To revise the remuneration of Mr. M.Madan Mohan Reddy (DIN: 01284266), Whole-time Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other consents/approvals as may be required, the approval of the members of the Company be and is hereby accorded to the revision in the remuneration of Mr.M.Madan Mohan Reddy, Whole-time Director of the Company, with effect from 1st April 2019 for the remaining period of his tenure i.e. up to 31st May 2021 as detailed below subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof:

a	Salary	₹1,750,000 /- per month
b	House Rent Allowance	₹1,166,666 /- per month
c	Medical Reimbursement	i) Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years. ii) Mediclaim insurance as per rules of the Company.
d	Leave Travel Concession	for self & family once in a year as per the rules of the Company
e	Personal Accident Insurance	Premium not exceeding ₹25,000 per annum
f	Club Fees	Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
g	Provident fund, superannuation benefits and gratuity	as per the rules of the Company subject to the ceilings as per the guidelines for managerial remuneration in force from time to time.
h	Provision of Company's car with driver.	
i	Provision of free telephone at residence.	
j	Encashment of leave as per the rules of the Company	

**11. To revise the remuneration of Mr. N. Govindarajan (DIN: 00050482), Managing Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other consents/approvals as may be required, the approval of the members of the Company be and is hereby accorded to the revision in the remuneration of Mr. N. Govindarajan, Managing Director of the Company, with effect from 1st April 2019 for the remaining period of his tenure i.e. up to 31st May 2021 as detailed below subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof:

a	Salary	₹2,739,706 /- per month
b	House Rent Allowance	₹1,826,562 /- per month
c	Medical Reimbursement	i) Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years. ii) Mediclaim insurance as per rules of the Company.
d	Leave Travel Concession	for self & family once in a year as per the rules of the Company
e	Other Allowances	₹1,281,200 /- per annum
f	Personal Accident Insurance	Premium not exceeding ₹25,000 per annum
g	Provident fund and gratuity	as per the rules of the Company subject to the ceilings as per the guidelines for managerial remuneration in force from time to time.
h	Provision of Company's car with driver.	
i	Encashment of leave as per the rules of the Company	

“RESOLVED FURTHER THAT in addition to the above salary and perquisites, commission will also be payable up to 1% of the net profits of the Company calculated in the manner referred in Section 198 of the Companies Act, 2013 subject to a ceiling of ₹100 million for each financial year as may be decided by the Board of Directors of the Company, subject to the overall remuneration payable to Mr.N.Govindarajan, Managing Director of the Company not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

By Order of the Board

Place: Hyderabad  
Date: 28 May 2019

**B. Adi Reddy**  
Company Secretary

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of Members up to and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member. In order to become valid, the proxy forms should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Annual General Meeting. The proxy form is enclosed.**

2. The Explanatory Statement setting out all material facts pursuant to Section 102 of the Companies Act, 2013 with respect to the Special Business set out in the Notice, is annexed and forms part of the Notice.
3. Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of the Annual General Meeting of the Company and also be kept at the venue during the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from August 23, 2019 to August 29, 2019 (both days inclusive).
5. The Board of Directors of the Company has declared first interim dividend @ 125% i.e. ₹1.25 per share of ₹1 each and second interim dividend @ 125% i.e. ₹1.25 per share of

₹1 each aggregating to ₹2.50 per share of ₹1 each for the financial year 2018-19 and the same was paid on November 30, 2018 and February 28, 2019 respectively.

6. During the financial year 2018-19 the unpaid/unclaimed final dividend for the financial year 2010-11 was transferred to the Investor Education and Protection Fund (IEPF). The Company has uploaded the details of the unpaid and unclaimed dividend amounts of the previous years' on the website of the Company ([www.aurobindo.com](http://www.aurobindo.com)) and also on the website of Ministry of Corporate Affairs. The unpaid/unclaimed dividend for the financial year 2011-12 will be transferred to the Investor Education and Protection Fund of the Central Government on the due date. The shares pertaining to unclaimed final dividend for the financial year 2010-11 were also transferred to IEPF. To claim the equity shares and dividend that were transferred to IEPF, Members may file e-Form IEPF 5 with Ministry of Corporate Affairs and submit all the required documents as prescribed under IEPF Rules.

Following are the details of unclaimed dividend and corresponding shares transferred to IEPF during the financial year 2018-19:

Particulars	Amount of Dividend (₹)	No. of equity shares ₹1 each
Final Dividend for the financial year 2010-11	791,157	41,221

Members may note that shares as well as unclaimed dividends transferred to IEPF authority can be claimed back from them. Concerned Members / Investors are advised to visit the weblink [www.iepf.gov.in/IEPF/refund.html](http://www.iepf.gov.in/IEPF/refund.html) or contact Karvy Fintech Private Limited, the Registrar and Transfer Agent of the Company, for lodging claim for refund of shares and / or dividend from IEPF Authority.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at <https://www.aurobindo.com/investors/shareholder-information/unpaid-dividend-account-details/>

The following are the due dates for transfer of unclaimed/unpaid dividend for the financial year 2011-12 and thereafter to IEPF:

Financial year	Dividend	Declaration Date	Due Date for transfer to IEPF
2011-12	Dividend	August 7, 2012	September 12, 2019
2012-13	Interim Dividend	February 7, 2013	March 14, 2020
2012-13	Final Dividend	August 7, 2013	September 11, 2020
2013-14	Interim Dividend	November 7, 2013	December 12, 2020
2013-14	2nd Interim Dividend	May 30, 2014	July 4, 2021
2014-15	Interim Dividend	August 7, 2014	September 11, 2021
2014-15	2nd Interim Dividend	February 4, 2015	March 11, 2022
2014-15	3rd Interim Dividend	May 28, 2015	July 2, 2022
2015-16	Interim Dividend	August 12, 2015	September 16, 2022
2015-16	2nd Interim Dividend	November 6, 2015	December 11, 2022
2015-16	3rd Interim Dividend	February 9, 2016	March 16, 2023
2015-16	4th Interim Dividend	May 30, 2016	July 5, 2023
2016-17	Interim Dividend	November 14, 2016	December 20, 2023
2016-17	2nd Interim Dividend	May 29, 2017	July 3, 2024
2017-18	Interim Dividend	November 9, 2017	December 14, 2024
2017-18	2nd Interim Dividend	February 7, 2018	March 14, 2025
2018-19	Interim Dividend	November 12, 2018	December 17, 2025
2018-19	2nd Interim Dividend	February 7, 2019	March 14, 2026



7. Members holding shares in physical form are requested to notify immediately any change in their address to the Company's Registrar and Transfer Agents, M/s. Karvy Fintech Private Limited. Members holding shares in electronic form may intimate any such changes to their respective Depository Participants (DPs).
8. In terms of Schedule I of the SEBI (LODR) Regulations, 2015, listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as National Automated Clearing House (NACH), National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS) for making payments like dividend to the Members. Accordingly, Members holding securities in demat mode are requested to update their bank details with their depository participants. Members holding securities in physical form may send a request updating their bank details to the Company's Registrar and Transfer Agent.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic format, therefore, are requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form may submit their PAN and other details to the Company's Registrar and Transfer Agent i.e. Karvy Fintech Private Limited.
10. SEBI has recently amended the Listing Regulations disallowing the listed companies from accepting requests for transfer of securities which are held in physical form, with effect from April 1, 2019. The Members who continue to hold shares in physical form even after this date, will not be able to lodge the securities with the Company / its RTA for transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form, will be accepted by the Company / RTA.
11. Pursuant to section 72 of the Act, Members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-13, to the Registrar and Transfer Agent of the Company. Further, Members desirous of cancelling/ varying nomination pursuant to rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14, to the RTA of the Company.
12. The Annual Report for 2018-19 is being sent by electronic mode only to the Members whose e-mail addresses are registered with the Registrar and Transfer Agents of Company/ Depository Participant(s) for communication purpose unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report 2018-19 are being sent by the permitted mode. For Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc., from the Company electronically.
13. In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and as per the requirements of SEBI Listing Regulations, the Company is providing the facility to its Members holding shares in physical or dematerialized form as on the cut-off date, i.e. August 22, 2019, to exercise their right to vote by electronic means on any or all of the agenda items specified in the accompanying Notice of Annual General Meeting. Details of the process and manner of E-voting along with the User ID and Password are being sent separately to all the Members along with the Notice.
14. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for 2018-19 will be available on the Company's website [www.aurobindo.com](http://www.aurobindo.com). The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on all working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at [ig@aurobindo.com](mailto:ig@aurobindo.com).
15. Brief resume of Directors who have been proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and membership/chairmanships of Board Committees and shareholding in the Company as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by ICSI are forming part of the Notice and appended to the Notice.
16. Members and Proxies are requested to bring their copies of the Annual Report to the AGM and the attendance slip duly filled in for attending the AGM.
17. Route map to the venue of the AGM is published in this Annual Report.
18. The Company will be providing one-way live webcast of the proceedings of the 32nd Annual General Meeting. The shareholders can visit <https://corpreg.karvy.com/agmlive/liveevents.aspx> and login through existing user ID and password to watch the live proceedings of AGM.
19. The register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and register of contracts or arrangements maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the member at the AGM.
20. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than 3 days of notice in writing is given to the Company.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

### Item No. 6 - Reappointment of Mr. K.Ragunathan (DIN: 00523576) as an Independent Director

Mr. K.Ragunathan (DIN: 00523576) is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors of the Company on January 30, 2008 as an Independent Director. Pursuant to the provisions of Sections 149, 152 and the Rules made thereunder read with Schedule IV of the Companies Act, 2013 and Clause 49 of the erstwhile Listing Agreements entered into with the stock exchanges, an independent director can hold office for a term up to five consecutive years on the board of a company and he is eligible for re-appointment on passing of a Special Resolution by the Company subject to maximum of two consecutive terms and while calculating the tenure, any tenure of an Independent Director as on the date of commencement of the Companies Act, 2013 shall not be counted as a term. Accordingly, the Members of the Company at their 27th Annual General Meeting held on August 27, 2014 appointed Mr. K.Ragunathan as an Independent Director of the Company for a period of five years i.e. up to March 31, 2019 (first term). The Board of Directors on March 29, 2019 appointed Mr. K. Ragunathan as an Additional (Independent) Director for a period of five years with effect from April 1, 2019 subject to the approval of Members of the Company at the ensuing Annual General Meeting.

Mr. K. Ragunathan, aged 55 years, is a Bachelor of Commerce from Madras University and a Member of the Institute of Chartered Accountants of India. He holds a Post Graduate diploma in computerized financial management and specialized in ERP design and development and is a Certified Management Consultant. He is one of the leading management consultants, possessing expertise in management consulting, enterprise software processes, business transaction structuring, corporate law procedures and compliances, capital market and depository operation related consulting. He has over 29 years of experience in consulting, having started as a consultant at a very young age of 19 years. During the course of his career, he has been exposed to various business transaction structuring and intricacies in business negotiation. He is an eminent expert in application of information technology solutions in the agriculture and food sector for supply chain and last mile delivery integration. His expertise spans over designing and developing solutions using mobile and hand-held technologies and integrating them with server-based technologies on a multi-platform delivery basis. He has contributed articles on various issues concerning business transactions and legal compliances thereto in leading Indian corporate law magazines. He is a member of DFK international, a network of global business advisors providing cross country advisory support for multinational agri and food enterprises. He is not holding any shares in the Company.

In the opinion of the Board, Mr. K Ragunathan fulfils the conditions for appointment of Independent Director as specified in the Act and the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 and is independent of the management. His background and experience and contributions made by him during his tenure, the association of Mr. K Ragunathan would be beneficial to the Company and it is desirable to re-appoint Mr. K Ragunathan as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years w.e.f. 1st April, 2019.

The Board of Directors on March 29, 2019, on the recommendation of the Nomination and Remuneration / Compensation Committee and based on the performance evaluation, his background, experience and contribution made by him during his tenure with the Company, re-appointed subject to the approval of the Members at the ensuing AGM, Mr. K Ragunathan as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from April 1, 2019 to March 31, 2024.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Mr. K Ragunathan for the office of Director of the Company.

Copy of the draft letter of appointment of Mr. K Ragunathan setting out the terms and conditions of appointment and the names of companies and the committees in which Mr. K Ragunathan is a director / member are available for inspection without any fee by the Members at the Registered Office of the Company.

The details of Mr. K Ragunathan as required under the provisions of Regulation 36(3) of the Listing Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

No Director, Key Managerial Personnel or their relatives except Mr.K.Ragunathan, is interested or concerned in the Resolution.

The Board of Directors recommends the Special Resolution set forth at Item No. 6 of the Notice for approval of the Members of the Company.

### Item No. 7 - Reappointment of Mrs. Savita Mahajan (DIN: 06492679) as an Independent Director

Mrs. Savita Mahajan (DIN: 06492679) is a Non-Executive (Independent) Director of the Company. She joined the Board of Directors of the Company on December 16, 2017 as an Independent Director. Pursuant to the provisions of Sections 149, 152 and the Rules made there under read with Schedule IV of the Companies Act, 2013 an independent director can hold office for a term up to five consecutive years on the board of a company and he/she is eligible for re-appointment on passing of a Special Resolution by the Company subject to maximum of two consecutive terms. Accordingly, the Members of the Company at their 31st Annual General Meeting held on August 30, 2018 appointed Mrs. Savita Mahajan as an Independent Director of the Company for a period of two years i.e. up to December 15, 2019 (first term).

Mrs. Savita Mahajan, aged 60 years, was associated with the ISB for 14 years, since its inception in 2001, and was responsible for building its second campus at Mohali, Punjab, as its CEO. She holds a degree in Economics from Delhi University and did her MBA from the Indian Institute of Management, Ahmedabad, in 1981. Since then, she worked in several Indian organizations, including Maruti Udyog Limited, Bharat Technologies, Karvy Consultants, and Intergraph India, in diverse industry sectors, including automobiles, engineering, financial services and software. Her professional interests include Strategic Management, Institutional Values, Leadership and Organizational Change. She has also carried out consulting and training assignments for corporations and development organizations, including GE Capital, the Planning Commission, the World Bank, and the Tibetan Government in exile of His Holiness, the Dalai Lama. Mrs. Savita Mahajan was featured in Business Today's 2013 list of "30 Most Powerful Women" in Indian Business. She is not holding any shares in the Company

In the opinion of the Board, Mrs. Savita Mahajan fulfils the conditions for appointment of Independent Director as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is independent of the management. Her background and experience and contributions made by her during her tenure, the association of Mrs. Savita Mahajan would be beneficial to the Company and it is desirable to re-appoint Mrs. Savita Mahajan as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years w.e.f. December 16, 2019.

The Board of Directors on May 28, 2019, on the recommendation of the Nomination and Remuneration / Compensation Committee and based on the performance evaluation, her background, experience and contribution made by her during her tenure with the Company, re-appointed subject to the approval of the Members at the ensuing AGM, Mrs. Savita Mahajan as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from December 16, 2019 to December 15, 2024.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Mrs. Savita Mahajan for the office of Director of the Company.

Copy of the draft letter of appointment of Mrs. Savita Mahajan setting out the terms and conditions of appointment and the names of companies and the committees in which Mrs. Savita Mahajan is a director / member are available for inspection without any fee by the members at the Registered Office of the Company.

The details of Mrs. Savita Mahajan as required under the provisions of Regulation 36(3) of the Listing Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

No Director, Key Managerial Personnel or their relatives except Mrs. Savita Mahajan, is interested or concerned in the Resolution.

The Board of Directors recommends the Special Resolution set forth at Item No. 7 of the Notice for approval of the Members of the Company.

#### **Item No. 8 - Reappointment of Dr (Mrs) Avnit Bimal Singh (DIN: 01316166) as an Independent Director**

Dr. (Mrs) Avnit Bimal Singh (DIN: 01316166) is a Non-Executive (Independent) Director of the Company. She joined the Board of Directors of the Company on March 25, 2015 as an Independent Director. Pursuant to the provisions of Sections 149, 152 and the Rules made there under read with Schedule IV of the Companies Act, 2013, an independent director can hold office for a term up to five consecutive years on the board of a company and he/she is eligible for re-appointment on passing of a Special Resolution by the Company subject to maximum of two consecutive terms. Accordingly, the Members of the Company at their 28th Annual General Meeting held on August 27, 2015 appointed Dr (Mrs) Avnit Bimal Singh as an Independent Director of the Company for a period of five years i.e. up to March 24, 2020 (first term).

Dr. (Mrs.) Avnit Bimal Singh, aged 55 years, holds an M.B.B.S. degree and is a Post Graduate in obstetrics & gynecology. She is a medical practitioner and a senior obstetrician/gynecologist based at Hyderabad. She is not holding any other directorships and not holding any shares in the Company.

In the opinion of the Board, Dr. (Mrs.) Avnit Bimal Singh fulfils the conditions for appointment of Independent Director as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is independent of the management. Her background and experience and contributions made by her during her tenure, the association of Dr. (Mrs.) Avnit Bimal Singh would be beneficial to the Company and it is desirable to re-appoint Dr. (Mrs.) Avnit Bimal Singh as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years w.e.f. March 25, 2020.

The Board of Directors on May 28, 2019, on the recommendation of the Nomination and Remuneration / Compensation Committee and based on the performance evaluation, her background, experience and contribution made by her during her tenure with the Company, re-appointed subject to the approval of Members at the ensuing AGM, Dr. (Mrs.) Avnit Bimal Singh as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from March 25, 2020 to March 24, 2025.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Dr. (Mrs.) Avnit Bimal Singh for the office of Director of the Company.

Copy of the draft letter of appointment of Dr. (Mrs.) Avnit Bimal Singh setting out the terms and conditions of appointment is available for inspection without any fee by the members at the Registered Office of the Company.



The details of Dr. (Mrs.) Avnit Bimal Singh as required under the provisions of Regulation 36(3) of the Listing Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

No Director, Key Managerial Personnel or their relatives except Dr. (Mrs.) Avnit Bimal Singh, is interested or concerned in the Resolution.

The Board of Directors recommends the Special Resolution set forth at Item No. 8 of the Notice for approval of the Members of the Company.

**Item No. 9 - Reappointment of Mr. P.Sarath Chandra Reddy (DIN: 01628013) as a Whole-time Director**

The Members of the Company at the 29th Annual General Meeting held on August 24, 2016 appointed Mr. P. Sarath Chandra Reddy as a Whole-time Director of the Company for a period of 3 years with effect from June 1, 2016.

The Board of Directors of the Company at its meeting held on May 28, 2019 based on the recommendation of Nomination and Remuneration/Compensation Committee, re-appointed Mr. P. Sarath Chandra Reddy as a Whole-time Director of the Company with effect from June 1, 2019 for a period of three years, subject to the approval of the Members at the ensuing Annual General Meeting. The terms of appointment of Mr. P. Sarath Chandra Reddy and remuneration payable to him are as set out in Item 9 of the Notice. Mr. P. Sarath Chandra Reddy is on the Board of the Company since September 27, 2007 as a Non-executive Director. He belongs to the promoter group of the Company.

The details of Mr. P. Sarath Chandra Reddy as required under the provisions of Regulation 36(3) of the Listing Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

No Director, Key Managerial Personnel or their relatives except Mr. P. Sarath Chandra Reddy to whom the resolution relates and his relatives Mr. P. V. Ramprasad Reddy – Director and Mr. K. Nithyananda Reddy, Whole-time Director are interested or concerned in the Resolution.

The Board of Directors recommends the Ordinary Resolution set forth at Item No. 9 of the Notice for approval of the Members of the Company.

**Item No.10 – Revision of remuneration of Mr. M. Madan Mohan Reddy (DIN: 01284266), Whole-time Director.**

The Members of the Company at the 31st Annual General Meeting held on 30th August, 2018 approved re-appointment of Mr. M. Madan Mohan Reddy as a Whole-time Director of

the Company for a period of 3 years w.e.f. 1st June 2018 at a remuneration of ₹23 million per annum and other perquisites with liberty to the Board of Directors to alter and vary the terms and conditions of the re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. M. Madan Mohan Reddy, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification or re-enactment thereof.

Mr. M. Madan Mohan Reddy looks after the formulations' plants operations and supply chain management. Considering his multiple roles and responsibilities, the Board felt it appropriate to revise the remuneration of Mr. M. Madan Mohan Reddy, Whole-time Director of the Company to commensurate with his role and responsibilities. Accordingly, it is proposed to revise the remuneration of Mr. M. Madan Mohan Reddy from ₹23 million per annum to ₹35 million with effect from April 1, 2019 and other perquisites with no other changes in other terms and conditions of his appointment.

The aforesaid revision of remuneration shall be within the ceiling limits as mentioned in Schedule V of the Companies Act, 2013. The proposed revision of remuneration of Mr. M. Madan Mohan Reddy was recommended by the Nomination and Remuneration / Compensation Committee of the Company.

No Director, Key Managerial Personnel or their relatives except of Mr. M. Madan Mohan Reddy, Whole-time Director, is interested or concerned in the Resolution.

The Board of Directors recommends the Ordinary Resolution set forth at Item No. 10 of the Notice for the approval of Members of the Company.

**Item No. 11 – Revision of remuneration of Mr. N. Govindarajan (DIN: 00050482), Managing Director.**

The Members of the Company at the 31st Annual General Meeting held on 30th August 2018 approved re-appointment of Mr. N. Govindarajan as Managing Director of the Company for a period of 3 years w.e.f. 1st June 2018 with a remuneration of ₹40 million per annum and other perquisites with liberty to the Board of Directors to alter and vary the terms and conditions of the re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. N. Govindarajan, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification or re-enactment thereof. In addition to the salary and perquisites, commission will also be payable up to 1% of the net profits of the Company calculated in the manner referred in Section 198 of the Companies Act, 2013 subject to a ceiling of ₹100 million for each financial year, as may be decided by the Board of Directors of the Company.

Mr. N. Govindarajan, Managing Director is responsible to the overall affairs of the Company. The business operations of the Company are substantially growing and there has been increase in Managing Director's responsibilities. In view of the same, the Board felt it appropriate to revise the remuneration of Mr. N. Govindarajan, Managing Director of the Company to commensurate with his role and responsibilities. Accordingly, it was proposed to revise the remuneration of Mr. N. Govindarajan, Managing Director from ₹40 million per annum to ₹60 million per annum with effect from 1st April 2019 and other perquisites with no other changes in the other terms and conditions of his appointment.

In addition to the salary and perquisites, the Commission is payable to Mr. N. Govindarajan up to 1% of the net profits of the Company calculated in the manner referred in Section 198 of the Companies Act, 2013 subject to a ceiling of ₹100 million.

Place: Hyderabad  
Date: 28 May 2019

No revision is proposed to the Commission payable to Mr. N. Govindarajan.

The aforesaid revision of remuneration shall be within the ceiling limits as mentioned in Schedule V of the Companies Act, 2013. The proposed revision of remuneration of Mr. N. Govindarajan was recommended by the Nomination and Remuneration / Compensation Committee of the Company.

No Director, Key Managerial Personnel or their relatives except of Mr. N. Govindarajan, Managing Director., is interested or concerned in the Resolution.

The Board of Directors recommends the Ordinary Resolution set forth at Item No. 11 of the Notice for approval of Members of the Company.

By Order of the Board

**B. Adi Reddy**  
Company Secretary

**Details of the Directors proposed to be appointed/re-appointed at the AGM scheduled to be held on Thursday, August 29, 2019 as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Secretarial Standard on General Meetings are as given below:**

Particulars	Mr. K. Ragunathan	Mrs. Savita Mahajan	Dr. (Mrs). Avnit Bimal Singh	Mr. P. Sarath Chandra Reddy
Age	55	60	55	34
Qualification	Bachelor of Commerce from Madras University, and a Member of the Institute of Chartered Accountants of India.	Degree in Economics and MBA from IIM Ahmedabad	M.B.B.S. degree and is a Post Graduate in obstetrics & gynaecology	Graduate in Business Administration
Experience (including expertise in specific functional area)/ Brief Resume	He holds a Post Graduate diploma in computerized financial management and specialized in ERP design and development and is a Certified Management Consultant. He is one of the leading management consultants, possessing expertise in management consulting, enterprise software processes, business transaction structuring, corporate law procedures and compliances, capital market and depository operation related consulting. He has over 29 years of experience in consulting, having started as a consultant at a very young age of 19 years. During the course of his career, he has been exposed to various business transaction structuring and intricacies in business negotiation. He is an eminent expert in application of information technology solutions in the agriculture and food sector for supply chain and last mile delivery integration. His expertise spans over designing and developing solutions using mobile and hand held technologies and integrating them with server-based technologies on a multi-platform delivery basis. He has contributed articles on various issues concerning business transactions and legal compliances thereto in leading Indian corporate law magazines. He is a member of DFK international, a network of global business advisors providing cross country advisory support for multinational agri and food enterprises. He is not holding any other directorships and not holding any shares in the Company.	She was associated with the ISB for 14 years, since its inception in 2001, and was responsible for building its second campus at Mohali, Punjab, as its CEO. She holds a degree in Economics from Delhi University and did her MBA from the Indian Institute of Management, Ahmedabad, in 1981. Since then, she worked in several Indian organizations, including Maruti Udyog Limited, Bharat Technologies, Karvy Consultants, and Intergraph India, in diverse industry sectors, including automobiles, engineering, financial services and software. Her professional interests include Strategic Management, Institutional Values, Leadership and Organizational Change. She has also carried out consulting and training assignments for corporations and development organizations, including GE Capital, the Planning Commission, the World Bank, and the Tibetan Government in exile of His Holiness, the Dalai Lama. Mrs. Savita Mahajan was featured in Business Today's 2013 list of "30 Most Powerful Women" in Indian Business.	She is a medical practitioner and a senior obstetrician/ gynecologist based at Hyderabad.	He is a second generation entrepreneur experienced in general management and has expertise in project executions, IT, procurement, etc.

Particulars	Mr. K. Ragunathan	Mrs. Savita Mahajan	Dr. (Mrs). Avnit Bimal Singh	Mr. P. Sarath Chandra Reddy
Terms and Conditions of Appointment / Reappointment	As per the resolution at item no. 6 of the Notice convening Annual General Meeting on August 29, 2019 read with explanatory statement thereto, Mr.K.Ragunathan is proposed to be re-appointed as an Independent Director of the Company for the second term of five years i.e. from April 1, 2019 to March 31, 2024.	As per the resolution at item no. 7 of the Notice convening Annual General Meeting on August 29, 2019 read with explanatory statement thereto, Mrs. Savita Mahajan is proposed to be re-appointed as an Independent Director of the Company for a second term of five years i.e. from December 16, 2019 to December 15, 2024.	As per the resolution at item no. 8 of the Notice convening Annual General Meeting on August 29, 2019 read with explanatory statement thereto, Dr.(Mrs).Avnit Bimal Singh is proposed to be re-appointed as an Independent Director of the Company for a second term of five years i.e. from March 25, 2020 to March 24, 2025.	As per the resolution at item no. 9 of the Notice convening Annual General Meeting on August 29, 2019 read with explanatory statement thereto, Mr.Sarath Chandra Reddy is proposed to be re-appointed as a Whole-time Director of the Company for a period of three years i.e. from June 1, 2019 to May 31, 2022.
Remuneration last drawn (including sitting fees, if any)	₹1.15 Million	₹0.80 Million	₹0.95 Million	₹8.63 Million
Remuneration proposed to be paid	No remuneration other than sitting fee for attending board/committee meetings.	No remuneration other than sitting fee for attending board/committee meetings.	No remuneration other than sitting fee for attending board/committee meetings.	As per resolution at item No.9 of the Notice convening this meeting read with explanatory statement thereto.
Date of first appointment on the Board	January 30, 2008	December 16, 2017	March 25, 2015	September 27, 2007
Shareholding in the Company as on March 31, 2019	Nil	Nil	Nil	Not holding any shares directly but a beneficial owner.
Relationship with other Directors/ Key Managerial Personnel	Not related to any Director /Key Managerial Personnel	Not related to any Director /Key Managerial Personnel	Not related to any Director /Key Managerial Personnel	He is related to Mr.P.V.Ramprasad Reddy and Mr.K. Nithyananda Reddy, Directors of the Company.
Number of meetings of the Board attended during the year	5	5	6	6
Directorships of other Boards as on March 31, 2019	Sathguru Management Consultants Pvt. Ltd. Sathguru Catalyser Advisors Pvt. Ltd. Trust AMC Trustee Private Limited Healthsignz Technologies Private Limited	Avanse Financial Services Limited Bhagirath Resurgence Private Limited Instillmotion Consulting Private Limited	Nil	Tergene Biotech Private Limited Auro Peptides Limited Curepro Parenterals Limited APL Healthcare Limited PVR Holdings Private Limited Auronext Pharma Private Limited Auro Pharma India Private Limited
Membership / Chairmanship of Committees of other Boards as on March 31, 2019	Nil	Nil	Nil	Nil



**Details of the Directors proposed to be appointed/re-appointed at the AGM scheduled to be held on Thursday, August 29, 2019 as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Secretarial Standard on General Meetings are as given below:**

Particulars	Dr. M. Sivakumaran
Age	76
Qualification	Postgraduate in Science and PhD
Experience (including expertise in specific functional area)/ Brief Resume	He has about 44 years of experience in the pharmaceutical industry. He is responsible for the technological evolution of the Company. Dr.M.Sivakumaran looks after research and development, generic product development and total quality management.
Terms and Conditions of Appointment / Reappointment	As per the resolution at item no. 5 of the Notice convening Annual General Meeting on August 29, 2019. Dr.M.Sivakumaran is proposed to be re-appointed as a Director on retirement by rotation.
Remuneration last drawn (including sitting fees, if any)	₹15.15 Million
Remuneration proposed to be paid	No change in the remuneration. The proposal is re-appointment as a director on retirement by rotation.
Date of first appointment on the Board	March 30, 1992
Shareholding in the Company as on March 31, 2019	14,491,360 equity shares
Relationship with other Directors/Key Managerial Personnel	Not related to any Director /Key Managerial Personnel
Number of meetings of the Board attended during the year	6
Directorships of other Boards as on March 31, 2019	APL Research Centre Limited APL Healthcare Limited Curepro Parenterals Limited Auro Peptides Limited Aurozymes Limited Tergene Biotech Private Limited
Membership / Chairmanship of Committees of other Boards as on March 31, 2019	Nil

# BOARD'S REPORT

## Dear Members,

Your Directors are pleased to present the 32<sup>nd</sup> Annual Report of the Company together with the audited accounts for the financial year ended March 31, 2019.

## FINANCIAL HIGHLIGHTS

### Standalone financials

	(₹ in Million)	
	2018-19	2017-18
Revenue from operations	122,578.9	103,031.5
Profit before depreciation, interest, tax and Exceptional items	24,092.9	26,700.0
Depreciation	4,130.3	3,548.3
Finance cost	1,309.2	528.9
Profit before Tax	19,646.2	23,429.4
Provision for Tax	4,348.9	5,301.7
Net Profit after tax	15,297.3	18,127.7
Other Comprehensive Income/ (expense)	-14.1	-21.8
Total Comprehensive income for the period	15,283.2	18,105.9

## DIVIDEND

Your Company has paid first interim dividend of 125% i.e. ₹1.25 per equity share of ₹1/- and second interim dividend of 125% i.e. ₹1.25/- per equity share of ₹1/-. The total dividend for the financial year 2018-19 comes to 250% i.e. ₹2.50 per equity share of ₹1/- against 250% i.e. ₹2.50 per equity share of ₹1/- paid in the previous year.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top five hundred listed entities based on market capitalization are required to formulate a Dividend Distribution Policy. The Board has approved and adopted the Dividend Distribution Policy and the same is available on the Company's website <http://www.aurobindo.com/about-us/governance/governance-policies/>

## PERFORMANCE REVIEW

Your Company achieved significant size and scale during the year. It is now globally the tenth largest generic Company by revenues and the second largest among the listed Indian pharmaceutical companies.

FY2018-19 was also the year during which your Company made significant acquisitions and investments to augment its global presence. In the US, it entered into a definitive agreement to acquire the portfolio of dermatology and oral solids businesses from Sandoz<sup>1</sup> Inc. USA. The acquisition is expected to be completed in FY2019-20. Your Company also made inroads into the branded oncology market by acquiring seven marketed oncology branded injectable products from Spectrum Pharmaceuticals Inc.

The acquisition of Apotex Inc's businesses opened doors to markets in the Eastern Europe. Your Company also acquired R&D assets from Advent Pharmaceuticals Pty Ltd., Australia boosting its R&D capabilities in the respiratory segment.

During the year, through its wholly owned subsidiary, Helix Healthcare BV, Netherlands your Company invested in a joint venture with Shandong Luoxin in China.

On a standalone basis, your Company revenues registered a growth of 19.0% reaching ₹122,578.9 million in FY2018-19, compared to ₹103,031.5 million in the FY 2017-18. EBITDA for FY 2018-19 stood at ₹24,092.9 million vs. ₹26,700.0 million in FY2017-18. EBITDA margin was at 19.7%. Profit before Tax for the year at standalone level was ₹19,646.2 million, decline of 16.1% compared to the preceding year. Your Company's Net Profit (before OCI) was at ₹15,297.3 million as against ₹18,127.7 million in FY2017-18. The Diluted Earnings Per Share stood at ₹26.11 compared to ₹30.94 in FY2017-18.

On a consolidated basis, revenues for FY2018-19 grew by 18.6% from ₹164,998.4 million in the previous year to ₹195,635.5 million. The healthy growth in revenues were driven by new product launches across markets and an improvement in market share of the existing products. The formulations business registered a revenue growth of 19.4% and improved to ₹161,570.3 million from ₹135,331.8 million in the previous year. The Active Pharmaceutical Ingredients (APIs) business sales stood at ₹34,030.3 million from ₹29,622.3 million in the corresponding previous period, witnessing a growth of 14.9% year-on-year. EBITDA margin was at 20.2% vis-à-vis 23.0% in FY2017-18. EBITDA before forex and other income stood at ₹39,519.4 million, witnessing a 4.3% growth y-o-y. Your Company reported a Net Profit of ₹23,647.4 million. The Diluted Earnings Per Share stood at ₹40.36 compared to ₹41.36 in FY2017-18.

As on 31st March 2019, the Company filed 541 Abbreviated New Drug Applications (ANDAs) on a cumulative basis. Of the total count, 377 have received final approvals and 26 have got tentative approvals, including 9 ANDAs which are tentatively approved under the US President's Emergency Plan for AIDS Relief (PEPFAR) and the balance 138 ANDAs are currently under review.

Your Company witnessed growth across key geographies in the formulations segment. The US business reported 21.3% growth to reach ₹90,307.3 million and contributed 46.2% to the total revenues. The growth in revenues were driven by new product launches, along with an increase in the market share of existing products across the segments such as oral solids, injectables, dietary supplements and the over the counter (OTC) business.

<sup>1</sup> Awaiting regulatory approval

Your Company registered a 13.9% growth in its Europe formulations business, as revenue touched ₹49,601.7 million in FY2018-19 compared to the previous year's revenue of ₹43,543.8 million. With the Acquisition of Apotex's businesses in five countries, Aurobindo strengthened its foothold in Europe. It now operates in 11 countries and is present across multiple channels including pharmacy, hospital and tender sales.

Your Company's formulations sales in Growth Markets including Brazil, Canada, Columbia and South Africa grew by 33.1% to ₹11,936.5 million vis-à-vis ₹8,971.3 million reported in FY2017-18. The growth was largely driven by Canada. The Company now ranks amongst the top ten generic players in Canada. The growth in Canada was propelled by the approvals for a number of products and the Company's ability to leverage these approvals.

The ARV formulations business reported a growth of 15.8% with revenues of ₹9,724.8 million vis-à-vis ₹8,395.8 million a year ago. During the year, the Company was awarded a supply contract from South African government for Dolutegravir triple combination and related products, dispatches for which will begin in FY2019-20.

## OUTLOOK

Your Company will continue to expand its market penetration in the core markets (US and EU) by adding more products, and scaling recently completed & announced acquisitions. Also, through its in-house research & development capabilities. Your Company has identified multiple areas for significant value creation and synergies from recent acquisitions and plans to leverage the infrastructure of the acquired businesses to drive penetration and optimize value creation by leveraging its vertically integrated platform.

Your Company is expanding its portfolio mix towards differentiated products with pipeline encompassing oncology, hormones, inhalers and Biosimilars, among other, and an addressable market over US\$100 billion (as per IQVIA MAT Mar 2019). In US the acquisition of Sandoz's dermatology and oral solids businesses, comprising authorized generics and in-licensed products, offer significant synergy and value creation potential for your Company.

In the EU, your Company will continue to expand its portfolio through launches of targeted Day 1 products, oncology range, hormones, niche low injectables and orals. Your Company has a pipeline of over two hundred fifty products under development. Further, your Company sees an opportunity of more than US\$5 billion of addressable sales coming off-patent in the near term (2019-20) and more than US\$13 billion in the medium term (2021-22). In addition, countries such as Italy, Spain, Portugal and France offer growth potential as the penetration of generics improves. The acquisition of Apotex's business in five key European countries will allow your Company to further expand its product offering and its position in Eastern Europe.

Your Company will also work on expanding its presence in Growth Markets through the launch of new products especially from its oncology portfolio and will continue its strategy of focusing on tenders for ARV formulations.

The API segment that supplies products to third parties as well as strengthens the business model of Aurobindo by providing vertical integration for the manufacturing of formulations will be scaled up as per market dynamics and business needs.

## RESEARCH AND DEVELOPMENT

Aurobindo has a dedicated research team that consists of more than 1,600 scientists and analysts who work on developing a wide range of medications from simple plain-vanilla generics to complex speciality products. The research philosophy of the Company is to provide a broad basket of products in a category or a therapeutic area that the Company forays into. Currently, the Company has seven Research and Development (R&D) centres, of which five are in India and two are in the USA. In FY2018-19, the Company has invested 4.5% of its consolidated revenue i.e. ₹8,682.6 million in research & development.

The aim of the research team is to develop affordable generic medications and products that would be accessible to all strata of society. Given the ever-rising cost of healthcare worldwide, it is imperative that less expensive, high quality generics alongside branded counterparts become available to patients worldwide.

### Oncology and Hormones

Eugia has a diverse portfolio comprising more than seventy five products that are prescribed for oncology, hormones and immuno-suppressant indications. The Company has shortlisted over sixty five generic oncology products for formulations development. These products are prescribed in the treatment of over 25 different indications involving mainly first-line and second-line therapies in cancer patients either in single or in combination with other drugs. The Company has filed 13 ANDAs for Oncology products including four injectable products.

The company has shortlisted ten generic Hormone products for formulations development. These products are prescribed for indications such as Pre-term birth, Birth Control, Amenorrhea and Hypogonadism. The Company has filed nine ANDAs.

A total of 22 ANDAs have been filed as of March 31, 2019.

The development and manufacturing of Oncology & Hormone products require specialized preparations and containment measures. The manufacturing facility is designed to cater to >20% of the global volume demand for those products that are part of Eugia's portfolio. Eugia has the capability to develop and manufacture 6 different dosage forms.

- Oral solid dosage forms (Tablets, Hard Gelatin Capsules & Soft Gelatin Capsules)

- Injectables (Wet vials, Dry (lyophilized) vials & Pre-filled syringes)

In FY2018-19, the Company has received approval for four products (two oncology and two hormonal products) and completed exhibit batches for twenty three products. The Company has also planned to develop and manufacture oncology and hormone products to cater to the requirements in Europe, Canada, China and other key emerging markets through other subsidiaries.

In FY2019-20, it is estimated that the Company will file 15-18 ANDA's with USFDA. Registrations are in progress in Europe and other key emerging markets. The Company has commenced its commercial manufacturing operations and is expected to launch more than ten products in the US and EU markets in FY2019-20.

According to IQVIA, spending on cancer therapies and supportive care drugs accounted for US\$99.5 billion in developed economies (the USA, 5-EU etc.) and selected emerging markets (Brazil, China, India, Mexico etc.) in 2018. The US is the biggest contributor to this and accounted for 46% of global spending.

The market for oncology therapeutic medicines is estimated to reach US\$140-150 billion by 2023 in these selected markets growing at a CAGR of 6-7%. Oncology products are expected to account for approximately 30% of the new launched medicines (~70-90 products) over the next five years. The generic oncology market is estimated at US\$20 billion currently and is forecasted to grow at CAGR of 6.7% to reach US\$23 billion by 2021, considering loss of patent expiry for few branded drugs and increase in demand for generic medicines.

## Biologics

Aurobindo uses recombinant DNA technology to express and produce Biologics in a living system such as a mammalian cell or a microorganism. Biologics we work with are large, complex proteins and monoclonal antibodies.

Aurobindo has one of the industry leading portfolio of 14 biosimilars, which include five molecules acquired from TL Biopharmaceuticals AG. The pipeline caters to oncology, rheumatology and ophthalmology. In first wave of development, the Company is working on five products – all advancing to different stages of clinical trials in the next two to three quarters. Phase III clinical trials of ophthalmic products is expected to start in this fiscal year, three more products including our lead molecule Bevacizumab, a biosimilar version of Avastin, will be tested in Phase I clinical trials. The combined market size of these four products is in excess of US\$ 20 billion.

As this segment is an important growth driver, the Company commissioned a state-of-the-art manufacturing facility of 1,40,000 square feet comprising mammalian cell culture, microbial fermentation, quality control, fill and finish sections. The fill and finish facility can cater to fillings product in vials, syringes and cartridges. This fully integrated facility is operational and is generating material for clinical trial requirement. Currently, over 160 people with a strong scientific background in cell biology,

bioprocess engineering, protein chemistry, regulatory and clinical sciences are employed in Biologics division of the Company.

## Dermatology

Dermatology is an area of medicine concerned with the health of the skin and diseases of the hair, nails, and mucous membranes. The skin is the largest organ in the body. It is the first line of defense against bacteria and injury, and often reflects overall health.

The Company is currently working on twenty four products on different segments such as Acne Vulgaris, Inflammatory lesions of Rosacea, Atopic Dermatitis, Hypogonadism, Menopause, Vaginal Atrophy, Osteoarthritis, Herpes, Pruritus and lice infestations. The market size of these products is estimated at US\$4.4 billion. The identified products have presence across various dosages including ointment, cream, gel, lotion and solutions in the pipeline.

Of the twenty four products under development, around eighteen products need clinical trials or Bioequivalence (BE) studies. During FY2018-19, Aurobindo has completed clinical trial for one product and is planning further trails for about close to seven products in FY2019-20.

In FY2018-19, the Company has produced exhibit batches for two products and is planning to execute exhibit batches for another eight to ten products in FY2019-20.

The Company filed three ANDAs in FY2018-19, and is planning to file another 8-10 ANDAs over the next two years.

## Transdermal Patches

A Transdermal patch is a medicated adhesive patch that is placed on the skin to deliver a specific dose of medication. They release small amounts of drug through the skin into the blood stream over a long period of time. These patches may include pain relievers, nicotine, hormones, and drugs to treat angina and motion sickness.

Aurobindo has eight transdermal products under development with an addressable global market size of around US\$3.3 billion. All these products need either clinical trials or BE studies. The Company has successfully completed pilot BE studies for one product. The Company is likely to file two ANDAs by FY2020-21. The Company is developing transdermal products in North Carolina R&D center. The Company also completed setting up a manufacturing facility for the same.

## Respiratory

### Inhalers

An inhaler (puffer or pump) is a medical device used for delivering medication into the body via the lungs.

The most common type of inhaler is the pressurized Metered-Dose Inhaler (MDI), that delivers medication by using a propellant spray. Another form of inhaler is a Dry-Powder Inhaler (DPI) which is breath-activated. The medication is released only when you take a deep, fast breath-in through the inhaler.



Respiratory is one of the key therapeutic areas where Aurobindo is strengthening its presence. The Company is working on building a pipeline of metered dose inhalers and dry powder inhalers. Within respiratory products, the Company now has nine inhaler products under development; of which two products are likely to come up for clinical trials during FY2019-20. The market size of products under development is US\$13.3 billion.

The Company expects to file first ANDA during FY2019-20. Inhalers will be manufactured at North Carolina facility.

### Nasals

Nasals or nasal sprays are used to deliver medications locally in one's nasal cavities as substances can be assimilated quickly and directly through the nose. In certain cases, the nasal delivery route is preferred because it provides a good alternative to injection or pills.

Aurobindo has identified seven nasal products for development. Of which, the company already filed ANDAs for two products. The total market size of all the seven products is US\$1.4 billion. The Company is planning to file three more in ANDAs in FY2019-20. These products are manufactured in Unit X, and the unit has a current monthly capacity to produce 1.4 million units.

### Depot Injections

Your Company is currently developing four depot injections that have a combined addressable market size of US\$3.6 billion. One of the products from this segment is likely to have exhibit batches ready in FY2019-20 and clinical trials will start in second half of FY2019-20. The Company plans to file the first product in FY2020-21.

### Peptides

Peptides are short chains of amino acid monomers linked by peptide (amide) bonds. The Company has invested in developing a state-of-the-art peptide development laboratory and has four manufacturing suites for its commercial production. Peptides usually have a long gestation period and take four to five years for development.

Auro Peptides has developed the process for manufacturing twenty peptides. The unit has already filed 6 DMFs with the US regulatory authorities and is planning to file an additional 3-4 DMFs in FY2019-20.

For now, Auro Peptides is supplying material for formulation development and the execution of its validation batches. These peptide APIs are being utilized for the development of three liposomal injectable products and seven injectable products. Of which, two to three injectables will be filed in FY2019-20. The addressable market size of products under development is about US\$13.5 billion.

### Biocatalysts

Aurobindo identifies and produces biocatalysts through fermentation processes which are subsequently developed into scalable biocatalytic solutions. This reduces the usage of chemicals within the processes during pharmaceutical manufacturing,

saving costs whilst benefiting from this green technology. The high technical base and core competence of Aurobindo has made it easier to initiate the entry into enzyme production.

The Company has a highly qualified dedicated team of over 30 professionals, with an on-going technology development program which has built a library of over 7,000+ biocatalysts across 15 classes of enzymes. Utilising our state-of-the-art technology, we have developed several processes and these are being scaled into GMP manufacturing assets. Our new cGMP fermentation manufacturing facility is also coming online this year, and a series of new products are now expected to commence manufacturing soon.

### Vaccines

The need for improved public health and medicines to protect infants is fast becoming a global priority. In view of this reality, the Company has focused on development of the Pneumococcal Conjugate Vaccine (PCV). The global market size of the product is US\$6.2 billion.

In FY2018-19, the Company has completed Phase I clinical trials and started enrolment for Phase II clinical trials in March 2019, which will be completed by August 2019. Phase III clinical trials are expected to commence in early 2020. The Company has already registered the brand in India under the name 'Pneuteger 15'.

All the clinical trials are expected to be completed by early 2021 and the Company expects to be ready for taking part in the upcoming government tender during 2021. Aurobindo has set up a new manufacturing unit for the same that has the capacity to manufacture 100 million doses a year.

### ENVIRONMENT HEALTH & SAFETY (EHS)

The Company's EHS initiatives focus on reducing its impact on the environment, improving the work life of employees and making sure that the highest safety standards for employees, contractors and visitors are met. The Company's EHS standards are dynamic and evolving with international standards to ensure industry best practices. During the year under review, the Company undertook multiple initiatives to remain at the forefront of this journey.

### Safety

The Company follows international guidelines on safety. It is working to increase safety standards across all its facilities and processes.

At this end, the Company has made it mandatory for all new projects including capacities, buildings and facilities to have EHS clearance and requires that the guidelines are followed right from the planning stage. After completion of a project, a review of the new facility is conducted to vet its compliance to the standards.

The Company has also started incorporating safety requirements in all its production processes. Its safety guidelines are included in the Batch Production and Control Record (BPCR). Such measures will ensure greater workplace safety and prevent any occurrence of hazardous incidents in the production process.

To maintain a safe working environment, safety pep-talks were initiated before every shift, on hazards in activities and necessary precautions to be taken in case of a mishap. The man-hour spent in safety training increased to 0.65% in FY2018-19 from 0.59% last year.

During the year, Hazard and Operability study (HAZOP) was conducted for eighty five products. Risk analysis was conducted for thirty nine products. Behaviour based safety processes were initiated in Units III, XII and VII.

Several initiatives were taken during the year to improve the overall safety across the boards. These included conducting quantitative risk assessments for bulk solvent storage areas, installing sprinkler systems for an additional layer of safety, conducting ergonomic assessments to assess health risks and initiating product-based risk assessments for formulation products.

### **Environment:**

The Company is working to ensure that its activities have the least impact on the environment and is also upgrading its plants and treatment systems every year to ensure that it remains a frontrunner in promoting sustainability.

During the year, the Company initiated the augmentation and expansion of wastewater treatment facilities at two major API manufacturing units along with the introduction of MBR technology for enhancement of treatment efficiency.

Its facilities are compliant with the regulations stipulated for wastewater treatment, disposal/reuse, hazardous and other wastes management, emissions control, to name a few. Wastewater and air emissions management systems at API Units are viewed and monitored on-line by the concerned environmental regulatory agencies, apart from periodical inspections to site.

The waste streams have been successfully handled and managed effectively on cradle to grave philosophy and are complying with regulations.

The facilities located in Telangana are compliant with on-line manifest system and tracking for respective waste streams as being implemented by the concerned regulatory agency.

It has also successfully completed the environmental impact assessment process for expansion of Aurobindo Unit XI.

### **Sustainability:**

With a view to initiate reporting on sustainability, Aurobindo has added the Sustainability vertical – Sustainability to its EHS structure.

In FY2018-19 the Company received SA 8000 accreditation for two of its formulations manufacturing facilities – Aurobindo Pharma Limited, Unit VII and APL Health Care Limited located at SEZ, Jadcherla, Telangana.

Aurobindo Pharma has initiated Environmental Management System across all its units for effective Environmental Management & as part of this 9 units of the company are already certified for ISO 14001:2015 standard. Other units are under pipeline for ISO 14001:2015 certification which will be completed by end of the year 2019 except for unit XVII & XVIII where commercial production is yet to start.

These efforts have borne fruit as the Company's Environmental Social Governance (ESG) rating and scorecards as ranked by internationally reputed agencies such as EcoVadis have shown a significant improvement.

The Company has taken up green-belt development in close vicinity of its facilities, in schools and near the water bodies. It has planted about 10000 saplings covering a variety of indigenous plant species and is happy to report that a focussed approach and proper maintenance practices have resulted in 80% of survival rate of the saplings.

### **Antimicrobial Resistance (AMR)**

Aurobindo recognised that AMR is a threat and has taken proactive steps to ensure it is at the forefront of the fight against it.

The Company collaborated with The Access to Medicine Foundation to participate in The Antimicrobial Resistance Benchmark 2018 and will be a part of the forthcoming 2020 AMR Benchmark.

Aurobindo is also a member of the AMR industry alliance that brings together research-based pharmaceutical companies, generics, biotech and diagnostic companies, to drive and measure industry progress to curb antimicrobial resistance.

The AMR Industry Alliance will ensure that signatories collectively deliver on the commitments made in the Declaration (January 2016) and the Roadmap (September 2016) and will measure industry's progress in the fight against AMR.

During the year, the Company also participated in the initiatives of Government of India on combating AMR and engaged actively with the events organized by Ministry of Environment, Forest and Climate Change.

### **AWARDS**

- Aurobindo has been awarded IP Excellence in INDIA 2018 by Questel Orbit INC, as a part of their Indian IP Awards, 2018. The Indian IP Awards are given to facilitate best professionals across the IP (Intellectual Property) Industry.
- Aurobindo Pharma has bagged award for the category of Best CSR Practices in Responsible Business Awards hosted by World CSR Day.
- Aurobindo Pharma has bagged the 'Outstanding Export Award for FY2017-18' conducted by Pharmaceutical Export Promotion Council of India (Pharmexcil).
- The Indian Institute of Packing, a national autonomous body under the Ministry of Commerce, Government of India

has awarded the INDIASTAR - 2017 to Aurobindo Pharma Limited for its Sustainable Shelf-ready Display carton.

- The Federation of Telangana and Andhra Pradesh Chamber of Commerce and Industry (FTAPCCI) has felicitated Aurobindo with HR Best Practices Awards-2018 in the category of Large-Scale Industries
- Aurobindo has received 'IDMA Best API Patents Award 2017-18' conducted by Indian Drug Manufacturers association
- Our HR team received a Certificate of Achievement from BML Munjal Awards for attaining the 'Expert Panel' evaluation milestone. The certificate accolades the commitment towards investment in 'Learning & Development' to achieve Business Excellence
- Aurobindo's HR team was awarded a certificate of merit in 'Top 7 Rising Stars of HR Competition' at CII HR Conclave
- Aurobindo HR team won the HR Frame award, a Video Competition for Young HR Professionals organized by CII Telangana. 'My Super Heros' a 2 minute video was displayed to a large and eminent audience, at the CII HR Conclave

### SUBSIDIARIES/JOINT VENTURES

As per the provisions of Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Rules 2014, a separate statement containing the salient features of the financial statements of subsidiary companies/associate companies/joint ventures is detailed in Form AOC-1 and is in **Annexure-1** to this Report.

During the year, the following are the changes in the subsidiaries of the Company:

#### Ceased as subsidiaries

Mer Medicamentos, Lda, Aurobindo Pharma (Portugal) Unipessoal Limitada and Aurovitae, Unipessoal LDA, were ceased as subsidiaries consequent to merger of the same with Generis Farmaceutica S.A w.e.f. 1st April, 2018

#### New subsidiaries/Joint Ventures

Auro Science Pty Ltd., Australia was incorporated on January 6, 2019 as a wholly owned subsidiary of Aurobindo Pharma USA Inc.

Aurobindo Pharma FZ LLC, UAE was incorporated on January 6, 2019 as a wholly owned subsidiary of Helix Healthcare BV, Netherlands

Cura TeQ Biologics GmbH, Switzerland, was incorporated on March 20, 2019 as a wholly owned subsidiary of Helix Healthcare BV, Netherlands

Auro Science LLC, USA was incorporated on March 28, 2019 as a wholly owned subsidiary of Aurobindo Pharma USA Inc.

Purple Bell Flower Pty Ltd., South Africa was formed as a joint venture under Aurogen Pharma Pty Ltd., South Africa

Apotex Europep B.V, Netehrlands; Apotex Netehrlands B.V, Netehrlands; Sameko Farma B.V, Netehrlands; Leidapharm

B.V, Netehrlands; Marel B.V, Netehrlands; Pharma Dossier B.V, Netehrlands; Apotex N.V, Belgium; Apotex Polska SP z o o, Spain Apotex (CR) Spool s.r.o, Check Republic and Apotex Espana SL, Spain became the stepdown subsidiaries of Helix Healthcare BV, Netherlands consequent to acquisition of operations of Apotex Inc., Canada.

### CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements have been prepared by the Company in accordance with the Indian Accounting Standards (Ind AS) 110 and 111 as specified in the Companies (Indian Accounting Standards) Rules, 2015 and as per the provisions of Companies Act, 2013. The Company has placed separately, the audited accounts of its subsidiaries on its website [www.aurobindo.com](http://www.aurobindo.com), in compliance with the provisions of Section 136 of the Companies Act, 2013. Audited financial statements of the Company's subsidiaries will be provided to the Members, on request.

### CODE FOR PREVENTION OF INSIDER TRADING

On December 31, 2018, Securities and Exchange Board of India amended the Prohibition of Insider Trading Regulations, 2015, prescribing various new requirements with effect from April 1, 2019. In line with the amendments, your Company has adopted an amended Code of Conduct to regulate, monitor and report trading by Designated Persons and their Immediate Relatives under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code of practices and procedures for fair disclosure of unpublished price sensitive information and has been made available on the Company's website at <https://www.aurobindo.com/investors/corporate-governance/code-of-practices-and-procedures-for-fair-disclosure/>

### VIGIL MECHANISM

The Board of Directors has adopted the Whistle Blower Policy which is in compliance with Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. All permanent employees and whole-time directors of the Company are covered under the Whistle Blower Policy.

A mechanism has been established for employees to report their concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics and leak of price sensitive information under the Company's Code of Conduct formulated for regulating, monitoring and reporting by Insiders under SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Whistle Blower Policy is available on the Company's website: <http://www.aurobindo.com/about-us/governance/governance-policies/>

## PREVENTION AND PROHIBITION OF SEXUAL HARASSMENT

Your Company has a policy and framework for employees to report sexual harassment cases at workplace and the said process ensures complete anonymity and confidentiality of information. Your Company has constituted an Internal Complaints Committee in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Company has a policy on prevention & prohibition of sexual harassment at workplace. The policy provides for protection against sexual harassment of women at workplace and for the prevention and redressal of such complaints. During the year the Company received one complaint and disposed of the same. The Company has been conducting awareness programme to the employees of the Company, on prevention of sexual harassment.

## MEETINGS OF THE BOARD

The Board and Committee meetings are prescheduled and a tentative calendar of the meetings finalized in consultation with the Directors to facilitate them to plan their schedule. However, in case of special and urgent business needs, approval is taken by passing resolutions through circulation. During the year under review, six Board Meetings and five Audit Committee Meetings were convened and held. The details of the meetings including composition of Audit Committee are provided in the Corporate Governance Report. During the year, all the recommendations of the Audit Committee were accepted by the Board.

## DETAILS OF DIRECTORS & KEY MANAGERIAL PERSONAL

### Key Managerial Personnel

Mr. K. Nithyananda Reddy, Executive Vice Chairman, Mr. N.Govindarajan, Managing Director, Dr.M.Sivakumaran, Whole-time Director, Mr.M.Madan Mohan Reddy, Whole-time Director, Mr.P.Sarath Chandra Reddy, Whole-time Director, Mr. Santhanam Subramanian, Chief Financial Officer and Mr. B. Adi Reddy, Company Secretary are Key Managerial Personnel of the Company in accordance with the provisions of Section(s) 2(51), and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. There has been no change in the Key Managerial Personnel during the financial year.

None of the directors of the Company are disqualified under the provisions of the Companies Act, 2013 ('Act') or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All Independent Directors have provided confirmations as contemplated under section 149(7) of the Act.

### Appointments/Re-appointments

As per the provisions of the Companies Act, 2013, Mr. P.Sarath Chandra Reddy and Dr. M. Sivakumaran will retire at the ensuing annual general meeting and being eligible, seek reappointment. The Board of Directors recommends their re-appointment.

The re-appointment of Mr. P. Sarath Chandra Reddy as Whole-time Director with effect from June 1, 2019 is being proposed at

the ensuing Annual General Meeting. The reappointment of Mr. K. Ragunathan, Mrs. Savita Mahajan and Dr. (Mrs) Avnit Bimal Singh as Independent Directors for the second term are also being proposed at the ensuing Annual General Meeting. The Board of directors recommends their re-appointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013 your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- appropriate accounting policies have been selected and applied consistently. Judgement and estimates which are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of your Company as at the end of the financial year and of the profit of your Company for the year;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- proper internal financial controls have been laid down to be followed by your Company and such internal financial controls are adequate and are operating effectively; and
- proper systems to ensure compliance with the provisions of all applicable laws have been devised, and such systems are adequate and are operating effectively.

## DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors have submitted the declaration of independence stating that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 as well as clause (b) of sub-regulation (1) of Regulation 16 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties.

## BOARD DIVERSITY

The Company recognizes and embraces the importance of a diverse board in its success. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on the Company's website: <http://www.aurobindo.com/about-us/governance/governance-policies/>.



## BOARD EVALUATION

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The Annual Performance Evaluation was conducted for all Board Members, for the Board and its Committees for the financial year 2018-19. This evaluation was led by the Nomination and Remuneration / Compensation Committee. The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and the Listing Regulations and in accordance with the Guidance Note on Board Evaluation issued by SEBI in January 2017. The Board evaluation was conducted through questionnaire designed with qualitative parameters and feedback based on ratings.

Evaluation of Committees was based on criteria such as adequate independence of each Committee, frequency of meetings and time allocated for discussions at meetings, functioning of Board Committees and effectiveness of its advice/ recommendation to the Board, etc.

Evaluation of Directors was based on criteria such as participation and contribution in Board and Committee meetings, representation of shareholders interest and enhancing shareholders value, experience and expertise to provide feedback and guidance to top management on business strategy, governance, risk and understanding of the organization's strategy, etc.

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters are adopted as per the provisions of the Companies Act, 2013. The remuneration paid to the Directors is as per the terms laid out in the nomination and remuneration policy of the Company. The nomination and remuneration policy as adopted by the Board is placed on the Company's website: <http://www.aurobindo.com/about-us/governance/governance-policies/>.

## TRANSFER TO RESERVES

Your Company has not transferred any amount to reserves during the year under review.

## LOANS, GUARANTEES AND INVESTMENTS

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in this Annual Report.

## CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business. All related party transactions are mentioned in the Notes to the Financial Statements. The Company has developed a framework through Standard Operating Procedures for the purpose of identification and monitoring of such Related Party Transactions. A statement giving details of all Related Party Transactions are placed before the Audit Committee and the Board for review and approval. The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company <http://www.aurobindo.com/about-us/governance/governance-policies/>

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 is prepared in Form No. AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 and is in **Annexure-2** to this Report.

## EXTRACT OF ANNUAL RETURN

As required under Section 134 (3) (a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return prepared in Form MGT-9 and is in **Annexure-3** to this report. The Annual Return of the Company will be made available on its website [www.aurobindo.com](http://www.aurobindo.com)

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Information with respect to conservation of energy, technology absorption, foreign exchange earnings & outgo pursuant to Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 and is in **Annexure-4** to this Report.

## RISK MANAGEMENT COMMITTEE

Risk Management Committee of the Company consists of the following Directors viz. Mr. M. Sitarama Murty, Mr. N. Govindarajan and Mr. P. Sarath Chandra Reddy. Mr. M. Sitarama Murty is the Chairman of the Committee. The Company has established a separate department to monitor the enterprise risk and for its management. The Committee had formulated a risk management policy for dealing with different kinds of risks which the Company faces in its day-to-day operations. Risk management policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board.

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. The Company has adequate internal financial control systems and procedures to combat the risk. The risk management procedure is reviewed by the Audit Committee and Board of Directors on regular basis at the time of review of quarterly financial results of the Company. A report on the risk and their management is enclosed as a separate section forming part of this report.

## AUDITORS & AUDITORS' REPORT

The statutory auditors' report is annexed to this report. The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. There are no specifications, reservations, adverse remarks on disclosure by the statutory auditors in their report. They have not reported any incident of fraud to the Audit Committee of the Company during the year, under review.

Pursuant to Section 139 (2) of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, the Company at its 30th Annual General Meeting (AGM) held on August 31, 2017, had appointed M/s. B S R & Associates LLP, Chartered Accountants as Statutory Auditors for a period of 5 years i.e. up to the conclusion of the 35th AGM to be held in the year 2022. Further, as per Companies (Amendment) Act, 2017 effective from May 07, 2018, the provisions relating to ratification of the appointment of Statutory Auditors at every AGM are not required to be followed.

## INTERNAL AUDITORS

Ernst & Young LLP are the internal auditors of the Company and to maintain its objectivity and independence, the Internal Auditors report to the Chairman of the Audit Committee. The scope and authority of the Internal Audit function is clearly defined by the Audit Committee of the Board. The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system of the Company, its compliance with applicable laws/regulations, accounting procedures and policies. Based on the reports of the Internal Auditors, corrective actions were undertaken and thereby strengthened the controls. Significant audit observations and action plans were presented to the Audit Committee of the Board on quarterly basis.

## COST AUDIT

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, the Company is maintaining the cost records as its business is covered under the regulated sector viz. drugs and pharmaceuticals. Audit of the Company's cost records is not applicable since the Company's revenues from exports, in foreign exchange, exceed 75% of its total revenues.

## INTERNAL FINANCIAL CONTROLS

The internal financial controls (IFC) framework institutionalized in Aurobindo has been evaluated in-depth for its adequacy and operating effectiveness, wherein the Company has covered financial reporting controls, operational controls, compliance related controls and also Information Technology (IT) controls, comprising IT general controls (ITGC) and application level controls. The ITGC would include controls over IT environment, computer operations, access to programs and data, program development and program changes. The application controls would include transaction processing controls in ERP Oracle system which supports accurate data input, data processing and data output, workflows, reviews and approvals as per the defined authorization levels.

In order to further strengthen the existing IFC framework and to support the growing business, the Company has redefined all the process level controls at activity level which has brought in more clarity and transparency in day-to-day processing of transactions and in addressing any related risks. All the controls so redefined & identified have been properly documented and tested with the help of an independent auditor to ensure their adequacy and effectiveness.

The internal auditors conduct 'Process & control review' on a quarterly basis as per the defined scope and submit the audit findings along with management comments and action taken reports to Audit Committee for its review.

The IFC framework at Aurobindo ensures the following:

- Establishment of policies & procedures, assignment of responsibility, delegation of authority, segregation of duties to provide a basis for accountability and controls;
- Physical existence and ownership of assets at a specified date;
- Enabling proactive anti-fraud controls and a risk management framework to mitigate fraud risks to the Company;
- Recording of all transactions occurred during a specific period. Accounting of assets, liability, and revenue and expense components at appropriate amounts;
- Preparation of financial information as per the timelines defined by the relevant authorities.

These controls cover the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets of the Company, prevention and detection of its frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information. The Company has an internal control system, commensurate with the size, scale and complexity of its operation

## SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr.A.Mohan Rami Reddy, a Company Secretary in Practice to undertake the secretarial audit of the Company for the financial year 2018-19. The Secretarial Audit Report issued in form MR-3 is and in **Annexure-5** to this Report.

There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report. Also, pursuant to Regulation 24A of the SEBI (Listing Regulations), 2015, the Company has obtained Annual Secretarial Compliance Report from a Practicing Company Secretary and submitted the same to stock exchanges where the shares of the Company are listed.

## CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the CA 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee (CSR Committee). Your Company is striving to help create a healthy, improved life of people in its neighbourhood. Broadly, the initiatives are to execute on the stated CSR policy of 'give back to the society' and make an impact on the lives of people.

The activities undertaken during 2018-19 can be summarized under the following heads:

- Promoting education;
- Supporting preventive health care;
- Eradicating hunger, poverty & malnutrition;
- Making available safe drinking water;
- Encouraging environment sustainability;
- Sustaining ecological balance & conservation of natural resources;
- Developing rural sports; and
- Setting up old age homes, etc

A detailed account of the CSR activities forms part of the annual report and placed on the Company's website at:

<http://www.aurobindo.com/sustainability/>. Report on Corporate Social Responsibility as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided as **Annexure-6** to this Report.

## PARTICULARS OF EMPLOYEES

The statement of particulars of appointment and remuneration of managerial personnel as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and is in **Annexure-7** to this Report.

The statement containing particulars of employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is open for inspection at the Registered office of the Company during business hours on all working days of the Company up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining such details may write to the Company Secretary of the Company.

### Affirmation that the remuneration is as per the remuneration policy of the Company.

In compliance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board, on the recommendation

of the Nomination and Remuneration/Compensation Committee approved the Policy for Selection, Appointment and of Directors, KMPs and Senior Management persons. The said Policy provides a framework to ensure that suitable and efficient succession plans are in place for appointment of Directors on the Board and other management members. The Policy also provides for selection and remuneration criteria for appointment of Directors and senior management persons.

The Company affirms that the remuneration is as per the remuneration policy of the Company.

## INSURANCE

All properties and insurable interests of the Company including building, plant and machinery and stocks have been fully insured. The Company has also taken D & O Insurance Policy covering Company's Directors and officers.

## MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments in the business operations of the Company from the financial year ended March 31, 2019 to the date of signing of the Director's Report.

## CORPORATE GOVERNANCE

A separate section on Corporate Governance standards followed by your Company, as stipulated under Schedule V (C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as a separate section forming part of this report.

The certificate of the Practicing Company Secretary Mr. S. Chidambaram with regard to compliance of conditions of corporate governance as stipulated under Schedule V(E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Corporate Governance Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of this report.

## DEPOSITS

Your Company has not accepted any deposits from the public within the purview of Chapter V of the Companies Act, 2013.

## INDUSTRIAL RELATIONS

Industrial relations at all units of the Company have been harmonious and cordial. The employees are motivated and have shown initiative in improving the Company's performance.

## TRANSFER OF UNPAID AND UNCLAIMED AMOUNT TO IEPF

The dividends that remained unpaid/unclaimed for a period of seven years, have been transferred on due dates by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') mandates that companies shall apart from transfer of dividend that has remained unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF), also transfer the corresponding shares with respect to the dividend, which has not been paid or claimed for seven consecutive years or more to IEPF. Accordingly, the dividends that remain unclaimed for seven years and also the corresponding shares have been transferred to IEPF account on due dates.

The details of amount of unclaimed unpaid dividend and corresponding shares 'transferred to IEPF during the financial year 2018-19 have been provided in the AGM Notice.

## SHARE CAPITAL

During the financial year under review, there has been no change in the Authorised Share Capital of the Company. However, the paid up equity share capital of the Company increased by ₹8,000 during the year consequent to the allotment of 8,000 equity shares of ₹1 each on exercise of stock options under the Employee Stock Option Plan-2006 (ESOP 2006) of the Company. The paid up share capital of the Company as on March 31, 2019 was ₹585,915,609 divided into 585,915,609 equity shares of ₹1 each. The Company has not issued any debentures, bonds or any non-convertible securities during the financial year under review.

## EMPLOYEE STOCK OPTION SCHEME

The Members at the Annual General Meeting of the Company held on September 18, 2006 approved formulation of Employee Stock Option Scheme- 2006 (ESOP 2006) for the eligible employees and Directors of the Company and its subsidiaries. Details of the stock options as on March 31, 2019 is provided on the Company's website: <http://www.aurobindo.com/about-us/governance/governance-policies/>. The details of the employee stock options also form part of the notes to accounts of the financial statements in this Annual Report.

## BUSINESS RESPONSIBILITY REPORT

A detailed Business Responsibility Report in terms of the provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available as a separate section in this Annual Report.

## OTHER DISCLOSURES

There were no significant material orders passed by the Regulators or Courts or Tribunals that would impact the going concern status of the Company and its operations in future.

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India.

## Acquisitions / Disinvestment/ demerger/merger

### A. Acquisitions

#### Apotex

The wholly owned step-down subsidiary of the Company, Agile Pharma B.V. (Netherlands) has entered into an agreement in July 2018 to acquire commercial operations and certain supporting infrastructure in five European countries viz. the Netherlands, Belgium, Spain, Poland and Czech Republic from Apotex International Inc. a Canadian pharmaceutical company engaged in the manufacture and marketing of pharmaceutical products. The Acquisition of Apotex' businesses in Poland, Czech Republic, the Netherlands, Spain and Belgium was completed in February, 2019.

#### Sandoz

The wholly owned subsidiary of the Company, Aurobindo Pharma USA Inc., USA, has entered into an agreement to acquire commercial operations and three manufacturing facilities in USA from Sandoz Inc., USA, a Novartis Division.

The acquisition includes in-line portfolio of dermatology and oral solids, authorised generics and in-licensing products, Branded dermatology products, 3 manufacturing facilities at, Hicksville – NY (Derma), Melville – NY(Derma), Wilson- NC (OSD), and 100% shareholding in Eon Labs Inc, a wholly owned subsidiary of Sandoz.

This is a carved out business of Sandoz in US and the product portfolio consists of Dermatology, CNS, Alimentary Tract/ Metabolic, Women's Health, Anti-infectives, Systemic Hormones and others along with three manufacturing facilities situated in Hicksville and Melville in New York and Wilson in North Carolina. The acquisition is in progress.

#### Advent

The wholly owned subsidiary of the Company, Aurobindo Pharma USA Inc., USA, has in November 2018 acquired a product under development and related assets from 'Advent Pharmaceuticals Pty Ltd., Australia, through AuroScience Pty Limited, Melbourne, a 100% subsidiary of Aurobindo Pharma USA Inc., USA.

- Acquisition provides an opportunity to acquire assets that would be used for specialty generics business.
- Acquisition will lead to enhancement of R & D capabilities in complex specialty generics

#### Luoxin

The wholly owned subsidiary of the Company, Helix Healthcare B.V, Netherlands, has entered into an agreement with Shandong Luoxin Pharmaceutical Group Stock Co., Ltd, China (Luoxin) to establish a Joint Venture Company in China with manufacturing facilities to manufacture nebuliser inhaler and other products for China, US and EU markets. However, for Europe markets, the new Joint Venture Company will establish its fully owned subsidiary(ies) in any of the European countries.



## Spectrum

Acrotech Biopharma L.L.C., a wholly owned subsidiary of Aurobindo Pharma USA Inc., USA, which in turn is a wholly owned subsidiary of the Company, has entered into a definitive agreement to acquire seven marketed oncology injectable products, intellectual property and commercial infrastructure from Spectrum Pharmaceuticals Inc., (NASDAQ:SPPI), a US based, global branded oncology company. Spectrum has as part of its major strategic shift to focus on novel oncology drug development and commercialization of its two late-stage pipeline products, carved out its commercial business inclusive of seven marketed oncology injectable products, intellectual property and commercial infrastructure for sale. The acquisition has been completed on March 1, 2019.

## Synergy

The Company has made an investment of ₹150 million in Synergy Remedies Private Limited (Synergy), a Tirupathi based pharma company and acquired 19.9% holding in the said company. The objective of this acquisition was to ensure assured supplies of some of the APIs and intermediates.

## B. Merger

### Merger of wholly owned Subsidiaries

On May 28, 2019 the Board of Directors had accorded its approval for the draft scheme for merger of Company's 5 (Five) Wholly Owned Subsidiaries (i.e. APL Research Centre Limited, Aurozymes Limited, Curepro Parenterals Limited, Hyacinths Pharma Private Limited and APL Healthcare Limited) and 1 (one) step-down wholly owned subsidiary (i.e. Silicon Life Sciences

Private Limited) with the Company. No shares of the Company will be issued as consideration for the said amalgamation and the shares held by the Company in its wholly owned subsidiaries and step-down wholly owned subsidiary shall stand cancelled. The Scheme would be subject to the requisite statutory/ regulatory approvals including the approval of the National Company Law Tribunal (Hyderabad Bench).

## CREDIT RATING

The Company has obtained credit rating from India Ratings & Research Private Limited and it has assigned "IND AA+"/ "INDA1+" on Rating Watch Positive for Company's fund based working capital facilities and "IND A1+" on Rating Watch Positive for Company's non-fund based working capital limits vide their letter dated September 17, 2018.

## ACKNOWLEDGEMENTS

Your Directors are grateful to for the invaluable contribution made by the employees and are encouraged by the support of the customers, business associates, banks and government agencies. The Directors deeply appreciate their faith in the Company and thankful to them. The Board shall always strive to meet the expectations of all the stakeholders.

For and on behalf of the Board

**K. Ragunathan**

Chairman

DIN: 00523576

Place: Hyderabad

Date: 28 May 2019

# MANAGEMENT DISCUSSION & ANALYSIS

## MACROECONOMIC REVIEW

### GLOBAL ECONOMY

Global economic activity softened to 3.6% in 2018 from 3.8% in 2017 as the Eurozone, Japan and China recorded sluggish growth. The lingering US-China trade tensions and the elevated rhetoric around protectionism, coupled with uncertainty over Brexit, dampened business confidence.

The Eurozone growth slowed to 1.7% from 2.4%, as the region increasingly found itself squeezed between domestic and international pressures. China witnessed the slowest rate of expansion since 1990 due to slumping demand in the world's second largest economy. The US, however, bucked the trend, growing at 2.9% as economy received big boost from the corporate tax cut, low inflation, and a stronger dollar.

### Global growth trend

		(%)		
	2018	2019 (P)	2020 (P)	
<b>World output</b>	3.6	3.3	3.6	
USA	2.9	2.3	1.9	
Euro Area (Germany, France, Italy, Spain)	1.8	1.3	1.5	
Germany	1.5	0.8	1.4	
Canada	1.8	1.5	1.9	
Other advanced economies <sup>1</sup>	2.9	2.6	2.2	
<b>Emerging markets and developing economies</b>	4.8	4.5	4.4	
China	6.6	6.3	6.1	
Brazil	1.1	2.1	2.5	

<sup>1</sup> Excludes Canada, Japan, the UK, the US and the Euro area countries| (P) Projections  
Source: International Monetary Fund (IMF) World Economic Outlook April, 2019

### Outlook

As Central Banks of major economies adopt a more accommodative monetary stance and China ramps up its economic stimulus pipeline, the IMF expects global economic growth to further slow down to 3.3% in 2019 before stabilising at 3.6% in 2020.

to recover to levels above 7% as the Reserve Bank of India (RBI) shifts its policy stance from neutral to accommodative aided by the government's push for structural reforms.

### INDIAN ECONOMY

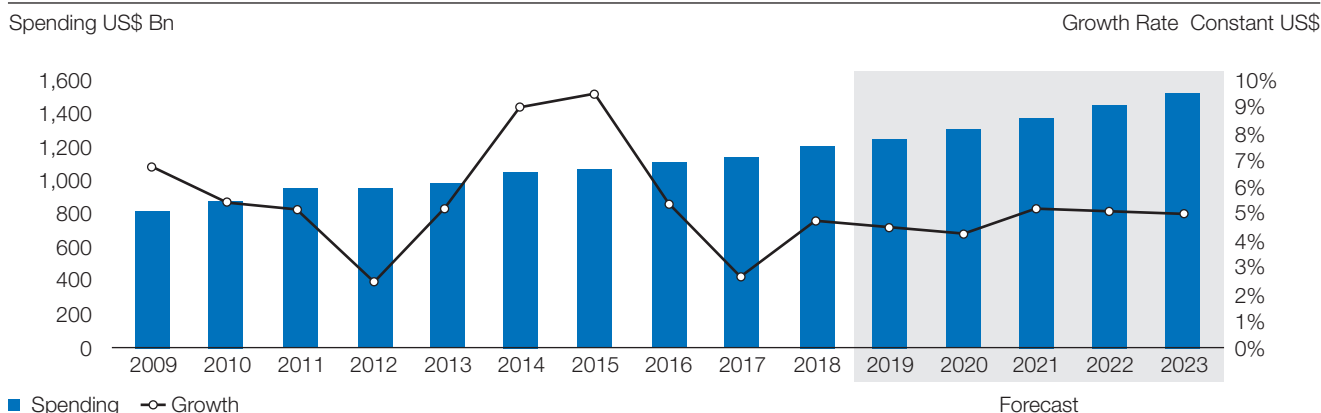
The Indian economy too slowed down to 6.8% in 2018-19, after growing at 7.5% in the first half of the fiscal year, due to weak industrial output on the back of a contraction in manufacturing, capital goods and consumer durables, along with subdued urban and rural demand. The IMF expects India's GDP growth

## INDUSTRY REVIEW

### GLOBAL PHARMA INDUSTRY

Global healthcare spending is expected to grow at 5.4% annually between 2018 and 2022, significantly higher than the 2.9% seen in 2013-17 (Source: Deloitte: 2019 Global health care outlook: Shaping the future). This acceleration is likely to be driven by a variety of factors such as expanding healthcare coverage in emerging markets, growing needs of aging population, new treatment methods and increasing labour wages.

### Exhibit 1: Global Medicine Spending and Growth 2009–2023



Source: IQVIA Market Prognosis Sep 2018; IQVIA Institute; Dec. 2018

Global spending on medicines stood at about US\$1.2 trillion in 2018, which is likely to grow at 3-6% to about US\$1.5 trillion by 2023, according to the IQVIA report titled 'The Global Use of Medicine in 2019 and Outlook to 2023'. This growth will be driven by the launch of new and innovative products in developed markets and by the increasing access to medicines in pharmerging markets.

### Key trends in global pharma industry:

#### Specialty Drugs



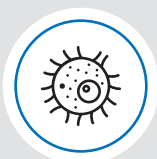
##### To grow faster in developed markets

Specialty drugs are ones used to treat complex or rare chronic conditions.

Nearly two-thirds of the new medicines to be launched over the next five years are likely to be specialty drugs, which will account for almost half of the total medicine spending in developed markets by 2023 and will likely increase medicine spending from \$336 billion in 2018 to US\$475-505 billion in 2023. The five largest specialty therapeutic areas – oncology, autoimmune, immunology (which includes interferons, immunosuppressants and immunoglobulins), HIV and multiple sclerosis – are likely to be the primary drivers, accounting for 74% of specialty spending growth.

However, pharmerging markets are likely to see muted growth in specialty spending, accounting for about 14% of the total medicine spending by 2023 versus 13% in 2018.

#### Biosimilars



##### Likely to gain traction in US Markets

Biosimilars are similar versions of biologics which are made from microorganisms found in plant or animal cells.

Within developed markets, biosimilars have had a larger impact outside the US as only five originator biologics had launched biosimilars. As per the IQVIA report released in January this year, this trend is expected to continue until the biosimilar of Abbvie's Humira comes to the US market in 2023.

However, The USFDA issued its guidelines on interchangeable biologics in May 2019, which is expected to open doors for biosimilars in the US market. Over the next five years, US policies are expected to change and encourage more biosimilar players to file and reshape the reimbursement dynamics that have hampered the early uptake of some molecules.

By 2023, the biologic market with competition from biosimilars is likely to be nearly three times the current market size.

#### Generics



##### More approvals in US

Generics drugs are identical to the original branded drugs in terms of dosage, intended use, effects and side effects.

Given the rising healthcare costs, governments across the world are encouraging the use of generics. Last year, the office of generic drugs at the USFDA approved or tentatively approved 1,021 Abbreviated New Drug Applications (ANDAs) – its highest approvals so far.

First generics – approvals of generic drugs for the branded drugs that had no FDA-approved generics – accounted for about 10% approvals during the year. Of these first generics, 18% were for complex generics while about 14% of all generics approvals were for complex generics.

## GLOBAL MARKETS OVERVIEW

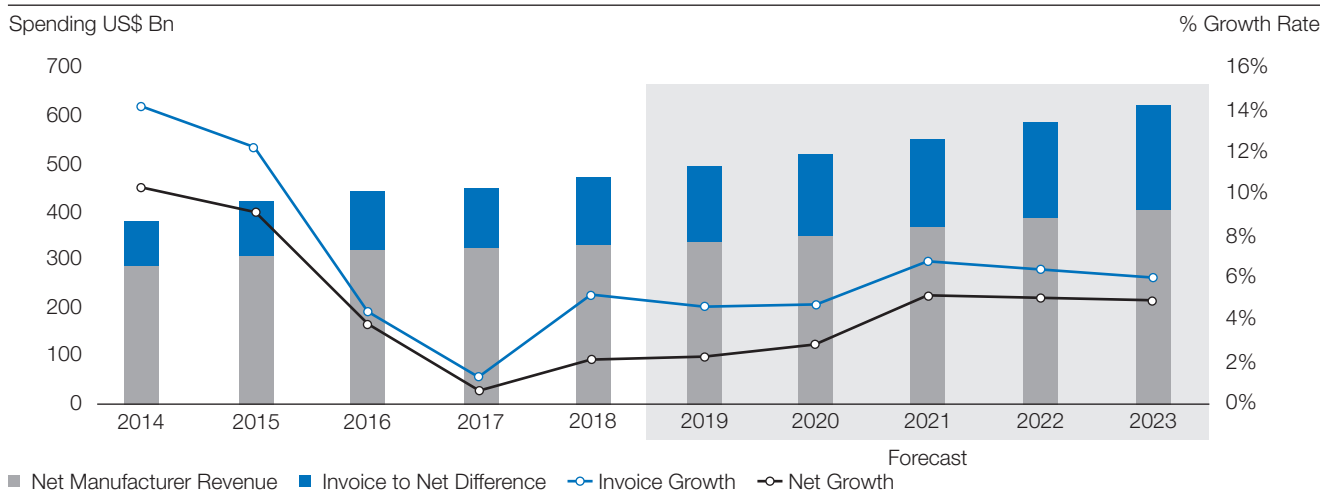
### US

Pharma spending in the US stood at US\$484.9 billion in 2018, making it the largest pharmaceutical market in the world. Pricing of medicines in the US is a complex process with involvement of multiple parties. Drug prices are set by manufacturers after negotiating with payers and taking into consideration the presence of branded drugs as well as generics in that particular segment. Prices are also influenced by how the insurance programmes are designed, i.e., how much of the cost will be borne by the patient, the payer and the government.

Of late, pricing of drugs by manufacturers, including annual price increases, has become a key talking point among the lawmakers as well as the public. Following the public outcry, many companies have committed to set a cap on their annual price hike at 6% for branded products.

The launch of high-priced specialty drugs has been another point of contention, as such drugs have made treatments in areas such as oncology cost over US\$1,00,000 annually. However, price increases are expected to normalise over the next five years as competition from innovative brands comes in and independent price reviewing bodies create a greater impact on specialty drug pricing.

### Exhibit 5: U.S. Invoice Spending on Medicines and Net Manufacturer Revenue and Growth US\$Bn



Source: IQVIA Market Prognosis, September 2018; IQVIA Institute, December 2018

### Outlook

Given these industry dynamics, the US pharma market is likely to grow at 4-7% over the next five years, reaching US\$625-650 billion by 2023. Though the overall invoice spending growth is expected to rebound to 6.0% by 2023, from a low of 1.2% in 2017, the net manufacturer revenue growth is expected to be 1-2 percentage points lower than invoice growth.

### EUROPE

Total pharma spending in the top five European countries stood at US\$177.5 billion in 2018, clocking a CAGR of 4.7% over the past five years, on the back of significant spending on new products for treatments in oncology and viral hepatitis.

The European market is shifting towards generic medicines. Over the past decade, Belgium and France have introduced financial incentives to encourage patients to choose generics over originator products. Belgium also has prescription quota for doctors, mandatory substitution for some categories of drugs and fixed fees for pharmacies to avoid any unintended incentives to dispense originator or generics products. France and Hungary have also introduced incentives via pay-for-performance schemes for GPs (General Practitioners) to prescribe generics.

### Outlook

According to Coface, spending on prescription drugs is set to grow by 2% to €129 billion in 2019 for the top five Western European countries, as higher demand for specialty drugs prices will push health spending up, largely offset by lower reimbursement prices due to the reluctance of payers. IQVIA expects overall pharma spends in these countries to rise by 1-4% to US\$200-230 billion by 2023.

### PHARMERGING MARKETS

Pharmerging markets grew by 6.9% in 2018, largely driven by higher per capita use of medicines aided by improvement in access to healthcare. Some markets also witnessed growth in sales of new drugs as the ability to pay for medicines improved on the back of strong economic growth. In pharmerging markets, consumers usually pay for medicines directly from their pockets, and hence, the correlation between economic growth and medicine spending is quite strong.

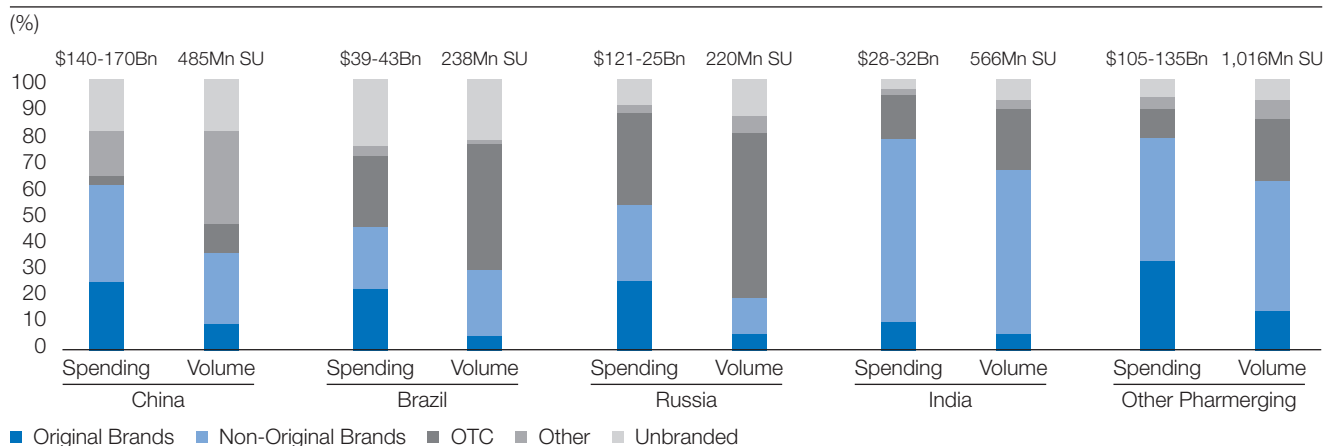
### Outlook

Pharmerging markets are likely to grow by 5-8% to US\$355-385 billion by 2023. China, the largest pharmerging market, is likely to record a CAGR of 3-6% to reach US\$140-170 billion by 2023, while Brazil could grow by 5-8% annually over 2019-23. Turkey, Egypt and Pakistan are likely to outpace overall pharmerging growth.

Sources: The Global Use of Medicines in 2019 and Outlook to 2023; IQVIA 2019 Global health care outlook; Deloitte



## Exhibit 31: Pharmerging Medicine Spending by volume and Type, 2023



Source: IQVIA Market Prognosis, September 2018; IQVIA Institute, December 2018

Notes: SU=Standard Units, OTC= Over-the-counter; Spending in US\$ Bn. Pharmerging countries are defined based on per capita income below US\$30,000 and a five-year aggregate pharmaceutical growth over US\$1 billion

### INDIA

India is the largest manufacturer of generic drugs globally. Indian companies received 290 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2018 (source: pharmaknowledgecentre.com). Competitive advantages such as a large pool of scientists and engineers, reasonable cost of production and strong R&D spending by Indian companies have made the country an export hub for the pharmaceutical industry with total pharma exports for FY 2017-18 touching US\$17.27 billion and US\$ 15.52 billion in FY19 (up to January 2019). (Source: IBEF pharmaceuticals)

India's domestic spending on medicines stood at US\$20.4 billion and is expected to grow by 8-11% to US\$28-32 billion by 2023. (Source: IQVIA 2019 Global health Care Outlook)

In order to promote healthcare in India, the government has taken several initiatives including:

**Single-Window Facility:** The Drug Controller General of India plans to start a single-window facility to provide consents, approvals and other information. The move is aimed at giving a push to the 'Make in India' initiative.

**Electronic Platform:** The government plans to set up an electronic platform to regulate online pharmacies and halt any misuse of medicines.

**'Pharma Vision 2020':** It is aimed at making India a global leader in end-to-end drug manufacturing. Approval time for new facilities has also been reduced to boost investments.

**Drug Price Control Order:** The government introduced mechanisms to deal with the issue of affordability and availability of medicines.

One of the key developments of this year was the introduction of the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana

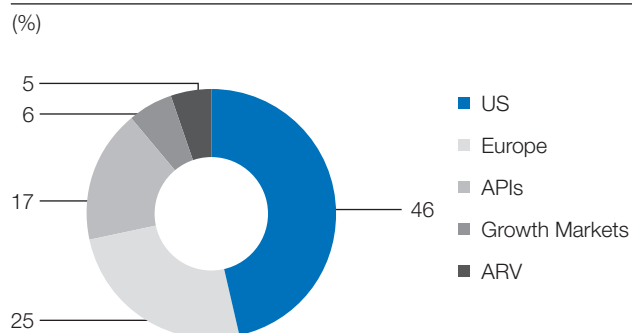
(PMJAY). Ayushman Bharat is one of the world's largest funded healthcare programme targeting more than 500 million beneficiaries and should significantly enhance access to medical care across the country.

### COMPANY REVIEW

Aurobindo is the tenth largest generic company globally based on revenues. It is also the second largest generics company in the US in terms of prescriptions dispensed for the 12 months ending March 2019 (Source: IQVIA), and one of the leading players in Canada and Portugal. The Hyderabad-based company exports to over 155 countries and derives around 90% of its revenues from international sales.

Aurobindo has carved out a niche for itself in developing high-quality Active Pharmaceutical Ingredients (APIs) and finished dosage forms. Moreover, the Company has established a foothold in key therapeutic segments such as Central Nervous System (CNS), Cardiovascular (CVS), Anti-Retrovirals, Diabetics, Anti-Allergies, Gastroenterology and Anti-biotics, and is also entering into speciality generics segment.

### Revenue Contribution Chart (2018-19)



## 2018-19 WAS A MILESTONE YEAR FOR THE COMPANY:

- Total revenues grew by 18.6% year on year to ₹195,636 million
- EBITDA up by 4.3% to ₹39,519 million
- R&D spends stood at ₹8,683 million, or 4.5% of revenues, vs. ₹6,665 million or 4.0% of revenues in FY18
- Filed 63 ANDAs – 21 injectables, 3 dermatology, 2 nasals and the remaining in orals. This was the first set of dermatology and nasal products filed with the USFDA
- Received final approval for 48 ANDAs (including 8 injectables) and tentative approval for 6 ANDAs from the USFDA
- Launched 50 products in the US, including 12 injectables
- Filed 15 DMFs with the USFDA, taking cumulative filings to 242 as on 31 March 2019
- Commissioned Unit X – a USFDA-compliant oral manufacturing facility at Naidupet in Andhra Pradesh

As on 31 March 2019, Aurobindo has 27 manufacturing facilities for its API and formulations business, which have the requisite approval from various regulatory authorities such as the USFDA, UK MHRA, Japan PMDA, WHO, Health Canada, MCC South Africa, and ANVISA Brazil.

The Company's enhanced R&D capabilities now include 7 facilities with over 1,600 employees. The R&D initiatives are increasingly focussed on difficult-to-develop niche oral, sterile, specialty injectable products, biosimilars, vaccines, semi-synthetic and peptide-based drugs involving difficult, clinical end-point studies.

From a long-term perspective, Aurobindo is focussed on developing complex molecules, differentiated offerings which include a broad spectrum of products and newer technologies, that could improve the lives of millions of patients across the globe.

### FORMULATIONS BUSINESS

The formulations business contributes 82.6% to the Company's revenues. In 2018-19, revenues from this segment grew by 19.4% to ₹161,570 million. The Company manufactures these products from 16 manufacturing facilities and markets them in over 155 countries including developed markets such as the US and Europe. The Company also participates in tenders for Antiretroviral Medicines (ARV) floated by various funds such as USAID/PEPFAR (President's Emergency Plan for AIDS Relief) and Ministries of Health of various countries.

#### US formulations

Formulations sales in the US increased by 21.3% to ₹90,307 million aided by growth across all verticals. Aurobindo is the second largest generics player in the US in terms of prescriptions dispensed for the 12 months ending March 2019.

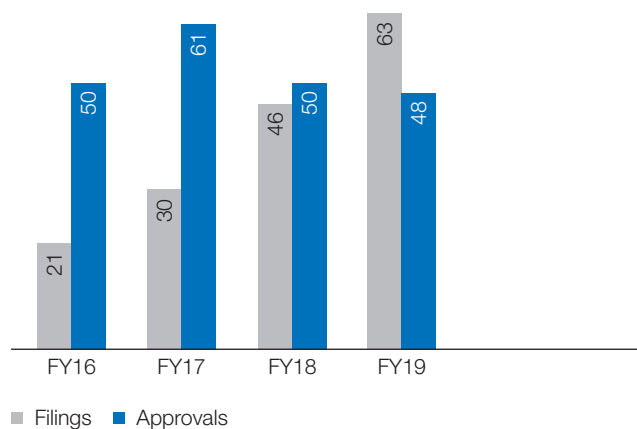
During the year, the Company filed 63 ANDAs including 21 injectable ANDAs, which accounted for about 6% of the total ANDAs filed with the USFDA in FY19 and launched 50 products including 12 injectables in the country.

The Company has signed a definitive agreement with Sandoz Inc., US to acquire its dermatology and oral solids businesses.

Through this acquisition, Aurobindo will add about 300 products to its existing portfolio and become a leading player in the generics dermatology segment.

### Filings and Approvals in the US Market

(%)



Within the US market, the Injectables segment posted strong growth of 41% and accounted for 16% of the US revenues, driven by new product launches and pickup in volumes of existing products. The Company also acquired seven marketed branded oncology injectables from Spectrum Pharmaceuticals. This acquisition helped the Company to enter the branded space with a portfolio of products well recognised within the oncology community. OTC sales surged by 112% and their share increased to 3% of the total US sales in FY19 from 2% in FY18. This was driven by improvement in market shares for the Company's key products.

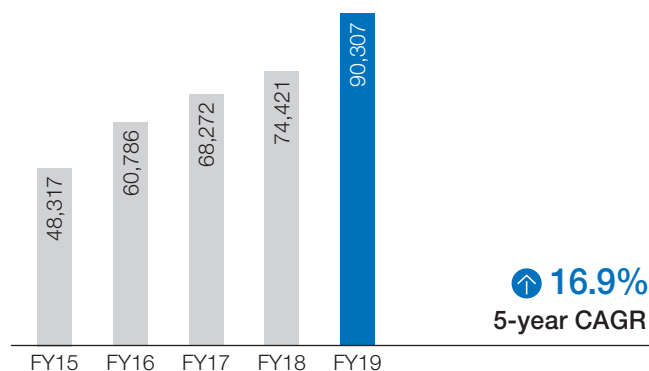
Natrol, the dietary supplements business of the Company posted a growth of 22% and accounted for 11% of the US revenues.

The oral solids business accounted for 69% of the US sales and grew by 14%, largely driven by an improvement in volumes of

existing products. The market share of prescription dispensed increased to 7.0% for 12 months ending Mar 2019 from 5.3% for 12 months ending Mar 2018, as per IQVIA. Overall, Aurobindo features in the top 4 in over 75% of total products the Company markets.

### US formulations revenue trend (FY15-19)

(₹ in Million)

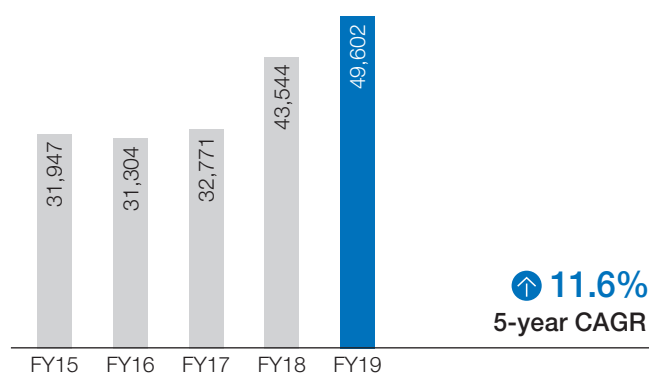


### EU formulations

In FY 2018-19, EU formulations revenue grew at 13.9% to ₹49,602 million and accounted for 25% of its total revenues. The Netherlands, Germany and Portugal were the primary growth drivers. During the year, the Company strengthened its presence in Europe by acquiring Apotex's businesses and now has presence in 11 countries.

### EU formulations revenue trend (FY15-19)

(₹ in Million)



Aurobindo has over 200 products under development for Europe including a large number of Day 1 launches, which along with further optimisation of its existing supply chain will drive growth and profitability in the region.

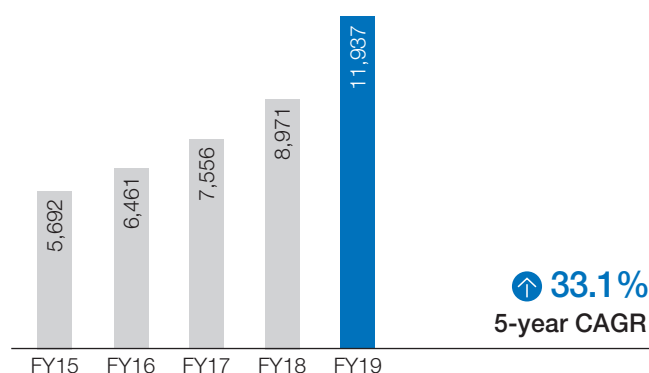
### Growth markets formulations

Aurobindo witnessed a 33% rise in the revenues to reach ₹11,937 million in growth markets on the back of strengthening sales in Canada, Colombia, and Brazil.

In Canada, Aurobindo Pharma operates three business verticals – Corporate, Retail and Hospital – supplying to 8,000 customers and 1,400 hospitals. Aurobindo is the ninth largest generics player in Canada. Sales grew by 70% driven by 16 new product launches and an improvement in existing products. The Company also strengthened the hospital segment in Canada with the launch of injectable products.

### Growth market formulations revenue trend (FY15-19)

(₹ in Million)



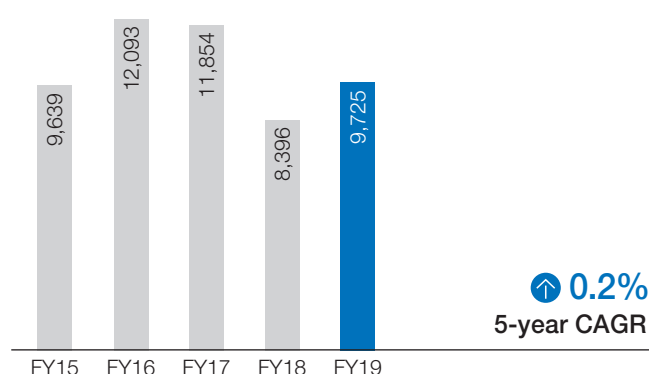
Over the next few years, sales in the Growth Markets will be driven by more product registrations and the Oncology portfolio.

### ARV formulations

The ARV formulations business grew by 15.8% to ₹9,725 million, as sales picked up for the Dolutegravir triple combination product (Tenofovir, Lamivudine and Dolutegravir tablets).

### ARV market formulations revenue trend (FY15-19)

(₹ in Million)

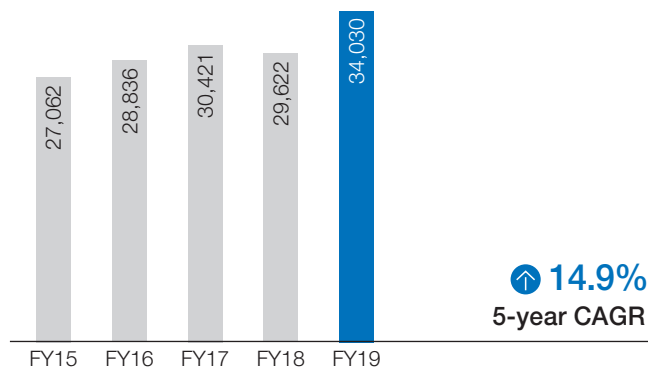


In the ARV segment, the Company has strategical focus on generating business from tenders floated by multi-lateral organizations such as global fund, USAID/PEPFAR (President's Emergency Plan for AIDS Relief) and country-specific MOH (Ministry of Health). During the year, Aurobindo won a supply

contract from the Government of South Africa for providing the Dolutegravir and its triple combination product; expects to start shipping in FY20.

## API Business

(₹ in Million)



Aurobindo manufactures and markets Active Pharmaceutical Ingredients (API) across the globe, apart from using them for internal consumption. It markets Betalactum and non-Betalactum manufactured at its 11 API and intermediate facilities. API sales witnessed strong growth of 14.9% to reach ₹34,030 million, led largely by non-Betalactum products. The Company filed 15 DMFs in the US and 20 DMFs in Europe during the year.

## FINANCIAL REVIEW

For FY19, Aurobindo's consolidated revenues increased by 18.6% to ₹195,636 million from ₹164,998 million a year ago. EBITDA grew by 4.3% to ₹39,519 million whereas the EBITDA margin stood at 20.2%. Its research and development expenses stood at ₹8,683 million, i.e. 4.5% of its total revenues. Aurobindo reported profit after tax of ₹23,647 million. Earnings per share (EPS) for the year was ₹40.36.

Key Ratios*	As at 31.03.2019	As at 31.03.2018
Debtors Turnover	2.3	2.3
Inventory Turnover	3.3	3.5
Interest Coverage Ratio	16.0	45.3
Current Ratio	1.5	1.6
Debt Equity Ratio	0.4	0.4
Operating Profit Margin (EBITDA) (%)	19.7%	25.9%
Net Profit Margin (%)	12.5%	17.6%
Return on Net Worth (%)	13.5%	18.2%

\* All numbers are based on Standalone Financials

The key reason for decline in EBITDA margin, Net profit margin and Return on Net Worth was due to increase in raw material prices and incremental competition in couple of big products.

Interest coverage ratio declined due to increase in interest cost led by increase in LIBOR rate.

## MANUFACTURING REVIEW

Aurobindo made significant progress in its manufacturing operations. The Company has not only commissioned a new facility but also added capacities to its existing plants. It has also restructured operations to make manufacturing processes more efficient.

Aurobindo commissioned Unit X, inspected and approved by various regulatory authorities including the USFDA, EMA and Portugal INFARMED. This facility, with a total installed capacity of 6 billion units, can manufacture various dosage forms such as capsules, tablets, nasal sprays, and topical gels.

The Company also added capacity at Unit IV, Unit VII and Unit XVI. The Company also expanded its API capacity in Unit XI and Unit XIV.

Aurobindo's restructuring of manufacturing operations will allow the Company to capitalise on new business opportunities. The Company is further augmenting its manufacturing capacities by constructing a new plant in Hyderabad exclusively for its dermatology portfolio, which will commence operations by the end of FY20 or early FY21. An upcoming facility at Jeddah, Saudi Arabia is also expected to begin commercial operations by 2021.

## THREATS AND CHALLENGES

The pharmaceutical industry is highly competitive, with challenges from Indian manufacturers who have similar production facilities and also from those abroad. Human resources with similar skills, talent, and experiences in the industry are mobile between competitors.

Pricing pressures for generics are expected to remain in the US market, while price erosions may be more for new launches and significantly lower for older molecules. Going forward, the Company's margins can come under pressure in case of increase in pricing pressure. Price sensitivities are tested in a crowded market where price tends to drop while the business achieves volume.

Competing pharma companies have several similar bio-equivalent products in the same market, manufactured at facilities that have been approved by the highest regulatory authorities. All of them stay focused on the same markets, resulting in price elasticity being tested and margins eroding.

Unfavourable changes in laws and regulations could impact the Company's ability to manufacture and sell products in a particular region. Although such changes affect all the companies operating in the market, our ability to understand the changes and apply the learnings quickly will help us in managing a better turnaround in such a scenario.

Indian pharma manufacturers in general, and Aurobindo in particular, have established their presence on the global stage and have worked hard to get shelf space. Aurobindo is better placed compared to other Indian manufacturers because of the Company's control over raw material sourcing. The Company is a dominant player in the API business and has been able to control its quality, improve on timelines, be competitive on costs and delivers at short



notice. This is a unique advantage that Aurobindo enjoys across the world. The Company has been timing its launches to take advantage of the products going off-patent and the opportunities available in a first-mover market. This strategy is built around in-house R&D capabilities, technology strength in manufacturing facilities and marketing infrastructure. Aurobindo has worked on its speed-to-market abilities and is quick to convert product approvals into invoices.

Scientists and other professionals of Aurobindo have been trained to create opportunities, replicate success and drive business growth. The Company has unmatched strengths to cope with market challenges, such as an experienced staff with the ability to anticipate market needs, plan for product launches with supportive documentation, create products that meet regulatory norms, and execute plans with tight cost and time budgets.

## HUMAN RESOURCES

At Aurobindo, we treat our people as strategic business partners and work towards providing them an environment in which they can learn, perform and grow. Our efforts are focussed on attracting the right talent, providing them the tools to hone their skills, and giving them the right platforms to grow into leadership roles. In FY18-19, we took several new initiatives, including:

**Technological Integration:** Increasingly, technology is being integrated into HR processes, which not only makes the process quicker, but also streamlines them and makes life easier for employees across the organisation. The Company successfully migrated its talent acquisition, training, talent engagement, and grievance handling and redressal systems to an online platform.

**Functional training:** The Aurobindo Training & Development Centre (ATDC) started in 2014 as a technical and regulatory training centre and has now grown to provide functional training. Under functional training, production processes are simulated which helps in imparting technical training to employees. With regulatory and functional training, ATDC has become a broad-based skill transfer centre and has contributed significantly in improving business processes.

**Training within Industry - Job Instruction (TWI-JI):** This is a structured technical training programme which teaches supervisors how to quickly train employees to do a job correctly, safely, and conscientiously and also helps enhance the skill level of people on the shop floor. Here, the skills of employees are first mapped with respect to critical functions in a process. The programme identifies whether a Technical Associate has basic skills, or can work independently or if he/she can train others. The resource is then trained accordingly. This minimises chances of deviation and ensures better compliance.

**Leadership accountability development:** This project aims at aligning business expectations with expectations from individual leaders. The Company has built a leadership development lab

where people in important leadership positions undergo self-assessment and learning. Here, leaders understand their roles and requirements from a business perspective. The outcome of this project is discussed with cross functional teams and the people in that department.

As on 31 March 2019, Aurobindo had over 20,000 employees from over 34 nationalities.

## ENVIRONMENT, HEALTH AND SAFETY

Aurobindo follows international guidelines on safety and has worked towards increasing safety standards across all its facilities and processes. The Company has cordial industrial relationship and is continuously evolving its systems and processes to help its employees have a better work-life.

Aurobindo is upgrading plants and treatment systems every year to remain a frontrunner in promoting sustainability. During the year, Aurobindo added a new vertical – Sustainability – to its EHS structure with a view to start reporting on sustainability.

The Company continues to work with the Access to Medicine Foundation and is participating in the 2020 AMR Benchmark. Recently, it also became a member of the AMR Industry Alliance.

Overall, Aurobindo has taken a holistic view of its activities and is endeavouring to work in a manner that helps minimise waste, optimise the use of available resources, reduce carbon footprint and ensure minimal impact of its activities on the environment.

## CORPORATE SOCIAL RESPONSIBILITY

Aurobindo, through its philanthropic arm Aurobindo Pharma Foundation has taken up several projects that have made a significant positive impact in the lives of people and communities.

The foundation invests a large part of its resources into building social assets like schools, hospitals and toilets that help in improving the quality of life. It has also worked tirelessly to provide basic amenities such as safe drinking water and nutritious food to the underprivileged. The foundation has a team of over 11 people who continuously monitor the implementation and impact of each project.

The following are the foundation's key areas of activity for FY19

- Promotion of quality education
- Supporting preventive health care & sanitation
- Sustaining ecological balance & conserving natural resources
- Promoting road safety
- Providing safe drinking water
- Elevating hunger and malnutrition
- Supporting rural sportspersons

# MANAGEMENT OF RISKS – FY 2018-19

## OVERVIEW

Aurobindo's Enterprise Risk Management (ERM) framework is a strategic discipline which supports the Company's business objective to achieve sustainable growth and generate value for its customers, investors, employees and other stakeholders. This is done successfully by deploying an effective risk management framework which helps in proactively identifying, prioritizing and mitigating risks. The framework enables the Company to leverage market opportunities effectively. The Company's ERM framework has been designed by incorporating elements of well-recognized risk management standards such as the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Company has aligned its ERM framework with business processes to ensure that key functions are designed and operated effectively towards the achievement of these objectives. Risks are addressed across all key business functions in a holistic manner.

## COMPANY'S ERM FRAMEWORK



## RISK CATEGORIES

The ERM framework covers the following categories of risks to the Company's business objectives:

- **Strategic risks** are uncertainties impacting strategic goals of the Company and these risks arise due to key decisions taken by the management with respect to new markets, product & process development, resources, business growth & revenue model, M&A, industry changes, investment model, etc. which can impact business objectives.

**Ownership of risk:** Key management personnel

- **Operational risks** are attributable to the efficient and effective utilization of resources. It covers risks related to gaps in existing processes which could make the function/process weak and vulnerable to exploitation, which could have an adverse impact on the business. The gaps could be related to production capacities, quality assurance, customer demands, material availability, human safety, etc.

**Ownership of risk:** Operations team.

- **Compliance risks** arise out of non-compliance with applicable laws, regulations, standards and policies which could impact the Company's reputation and business.

**Ownership of risk:** Functional Heads.

- **Financial risks** include uncertainties and untapped opportunities in effective and efficient utilization of financial resources as well as uncertainties in currency fluctuations, liquidity & funding, capital management and credit risk. These risks could have an impact on the Company's financial statements and the transmission of accurate financial information to stakeholders.

**Ownership of risk:** Finance & accounts heads and their teams.

- **Information Technology (IT)** risks could have an impact on information assets and processing systems.

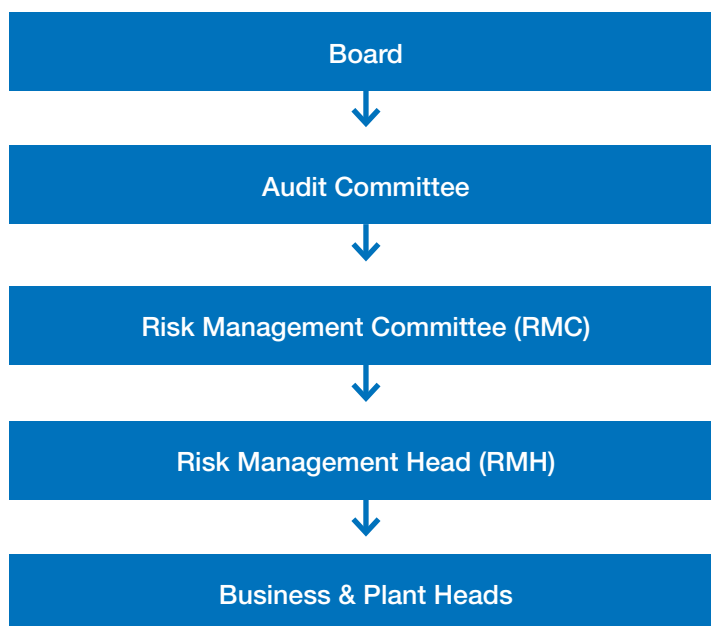
**Ownership of risk:** Chief Information Officer and IT team.

## RISK MANAGEMENT COMPONENTS

Process	Description
Business objectives	Business objectives are set by executive management and approved by the Board
Risk identification	A bottom-up approach is adopted through structured interviews, brainstorming sessions and risk questionnaire techniques for the identification of risks which could impact the achievement of business goals. Risk registers are updated with existing and emerging risks.
Risk assessment	It includes evaluating and prioritizing risks, so that their levels stay within defined tolerance thresholds. Risk evaluation is carried out using scenario-based assessments to determine the potential impact and likelihood of risk occurrence. The identified risks are compared with the established thresholds to determine the priority and method of risk mitigation.
Risk mitigation & Monitoring	Aurobindo adopts meaningful mitigation strategies tailored to each identified risk. Risk mitigation procedures involve undertaking appropriate actions by the business heads/process owners who are accountable for mitigating risks in a timebound manner. Risk owners are identified, and mitigation actions are monitored and reviewed periodically.  The Company has a detailed internal audit plan and a robust Enterprise Risk Management program, which help to identify risks and take appropriate steps to mitigate the same. The Risk Management Committee (RMC) periodically reviews the scope, adequacy and effectiveness of mitigation actions and provides necessary direction to the mitigation teams.
Risk reporting	Risk reports are submitted to the RMC periodically. The reports help in tracking each identified risk and its impact on the business. The assessment of key risks, analysis of exposure and potential impact are carried out periodically, presented and discussed with the RMC.  Periodic updates are provided to the Board highlighting key risks, their subsequent impact and the required mitigation measures.

## RISK GOVERNANCE STRUCTURE

The risk management framework operates at various levels in the Company and the Governance structure is as given below:



The risk governance structure of the Company is headed by the Board of Directors who form the RMC. The Committee is responsible for framing, implementing and monitoring the risk management framework for the Company. It is also responsible for reviewing the risk management process and ensuring its effectiveness.

The Audit Committee has additional oversight in the area of financial risks and controls. Risk Management Head (RMH) acts as a nodal point for coordinating risk mitigation activities. RMH also apprises the Audit Committee of identified risks and their mitigation. RMH is supported by business heads who are the risk owners to implement the risk management framework in their respective business units.

### INTERNAL FINANCIAL CONTROLS (IFC) HIGHLIGHTS FOR THE YEAR

In accordance with Section 134 (5) (e) of the Companies Act 2013, the Board of Directors of the Company is responsible for establishing and implementing Internal Financial Controls (IFC) which are adequate and effective operationally. The Company's statutory auditors are required to provide an independent opinion on the adequacy and operating effectiveness of such controls in the financial year. The IFC system includes the following elements:

- Orderly and efficient conduct of business
- Safeguarding the assets
- Adherence to the Company's policies
- Prevention and detection of frauds & errors
- Accuracy & completeness of accounting records and timely preparation of reliable financial information

The Company has established and incorporated all of the above elements successfully. While the Company's focus is always on automating system controls, thereby minimising dependency on manual controls, there exists a strong maker-checker mechanism which reinforces the necessity of initiation and authorisation of each transaction by at least two/three individuals in the Company. Proper segregation of duties (SOD) are also established in every transaction to address and prevent fraud risks and errors.

Process walkthroughs have been carried out during the year 2018-19 to re-assess the design effectiveness of controls such as Entity-Level Controls (ELC), Information Technology General Controls (ITGC) and Process Level Controls (PLC) by discussing with Concerned Process Owners. Process control changes, if any, are properly documented and tested. Also, the Company's Transaction auditors have tested all the controls for its operating effectiveness during the year.

### BUSINESS RISKS AT AUROBINDO

Some of the key existing and emerging risks affecting Aurobindo's business are listed below:

#### Merger & Acquisition risks

As part of its business expansion strategy, recently Aurobindo announced the acquisitions of some businesses in global markets

like the USA and Europe. The company is exposed to potential risks of inappropriate acquisitions or mismanaged integrations, resulting in non-realization of planned business benefits.

In the Pharmaceuticals industry, the Company may expand its business through selective acquisitions of businesses and assets, which the management believes could complement the Company's existing business. In the financial year 2018-19, the Company announced the following major acquisitions and joint ventures:

- Dermatology and oral solids businesses from Sandoz Inc., USA, a Novartis Division
- Apotex Inc's commercial operations and certain supporting infrastructure in 5 European countries—Netherlands, Poland, Spain, Czech Republic and Belgium. Apotex Inc is a Canadian company engaged in the manufacture and marketing of pharmaceutical products
- Seven marketed branded oncology injectable products, intellectual property and commercial infrastructure from Spectrum Pharmaceuticals Inc, a US-based global branded oncology company
- Joint venture with China-based Shandong Luoxin, Pharmaceutical Group Stock company in China

The Sandoz Inc., USA business acquisition would benefit the Company in adding three manufacturing facilities in the USA, and with the acquisition, Aurobindo would become the second largest Generics company in the USA by the number of prescriptions. The acquisition would diversify the Company's product portfolio further with 300 products approximately, and it would lead to strong synergies.

Apotex's business acquisition would establish Aurobindo as one of the leading generics companies in Europe. The Company could gain a well-established commercial network in 5 countries. It would create significant value opportunity through multiple avenues for revenue growth and cost synergies. The acquisition would greatly help the Company to expand in key markets of Eastern Europe and create significant value through synergies.

The Spectrum acquisition would provide new opportunities to grow the business by launching innovative branded products in oncology, readily available infrastructure for oncology brands, and experienced workforce in branded oncology. It would also create future synergy with internal development and external products leveraging the commercial infrastructure.

Aurobindo entered into an agreement with Shandong Luoxin Pharmaceutical Group Stock Co to establish a joint venture company in China to manufacture nebuliser inhaler and other products for China, the US and European markets.

While the business acquisitions and joint ventures would provide significant synergies and value creation for the Company, it may involve a large number of risks, including business integration challenges with the existing business. The Company may face



cultural differences and may fail to retain key personnel and customers of the acquired business and could face difficulties or delays in establishing, integrating or combining operations and systems.

The Company may take over product liabilities of the acquired business, or the Company may encounter unforeseen regulatory compliance issues, some or all of which could harm the results of the Company's operations and financial condition. The company may be unable to realize the anticipated benefits of such acquisitions, or the existing business may be harmed.

### Mitigation Strategy

The Company has adopted necessary measures to face the challenges and address the issues by increasing efficiency and reducing impact, if any. Further, assessment of emerging risks on account of failure/ delay in integration is duly considered while designing business plans. The Company has a dedicated team of experts whose knowledge ensures that the requirements are met and ensures the building of competitive advantage.

To ensure that business benefits of acquisitions are realized, the Company has developed a robust M&A process which includes focusing on clearly defined areas for acquisitions, exhaustive due diligence and a well-structured integration planning process. The entire acquisition process is reviewed and approved by the Company's Board to ensure effective oversight. The Company also has a dedicated team to manage business and process integration with acquired entities.

### Macro Environment - Economic & geopolitical risks

Macroeconomic uncertainties and political instability arising from changes in foreign policies and political leadership in the USA, Europe and Emerging Markets (EM), where Aurobindo has business presence could adversely affect the Company's operations and revenues.

Aurobindo is an integrated generics pharmaceutical company with worldwide operations. One of its strategic objectives is to expand its geographic outreach and to focus on novel technology platforms. The Company's revenues from exports may be adversely affected by political and economic instability.

Aurobindo caters to the USA, Europe and Growth Markets covering over 155 countries. The existing Growth Markets include South Africa, Brazil, Canada and Africa.

The Company also sells ARVs to over 125 countries by participating in global tenders floated by international organizations such as Global Fund, USAID/PEPFAR and country-specific Ministry of Health (MOH). There are about 27 manufacturing facilities across the globe—21 in India, 3 in the USA, 1 in Brazil, 1 in the Netherlands and 1 in Portugal.

The regulatory landscape of the global pharmaceutical industry is complex and dynamic, which could be significantly influenced by the external macro environment such as Political, Economic, Social, Technological factors (PEST). In the event of any PEST

instability in these countries due to changes in foreign policies and political leadership, the Company's business could be adversely affected.

The revenue breakup of the Company for the financial year 2018-19 is as given below:

- Export sales constitute about 90 % of the Company's total revenue with the rest 10% being domestic sales;
- Formulations business contributes 83% to the Company's total revenue, and the rest 17% comes from active pharmaceutical ingredients (APIs);
- About 55.9% of the formulations sales come from the US, about 30.7% from Europe, 6.0% from anti-retroviral (ARV) business segment and the balance 7.4% from Growth markets.

### Mitigation strategy

As part of the de-risking strategy, Aurobindo acquired the Apotex generics business in five European nations during the year. This acquisition would extend and diversify the Company's European product portfolio by adding about 200 generics and about 80 over-the-counter products. In the US market, the Company also diversified its presence with the acquisition of branded injectable products from Spectrum Pharmaceuticals. Also, the Company entered into a definitive agreement with Sandoz Inc., USA, during the year to acquire its dermatology and oral solids businesses in USA. The acquisitions would provide significant synergies and value creation for the Company.

In some markets like Africa, the Middle East and Russia, PEST influence is high, which leads to higher business risks for the Company. The sales & marketing team is mitigating the risk by taking 100% advance payments from local distributors before shipment.

Aurobindo continues to expand its business presence in other untapped and potential markets like Japan, Brazil, Africa, Canada, China and the Middle East to mitigate the economic and geopolitical risks. New markets are added in Poland and the Czech Republic. Also, to enhance presence in therapeutic areas like dermatology, oncology and speciality injectable products, Aurobindo is putting efforts to grow in each of the product segment and is striving to improve its presence in all markets. Such well-designed moves would also help consolidate the Company's volumes and revenues over the long term, thereby spreading the risk portfolio.

### Competition risks

Aurobindo's products face tough competition from other pharmaceutical companies in India and abroad where multiple players are present, and introduction of new products by competitors may impair the Company's competitive advantage and lead to loss of market share.

Given the dynamics of the pharmaceutical industry, the Company faces risks from Indian and International competitors who

are coming up with new offerings like novel technologies and introduction of innovative products to challenge Aurobindo's market share and growth. Many of the competitors have longer operating history substantially greater financial, research & development, marketing and other resources. Besides, there may be challenges posed by different business models offered by competitors, which may impair the Company's competitive advantage, and thereby, erode market share.

### **Mitigation strategy**

To mitigate the risk of rising competition from peers and to ensure that cost competitiveness is maintained, the Company continues to explore all possible options covering the following aspects:

- Diversifying the Company's product portfolios through business acquisitions in key Global markets such as the USA and Europe.
- Producing products at competitive costs by developing new processes and upgrading existing processes
- Redefining production process by the R&D team and achieving operational excellence
- The timely launch of new products to build and increase market share
- Adding new manufacturing facilities with new products to ensure sufficient levels of production on a real-time basis. Commissioned a new Non-Betalactum oral facility, i.e., Unit X at Naidupet, Andhra Pradesh
- Providing product quality assurance to all customers
- Vertically integrating manufacturing facilities for most generics formulations to ensure timely material availability
- Micro-level planning of inventory to handle inventory costs efficiently

### **Pricing risks**

Risk of Drug pricing pressures in Global markets particularly in the USA on account of increased pace of ANDA approvals, and customer consolidation could have an adverse impact on the Company's business. Customer expectations and competitors' tactics can influence pricing pressures, which can bring down the top line and operating margins of the Company.

Pricing pressures have been experienced in the US Market in the recent past, which have been effectively handled by launching value-added products. These pricing pressures are expected to remain in the US market, which may affect profit margins. The ARV business is marginally affected due to pricing pressures in some of the key products.

The Company continues to face perfect competition in the generics drug industry. Drug pricing is influenced by both availability and cost of raw material. The Company's net sales realizations could get affected due to discounts offered to customers for benchmarking and competing with the pricing of other competitors.

### **Mitigation strategy**

As a mitigation strategy, the Company is focusing on Stable Supplies, Day 1 Launches, and widening and diversifying product portfolio. The Company is tackling pricing pressures by launching value-added products and also focusing on other Growth markets where there are no high pricing pressures. High-quality products and differentiated services combined with R&D expertise would help the Company manage pricing pressures in the market.

The R&D team is striving to develop cost-effective products by redefining the production process. The Company is able to cope with price pressures by increasing volumes, improving efficiencies, optimising costs and strengthening its supply chain. The supply chain team is continuously putting in efforts to de-risk global procurement issues and is ensuring timely services to key customers in international and domestic markets.

### **Market risks**

Aurobindo is exposed to market risk if the Company is unable to maintain sufficient portfolio of products and manage their development and bringing the products to market promptly, which could ultimately affect the business and growth strategy. The Company is significantly dependent on the US and Europe markets for its business. Failure to conduct profitable operations in those markets could adversely affect the Company's business, operations and financial condition. This scenario poses the risk of high concentration and dependency on the US market.

Any delays in supplying materials to customers and deviations in customers' specifications could have an adverse impact on customer relationships and loss of revenues, and the Company would have to face penalties. It may also affect the Company's reputation and competitiveness, which could lead to loss of market share. Such failures could have a major impact on the Company's business and brand value. In the global pharmaceutical industry, there are various concerns about product quality and safety, which may lead to penalties, product recalls and revenue loss.

Further, customer consolidation/integration is happening among wholesalers, pharmacists and buying groups, thereby increasing the customer concentration risk for the Company.

The development and commercialization of new products in a timely and cost-effective manner is a complex and time-consuming process. Therefore, it is important for the Company to maintain a large portfolio of products and product pipeline. The Company continues to focus on managing the development and approval process of products to bring them to market on a timely basis.

### **Mitigation strategy**

The company is enlarging its market share through business acquisitions in US and European markets and diversifying its product portfolios. As a significant global player in the pharmaceutical industry, the Company continues to focus on leveraging its market-leading, vertically integrated manufacturing

base to enhance market share in untapped markets. The Company's R&D team strives to develop new, innovative processes and specialised products that allow the Company to capitalise on competitive market opportunities. New launches and a well-diversified product portfolio have enabled the Company to deliver steady growth in US and Europe markets. The product concentration is low in our US business.

To mitigate customer concentration risk, the Company is continuously putting efforts to increase the customer base through effective marketing strategy. The Company continues to focus on customer service by improving OTIF (On time in Full), and the SCM team ensures timely deliveries to customers, and it is monitored in real time. In case of the ARV business, customers are government organizations and the Company is necessarily dependent on those customers as the Company sells ARV products by participating in global tenders floated by international organizations such as Global Fund, USAID/PEPFAR and country-specific Ministry of Health (MOH).

To minimise country concentration risk, the Company continues to spread its business into Europe, China and emerging markets. Aurobindo with its effective marketing strategy is able to increase sales volumes for both the businesses in existing markets and is making regular efforts to widen the geographical spread by entering into large potential markets in Latin America and emerging markets. The Company continues to maintain the right balance between high margin-low volume products and low margin-high volume products.

### Raw material supply risks

Aurobindo's dependency on the China market for import of raw material is high, and this may lead to a risk of import disruptions, short supplies and production bottlenecks due to environmental issues and unforeseen changes in government regulations and economic policies of China

It is a challenge for the Company to ensure a regular and secure supply of raw materials required to produce products. For some raw materials, the Company has a single source of supply and alternative sources of supply may not be readily available. If the Company is unable to maintain good relationships with suppliers or find alternative suppliers on commercially acceptable terms, the financial condition, operations and profitability could be materially and adversely affected in the event of any supply shortage or disruption.

A major portion of the Company's raw material sourcing comes from China, and it is a concern for the Company. Due to environmental controls in China, many Active Pharmaceutical Ingredients (API) and Key starting raw-material prices have increased. This was a major challenge for SCM, as it had to keep spending within the budget. The creation of a stable sourcing platform is a challenge and critical for the Company in material procurement, and the SCM team has taken steps in ensuring long-term supply sustainability in this space.

### Mitigation strategy

As part of Material sourcing strategy, the Procurement team, in coordination with the Production planning team continuously focuses on the following aspects to mitigate sourcing risks:

- Leveraging strategic negotiation with vendors to reduce rate hikes and mapping of geographic risks with alternative vendor development.
- Efficient cost management and proper alignment with budget constraints
- Cross-functional interaction to address long-term supply concerns and sourcing constraints
- Monthly procurement reviews among cross-functional teams to monitor the progress of procurement
- Integrated planning and procurement for operational dynamism
- Continuous tracking of market trends and their dynamics
- Keeping optimum levels of inventory, so that production is not affected

Over the years, the Company has focused on the de-risking of single-source material and reducing dependency on China for raw material on account of cost escalations and environmental issues. There exists a dedicated procurement team for managing sourcing risks regularly, and the Company has an effective review mechanism in place to periodically evaluate its vendors for all critical materials. The procurement team ensures high-quality purchases at competitive rates and maintains the reliability of supplies from reputed vendors with long-term relationships.

### Regulatory, Statutory & Legal compliance risks

Compliance with applicable laws and regulations such as those related to patient health and safety across geographies is essential to avoid legal penalties and to carry on seamless business operations. Non-compliance in any geography due to changing regulations from time to time can have a considerable impact on Aurobindo's operations and its reputation. With strict regulatory and an evolving compliance landscape, the pharmaceutical industry is constantly being challenged by critical compliance risks.

The regulatory landscape of the global pharmaceutical industry is complex and dynamic. The primary industry driver is patient health and safety even as the regulatory approach to patient protection can vary from market to market. Besides rapid change, increased scrutiny, sophisticated risk-monitoring techniques and coordination across agencies and regions impact the industry landscape. The regulations require registration, filings and data submission that allow the Company to enter diverse markets. Therefore, the Company continues to establish and strengthen systems & controls to monitor and upgrade registrations as and when required. The Company continues to take extraordinary care in conducting business in accordance with applicable statutory laws and regulations and pursuing its core organisational values.

### **Mitigation strategy**

The Company has adopted measures to address stricter regulations by increasing the efficiency of the R&D process, timely submission of dossiers and ensuring timely product availability. The Company is proactively following up with regulatory authorities regarding pending approvals, and queries raised by the authorities are being addressed promptly. Further, risks on account of failure/delay in obtaining approvals are duly considered while designing business plans.

Aurobindo has a talent pool of over 1,600 scientists and analysts, who have adequate experience in handling complex chemistry and filing applications with the regulatory authorities. The strong scientist pool has helped Aurobindo receive a total of 403 ANDA approvals (377 final approvals and 26 tentative approvals) from US FDA as of March 31, 2019. Cumulative filings total 541 ANDAs.

Similarly, as on March 31, 2019, the team has filed over 3,147 DMFs including 242 with US FDA. So far, 133 patent applications are pending with various authorities, and 114 have been granted patents.

Aurobindo is committed to supplying the highest quality medicines to customers for promoting healthier lives. Hence, the Company strives to conform to regulatory and compliance standards to meet stringent requirements of regulators to ensure that our medicines provide the best health care for consumers. Robust quality systems & control measures are available to ensure that quality is ensured by process design. Every effort is made by QC/QA to ensure that there is no compromise on the quality of products and processes.

The Company has a robust "Compliance Management System" for ensuring compliance with all applicable laws and it is designed to meet the compliance goal of the Company. Periodic updates to the system are made as and when there is a change in any applicable law. Quarterly compliance declarations generated electronically from the system are submitted to the compliance officer of the Company. A quarterly compliance audit is done by the Company's Transaction auditors to ensure that compliance mapping is done properly with applicable laws and also to ensure that compliance data exported to the system is accurate and correct. For any non-compliances, necessary steps are taken by the concerned functional heads to fix it. The Company has also started work on filing key products from alternative facilities to decrease financial impact which can arise from regulatory risks.

### **Environment, Health and Safety (EHS) risks**

Aurobindo requires certain statutory and regulatory permits and approvals to operate the business, including environmental clearances. Any failure to obtain, renew or maintain the required permits or approvals may result in the interruption of operations and may have a material adverse effect on the Company's operations.

In view of changing Government regulations on the manufacturing industry from time to time, EHS has become extremely important

and critical for Aurobindo to comply with the prescribed rules and regulations. Government authorities have been focusing on environmental issues and making environmental laws stringent for the industry to follow. As the regulations are becoming tougher, it is a challenge for the Company to adhere to the same. The company is extremely sensitive about these challenges, and it pro-actively strives to - adhere to notifications and circulars issued by the Government. Over the years, EHS excellence has been promoted as an essential element of ensuring human health and safety and is embedded in our corporate policies.

### **Mitigation strategy**

The Company is committed to protecting the environment and ensuring the health and safety of employees and providing a safe working environment for all its employees and other stakeholders. Caring for the environment is a corporate promise, and as a part of this commitment, high capital expenditure is incurred on process improvements as well as upgradation of environmental facilities using the latest technologies. Aurobindo has a full-fledged EHS team which is continuously addressing issues of environmental safeguarding by conducting periodical safety audits and training programs for employees.

### **Patent protection risks**

Aurobindo's success to a great extent depends on the Company's ability to obtain IP Rights such as patents and trademarks, protect trade secrets and other proprietary information, and operate without infringing on the intellectual property rights of other companies. Aurobindo's inability to obtain timely ANDA approval and/or launch a product immediately upon approval due to patent litigation issues or due to settlement for a late market entry date may affect revenue.

Aurobindo has a dedicated team of IP professionals whose primary task is to ensure that the products are manufactured using essentially non-infringing composition and processes to the best possible extent and in compliance with IP-related requirements by reviewing and monitoring IPR issues continuously.

The IPR team evaluates and provides stage-wise IP clearances during product/process developmental activities. The IPR team also provides frequent updates and alerts on all relevant IP matters (such as patent, trademark, etc.) to R&D scientists for the products and suggests suitable measures to deal with IP-related issues. The IP team is also involved in product selection activity to ensure that the right products are selected for development and no potential opportunity is missed out to the best possible extent.

As of March 31, 2019, the Company has more than 130 patent applications pending with various authorities. Aurobindo takes adequate care to protect its trade secrets, know-how and other proprietary information and ensures that the employees, vendors and suppliers associated with the Company directly or indirectly sign appropriate confidentiality agreements prior to the disclosure of any such confidential information.



## Financial risks

The Company is exposed to a variety of financial risks such as credit risk, foreign currency risk, liquidity risk and interest rate risk considering the high level of exports, raw-material imports and working capital payments. Any foreign currency fluctuations and interest rate changes could have a major impact on the operating results of the Company.

The Company's primary focus is on foreseeing the unpredictability of financial markets and minimizing any adverse impact on its financial performance. The exchange rate risk arises from its foreign currency revenues, imports and borrowings. A major portion of the Company's revenues are in foreign currencies, and if the Rupee appreciates relative to those foreign currencies, revenue may decrease. Conversely, if the Rupee depreciates, the burden of foreign payments towards imports and working capital may increase.

In Aurobindo, credit risk arises primarily from trade receivables from customers, and it is analysed based on various factors including customer's profile, creditworthiness, buying pattern and timely collection history. Liquidity risk arises when the Company is not able to meet its financial obligations as they become due, which is managed as far as possible by ensuring sufficient funds are available to meet its liabilities on due dates. Interest rate risk arises when there are frequent changes in market interest rates and due to which future cash flow of financial instrument would get affected.

## Mitigation strategy

The Company uses derivative financial instruments, i.e., forward contracts to mitigate foreign exchange-related exposure. The Company's growing exports and its collections provide natural hedging to imports and working capital against exchange fluctuations. The forex position is reviewed every month by the Borrowing Committee and quarterly by the Board.

The Company has established credit policy & procedures for all its customers to mitigate credit risk. The Treasury team and Business Heads evaluate customer credit risk periodically and approve a credit limit that can be given to an individual customer. As part of effective financial risk management, the Treasury team performs the following tasks:

- Periodically reviewing customers' overdue receivables and committed collections and following up with the Sales & Marketing team to expedite the collection process.
- Ensuring a reduction in borrowing costs by negotiating properly with banks
- Monitoring continuously day-to-day fund requirements and making timely import payments
- Keeping track of changes in financial markets and taking appropriate decisions on financial instruments to avoid any financial loss to the Company.
- Putting in place a strong system of checks and balances to ensure that no one person has control over all parts of the financial transaction.

## People risks

Aurobindo's success depends largely on an effective HR strategy that includes recruitment, learning & development, succession planning and retention of competent personnel. The HR strategy is aligned to business plans and growth of the Company. It is a well-managed challenge for Aurobindo to maintain good industrial and employee relations. Labour unrest could impact the Company's operations. The industry is human capital intensive with a high rate of attrition and this could have an impact on the Company's operations.

## Mitigation strategy

Aurobindo has a committed Human Resources Structure with specific accountability to acquire, retain and develop talent considering business expectations and people aspirations

**Leadership development** – As part of the Company's strategic talent and succession management, the HR team at Aurobindo has deployed a practical second line development methodology which provides a matrix framework based on Impact (internal relativity) and Scarcity (External Relativity) variables that have identified and developed people with potential to fill key business leadership roles. The Company has instituted and subsequently strengthened NALANDA, its online academy to facilitate Leadership Talent Development and support management philosophy of second-line development and for promoting mentor-mentee relationships within the Company. NALANDA's online leadership curriculum was customized in line with the Aurobindo Leadership Competency framework. A second-in-command across each key function and a decentralized management style have developed a much stronger organization culture. The Company is continuously fine-tuning its HR strategy to meet its business goals.

**Talent engagement & empowerment** – Talent development is important for the success of business and training needs are identified for every individual periodically. The Company understands the need to create a culture of high employee engagement as a method to retain talent. There is a proactive approach to HR management, and employees are given responsible authority. Emphasis is on Leadership accountability with a clear mandate to develop critical talent and successors for all significant roles as part of the Company's Performance Management System, and employees are encouraged to perform at their optimal potential. Regular feedback and coaching help the personnel to update and upgrade their knowledge and skills, which helps in minimizing operational risks.

The Kaizen change management process has been initiated with a focus on Shop-floor empowerment and provides Partnership-platform for the people to engage with continuous improvement projects. Process Care, People Care and Asset Care are the three enablers to achieve the continuous improvement mission in the Company.

## Job Instruction, Job Methods and Job Relations Training -

This is a proven technique to imbibe Technical Skills based on Mapping Technical Skill Matrix. It provides on-the-job repetitive

technical sessions and validations. This high-end strategy of technical skill transfer program not only improves shop-floor productivity and quality compliance but also ensure that technical talents are available in good numbers to ensure business operations in a consistent manner.

**Diversity Management** – The Company has initiated a Diversity Management program. Apart from providing equal employment opportunities to the talents irrespective of their socio-economic and cultural background, high-end technical operations are now dedicated to skilled personnel from all genders. This holistic approach to a considerable extent promotes talent availability, irrespective of competitive challenge outside, for attracting and retaining the right talent, particularly at the operational level.

**Multi-skilling & Quality programs** - The Company has introduced a multi-skilling program which promotes job enrichment of talent at the operational level. It has also introduced the Quality Marshal Program which facilitates the strengthening of quality culture at the shop floor.

**Employee performance appraisals** - The Company's online employee appraisal system is robust for measuring performance vis-à-vis KRAs defined for the employees. The human resource team strives to ensure that annual performance assessments are conducted effectively with necessary feedback and counselling. Talent risk mitigation features included in Performance Management System (PMS) are Top Talent Identification, their retention and development apart from helping other talents to scale up their performance.

**Harmonious industrial relations** – The industrial relations team is making continuous efforts to maintain a cordial relationship with employees to help them achieve their best performance. The Company has established an online people care link to redress grievances in a proactive manner and believes in bipartite strategy to prevent and settle any outstanding issues in a peaceful manner. Further, management has established the Social Accountability Standards (SA 8000 series) to maintain its commitment towards fair & progressive people management and EHS systems. The Company ensures that there is full adherence to the code of business conduct and fair business practices are followed by employees.

### **Information technology (IT) risks**

Information Technology is the backbone of any business. Even for Aurobindo, robust IT strategy that includes adequate IT infrastructure, data integrity, data confidentiality, data availability and data storage & processing capabilities at all times is key to achieving business objectives. The occurrence of any unforeseen threats to information technology systems could have an adverse impact on data availability and continuity of business operations.

The European Union General Data Protection Regulation (EU GDPR) came into effect in May 2018 and is applicable to Aurobindo. Any noncompliance of GDPR could result in high financial penalties and may lead to loss of the Company's reputation.

### **Mitigation strategy**

The Company continues to calibrate and update its key business processes to continuously improve efficiencies. These include controls automation and internal workflows for ERP Oracle applications and other applications which would support the business operations of the Company.

The Company has robust IT controls related to backup, storage and system access, including role-based access control for the applications and strong change management controls. For all mission-critical IT applications and services, the Company has built a highly stringent and secured infrastructure. For business continuity, the Company has a disaster recovery site which hosts backup ERP applications.

Aurobindo has an experienced IT operations team which ensures the smooth day to day functioning of IT infrastructure and applications including network infrastructure, server & device management, computer operations and help desk services for the Company. All incidents are tracked through a ticketing tool, and there is a well-defined process for its prompt closure.

The IT Governance Committee of the Company periodically reviews IT-related matters around policies & practices, budget proposals for the procurement of new applications and hardware, renewal of licenses, process automation to support the business functions, etc., and advises the Board for its consideration.

For any business process automation /digitalization and regulatory compliance-related solution, the IT team works very closely with business process owners for effective and timely implementation. The IT team conducts periodic evaluations of IT processes and, in case of any process gaps and concerns, appropriate corrective measures are taken in a time bound manner.

In order to ensure compliance with the applicable EU GDPR regulations, the Company has incorporated policies and procedures, and they are enforced by continuous training to employees and investing in tools and technologies to safeguard personal data collected from EU Data subjects. The company has also appointed Enterprise DPO (Data Protection Officer), who closely works with country-specific DPO, IT, HR, Legal and other functions to ensure the compliance of EU GDPR.

### Cyber Security Risk

Cyber Security Risk has emerged as a top risk across industries as Corporates are moving to newer areas of engagement such as mobile computing, cloud computing, etc.; and this applies to Aurobindo also. At present, Cybersecurity risk is at the top of the global agenda as high-profile breaches raise fears that hacking attacks and other security failures could endanger the Company's data confidentiality and integrity.

### Mitigation strategy

Aurobindo has a strong incident resolution and prevention process, which ensures timely and effective resolution of reported incidents, and it also ensures that preventive mechanisms are placed appropriately, thereby strengthening the IT infrastructure.

Aurobindo leverages the best industry standard controls to secure its IT infrastructure environment. Some of the preventive measures in place are Intrusion System enabled perimeter firewalls, content filtering gateways, robust logical access controls for laptops and critical data at rest, regular software patching, etc.

Aurobindo's IT team regularly conducts user awareness campaign so as users can use the IT services in a secure way. The IT team conducts periodic reviews of cybersecurity posture and penetration test and to ensure cybersecurity effectiveness.

# BUSINESS RESPONSIBILITY REPORT

## OVERVIEW

Aurobindo Pharma Limited is an integrated global generic pharmaceutical company with presence over 155 countries. The company has 27 manufacturing facilities across India, USA, Brazil, Portugal and Netherlands. Most of these plants are approved by regulatory authorities like the US FDA, UK MHRA, Japan PMDA, WHO, Health Canada, MCC South Africa, ANVISA Brazil, etc. Aurobindo has an employee base of more than 22,000 (including all subsidiaries). The key markets of the Company are the US and Europe, which represents ~72% of consolidated revenues.

Over the years, the Company has built a robust product portfolio spread over major therapeutic segments including Anti-Retrovirals, Cardio-Vascular (CVS), Central Nervous System (CNS), Gastroenterology, Anti-Allergies, Anti-Diabetics and Antibiotics, supported by an outstanding R&D set-up. Apart from small molecules, Aurobindo is also in the process of building product pipeline in Biosimilars and Vaccine segments. The Company also develops fermentation based semi synthetic products.

It is the 2<sup>nd</sup> largest generic pharma company in the USA as per IQVIA total prescriptions dispensed data for 12 months ending March 2019. The Company believes in doing business in a responsible manner. The Business Responsibility Report is aligned to the National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business, released by the Ministry of Corporate Affairs and is in compliance with Regulation 34 (2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the facts and figures reported in the Business Responsibility Report pertains to the parent company i.e. Aurobindo Pharma Limited.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

**1. Corporate Identity Number (CIN) of the Company**  
L24239TG1986PLC015190

**2. Name of the Company**  
Aurobindo Pharma Limited

**3. Company Address**  
**Registered Office:** Plot No2, Maitriviham, Ameerpet, Hyderabad-500038, Telangana, India

**Corporate Office:** Water Mark Building, Plot No. 11, Survey No. 9, Kondapur, Hitech City, Hyderabad-500084, Telangana, India

**4. Website**  
www.aurobindo.com

**5. E-mail id**  
info@aurobindo.com

**6. Financial Year reported**  
1st April 2018 to 31st March 2019

**7. Sector(s) that the Company is engaged in (industrial activity code-wise):**

S. No	NIC code of product/service	Description
1	21001/21002	Manufacturing generic pharmaceuticals and active pharmaceutical ingredients (APIs)

**8. List three key products/services that the Company manufactures/provides (as in balance sheet)**

Since the inception, the Company's strategy is to build a diversified product basket. The Company has a robust product portfolio, which is spread across various therapeutic segments like Anti-Retrovirals, CVS, CNS, Gastroenterology, Anti-Allergies, Antibiotics and Anti-Diabetics.

**9. Total number of locations where business activity is undertaken by the Company:**

The Company along with its subsidiaries has Marketing and Sales offices in 34 countries and markets its products globally in over 155 countries.

**(a) Number of international locations (provide details of major 5):**

The company's subsidiaries have manufacturing facilities in New Jersey, Los Angeles and California in USA, one each in Brazil, Netherlands, Portugal and two R&D centers in USA. Apart from these, the Company has offices in various European, African and Asian countries.

**(b) Number of national locations:**

The parent company has 16 manufacturing units and two R&D centers. In addition to these, there are two manufacturing units under construction. The subsidiaries and joint ventures of the Company have five fully commissioned manufacturing units and one will be commissioned in FY2019-20.

**10. Markets served by the Company – Local/State/ National/International:**

The Company markets its products globally in over 155 countries across six continents. The US and the EU are the key geographies for the Company. Around 84% of the Company's standalone sales are generated from the International markets.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

**1. Paid up capital (₹):**  
₹585.9 million

**2. Total turnover (₹):**  
Gross turnover of ₹122,579 million on a standalone basis



**3. Total profit after taxes (₹):**

₹15,297 million on a standalone basis

**4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

The Company has spent ₹466 million during the financial year 2018-19, which is more than 3.0% of the standalone profit after tax.

**5. List of activities in which expenditure above has been incurred**

- Rural Development, Old Age Homes and Animal Welfare
- Preventive Healthcare and Sanitation
- Education
- Road and Public Safety
- Environmental Sustainability
- Rural Sports Promotion

**SECTION C: OTHER DETAILS****1. Does the Company have any Subsidiary Company/ Companies?**

Yes, Aurobindo has 67 subsidiary Companies located in India and other countries as on 31st March, 2019.

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)**

The Business Responsibility initiatives of the parent Company apply to all its subsidiaries.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

Other entities viz. suppliers, distributors and so with whom the Company does business, do not participate in the Business Responsibility initiatives of the Company.

**SECTION D: BR INFORMATION****1. Details of Director/Directors responsible for BR**

a) Details of the Director/Director responsible for implementation of the BR policy/policies

- DIN Number: 00050482
- Name: Mr. N. Govindarajan
- Designation: Managing Director

b) Details of the BR head

S. No	Particulars	Details
1	DIN Number (if applicable)	00050482
2	Name	Mr. N. Govindarajan
3	Designation	Managing Director
4	Telephone number	040-66725246
5	e-mail id	secretarial@aurobindo.com

## 2. Principle-wise (as per NVGs) BR Policy/policies

### a) Details of compliance (Reply in Y/N)

S. No	Questions	Ethics	Product Life Cycle Sustainability	Employees Well-being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Community Development (CSR)	Customer Value
1	Do you have a policy/policies for	Y	The	Y	Y	Y	Y		Y	The
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Company	Y	Y	Y	Y		Y	Company,
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	continuously focusses on the optimal utilization of resources	Y	Y	Y	Y*		Y	in its operations, ensures the customers value
4	Has the policy been approved by the Board?  Is yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y	from its product design to disposal	Y	Y	Y	Y		Y	
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y		Y	Y	Y	Y		Y	
6	Indicate the link for the policy to be viewed online?	**		Employees Self Service in IHRMS			**	NA	**	
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y		Y	Y	Y	Y		Y	
8	Does the Company have in-house structure to implement the policy/policies?	Y		Y	Y	Y	Y		Y	
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y		Systems in place	Y	Y	Y			
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y		Y	Y	Y	Y		The CSR assessment is done internally	

The Company abides by the law of the land and the policies are framed considering the national standards.

\*Policy is in line with ISO 14001 international standards

The policies are available at the following link:

\*\* <http://www.aurobindo.com>

## 3. Governance related to BR

### a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within three months, three-six months, annually, more than one year

The business responsibility performance of the Company is reviewed annually by the management.

### b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

This is Aurobindo's 4th Business Responsibility Report and is a part of the FY18-19 Annual Report.

Business Responsibility Report of previous year can be accessed from the following hyperlink

<https://www.aurobindo.com/wp-content/uploads/2018/10/Annual-Report-2017-18.pdf> (Page No. 80)

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1 - Ethics

**1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?**

Aurobindo is committed to build a strong ethical organization. The Company's Code of Conduct affirms its commitment to the highest standards of integrity and ethics. The Code of Conduct guides all supervisory, executive and managerial employees of the Company including the Board members. The policy is communicated to the employees across all the locations. The policy documents are made available in the internal portal for ready reference.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the year ended March 31, 2019, the Company has received and resolved 14 complaints from the investors. All the complaints were resolved to the satisfaction of the shareholders and there were no pending complaints at the year end.

### Principle 2 – Product Life Cycle Sustainability

**1. List up to three of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Our following products help address social or environmental concerns in their design

- a. Cefuroxime Axetil
- b. Gabapentin

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional)**

Product-wise details are mentioned as follows:

#### Cefuroxime Axetil

Cefuroxime Axetil is a cephalosporin antibiotic and is available as a generic drug prescribed to treat infections with susceptible bacteria including skin and middle ear infections, tonsillitis, throat infections, laryngitis, bronchitis, pneumonia, urinary tract infections, and gonorrhea.

Installed LLE (Liquid Liquid Extractor) in SRP to improve the Ethyl Acetate, Cyclohexane recovery and also to reduce the TDS in the effluent by eliminating caustic soda flakes used for killing the EA present in the Cyclohexane. This initiative helped to recover and recycle additional ~325 MT/annum of EA and 114 MT/annum of Cyclohexane instead of sending it to ETP as effluent, which reduced ETP load as well as eliminated Caustic flakes, cumulatively (ETP processing cost + EA and Cyclohexane recovery improvement + Caustic flakes reduction) saving ₹47.9 million/Annum.

Installed TVR at SRP to recover the DMAC which is going to ETP through aqueous layer effluent. At end of June 2019 60 KL of DMAC has been recovered and the reduced load on ETP and DMAC thereby has been sold.

#### Gabapentin

Gabapentin is approved to treat seizures. It is also used to relieve nerve pain following shingles (a painful rash due to herpes zoster infection) in adults. Gabapentin is known as an anticonvulsant or antiepileptic drug.

By recovering the 2nd crop from Ethanol MI's Capacity of Gabapentin increased from 50.0 MT to 60.0 MT, recovery of second crop initiated to reduce effluent load as well as yield improvement. Cost benefit ₹20 million/month.

Installed oil ring vacuum pumps in place of steam ejector vacuum pumps. This energy conservation initiative reduced the ETP processing load of 23.4KL/day and 27.3MT/day of steam consumption/day, which together saved ₹14.3 million/Annum.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)?**

The Company has laid down a standard operating procedure for the selection and approval of its vendors for sourcing of material. There is a system in place for evaluating the EHS resources and compliance of key suppliers and vendors for key raw material intermediates and API sourcing.

**4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?**

The Company follows a strict sourcing code of conduct with respect to compliance and quality. The Company procures goods and services from local vendors near the manufacturing locations who fulfill the above key criteria of compliance and quality.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Yes, the Company has a mechanism to recycle or dispose materials including waste in a responsible manner.

- The company has the process of recovering solvents where there is a maximum usage based on possibility.
- Spent catalysts are sent back to the vendor for regeneration and reuse.
- All organic wastes generated from API Units (solids and liquids) along with and all the wastes generated from formulations units (with very few exceptions) are disposed to cement units for use as auxiliary fuel called 'co-processing' of wastes. For the financial year under discussion, approximately 60% of the waste was recycled through co-processing.

### Principle 3 – Employees Well-being

**1. Please indicate the total number of employees**

Company has 17,855 employees as on 31st March, 2019.

**2. Please indicate the total number of employees hired on temporary/contractual/casual basis**

Company has over 9,867 contractual employees as on 31st March, 2019.

**3. Please indicate the number of permanent women employees.**

Company has 863 women employees as on 31st March, 2019.

**4. Please indicate the number of permanent employees with disabilities**

To eliminate any possibilities of discrimination, Aurobindo does not record any information regarding employee disabilities.

**5. Do you have an employee association that is recognized by management?**

Yes

**6. What percentage of your permanent employees is members of this recognized employee association?**

As the majority of the office bearers/active members of the Association have left the organization, no activity has been observed during the last financial year. Harmonious industrial relations were maintained across all the manufacturing locations.

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

S. No	Category	No of complaints filed during the FY	No of complaints pending as on end of the FY
1	Child labour/forced labour/involuntary labour	Nil, Company does not hire child labour, forced labour, involuntary labor	Nil
2	Sexual harassment	One	Nil
3	Discriminatory employment	Nil	Nil

**8. What percentage of your mentioned employees were given safety and skill up-gradation training in the last year?**

- **Permanent Employees:** Employee training is a continuous process in the Organization and all the employees are given mandatory safety training at the time of joining the Organization. Further, skill-based training is imparted to over 90% of our employees on a continuous basis.

- As mentioned in the above point, 90% of permanent women employees are given training.

- **Casual/Temporary/Contractual Employees:** All our contractual employees are imparted with training like safety, skill development and so on.

### Principle 4 – Stakeholders Engagement

**1. Has the Company mapped its internal and external stakeholders? Yes/No**

Yes, the Company mapped its internal as well as external stakeholders.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

Yes

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

The Company believes in greater engagement with its stakeholders and being sensitive towards their needs and expectations. This is one of the corporate values that emphasizes on being responsive to stakeholders' needs, being proactive and transparent.

The Company has a whistle-blower policy that provides support to employees, channel partners and vendors to report significant deviations from key management policies and report any non-compliance and wrong practices. The Company also has an Investor Grievance Cell where the investors can raise their concerns and get them resolved appropriately.

### Principle 5 – Human Rights

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The policy covers the employees of the organization.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

None received.

### Principle 6 - Environment

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

The Company has a well-defined environment, health and safety (EHS) policy that caters to the employees, group, JVs and the contractors working at our sites. The Company is committed to operating all its units in an environmentally friendly manner while protecting the health and safety of its employees.



**2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change or global warming? Y/N. If yes, please give hyperlink for webpage.**

Aurobindo is participating in the "2020 AMR Benchmark" held by Access to Medicine Foundation.

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

At present the Company does not have any project related to the Clean Development Mechanism.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, among other? Y/N. If yes, please give hyperlink for web page etc.**

Yes, as part of continuous improvement initiatives, the Company embraced

- Complimented existing solvent recovery plant with a multi effect evaporation system for improved solvent recovery at one of the API Units.
- Embraced a new technology, viz., Membrane Bio Reactor for treatment of wastewater at two of our API manufacturing units. The projects are under installation and will be put to use during 2019-20.

The Company is continuing with established practices of segregation, storage and disposal appropriately to secure landfill facilities or cement units. The organic wastes, liquid and solid, are disposed to cement units for co-processing where the waste serves as an auxiliary fuel for the cement units.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes.

**7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.:**

No pending notices as on 31st March, 2019

**Principle 7 – Policy Advocacy**

**1. Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:**

The Company is a member of various trade bodies and chamber associations in India as follows:

- 1) Export Promotion Council for EOU'S and SEZ'S
- 2) Indian Drug Manufacturers Association

- 3) Indian Chamber of Commerce & Industry
- 4) The Federation TG and AP Chambers of Commerce & Industry (FAPCCI)
- 5) Confederation of Indian Industry
- 6) Andhra Chamber of Commerce
- 7) Bulk Drug Manufacturers Association
- 8) Pharmaceuticals Export Promotion Council of India
- 9) Indo American Chamber of Commerce
- 10) JNPC Manufactures Association
- 11) Telangana Chambers of Commerce and Industry
- 12) Federation of Indian Micro and Small and Medium Enterprises (FIMSE)
- 13) Indo Australian Chamber of Commerce

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

The Company focusses on the advancement/improvement of public good through our well-defined CSR activities.

**Principle 8 – Community Development (CSR)**

**1. Does the Company have specified programs/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof**

Aurobindo is committed to understand the developmental needs of economically weaker and less privileged sections in India primarily around the operational areas of the Company thus creating a more inclusive and equitable world. Our CSR projects are targeted towards:

- Rural Development, Old Age homes and Animal Welfare
- Preventive Healthcare and Sanitation
- Education
- Road and Public Safety
- Environmental Sustainability
- Rural Sports Promotion

**2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The CSR projects are undertaken through our foundation i.e. Aurobindo Pharma Foundation.

**3. Have you done any impact assessment of your initiative?**

We review our projects from time to time. Each project has specific deliverables to be met. The internal teams ensure project implementations are undertaken and that the necessary impact is created.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends.**

No.

**5. What is your Company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken**

Aurobindo has spent ₹466 million on the CSR activities during the year FY2018-19. The amount was spent on areas, as mentioned in point 1.

**6. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The community development program revolves around education, rural development, health, sanitation, among others.

- **Rural Development:** As a part of this initiative, Aurobindo Pharma Foundation has adopted Borapatla village in Telangana state and Peyyalapalem village in Andhra Pradesh state and started various development activities, including setting up solar lights, laying roads, individual house-hold toilets and so on to make these villages as 'Model' villages. Total ~2,512 families will be benefitted out of this initiative.
- **Education:** Long term success of a country lies in the hands of education sector. Rural India which is the backbone for the country still lacks in attracting children towards education due to lack of infrastructure. The foundation has been providing desks, chairs, computers, among others in various government schools located in Andhra Pradesh and Telangana states. The foundation has constructed new government schools and additional classrooms, hostels, toilets as part of 'Swachh Bharath - Swachh Vidyalaya' initiative. This has benefited 82 government schools in Telangana and Andhra Pradesh. The foundation provided nearly 1,400 dual desks and distributed ~47,000 notebooks in both Telugu states.
- **Health and Sanitation:** Aurobindo is always committed to healthier lives. Aurobindo Pharma Foundation has provided required amenities and equipment to many Health Organizations that help poor and needy to get better treatment under a sophisticated environment. The foundation has donated HDR Brachytherapy Equipment to Indian Red Cross Society Cancer Hospital at Nellore in Andhra Pradesh State. Over 2,840 patients have been treated with this equipment during the year. Aurobindo Pharma foundation has constructed 43 blocks of new toilets, repaired and renovated 12 blocks of old toilets for girls and boys across various government schools

and junior colleges in both Telangana states during the year as part of improvement in sanitation.

- **Availability of safe drinking water:** As part of this initiative, the foundation has installed nine Reverse Osmosis (RO) Water Purification Plants with various capacities and continue to maintain 96 other RO plants which were established previously at various places in Andhra Pradesh and Telangana States and constructed RO Water Sheds. It also laid underground pipelines for drinking water purpose and supplying safe drinking water through water tankers across the villages in Andhra Pradesh and Telangana state. A total of 12,365 families are accessing safe drinking water. Aurobindo Pharma Foundation has dug 16 bore wells in both Telangana and Andhra Pradesh states and provided submersible motor pumps and other accessories.

Further details on our CSR projects undertaken during the FY2018-19 are mentioned in a separate section of the Annual Report.

**Principle 9 – Customer Value**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

Aurobindo has a well-defined mechanism to handle customer complaints. As on 31st March, 2019 less than 1% of the complaints were pending beyond the acceptable timelines as per the Standard Operating Procedures (SOP).

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

The product label has to be approved by the regulatory authorities of the country where the product is supposed to be sold. The Company mentions all the product information required by the concerned regulatory agencies.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

There are no pending cases as on 31 March 2019.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

The company has a dedicated team that regularly does face to face review meetings with the customers to understand their needs. These interactions help in getting useful feedback to improve upon the existing processes.

## FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

## Part "A": Subsidiaries

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)																	
Sl. No.	Name of the subsidiary	The date since when subsidiary was acquired	Reporting currency	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments in Subsidiaries	Investments other than Subsidiaries	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	Country	
1	Helix Healthcare B.V.	Not Applicable	EUR	77.6725	14,555.1	(1,035.7)	16,806.7	9,531.0	6,243.7	-	-	98.9	(116.9)	215.8	-	100%	The Netherlands
2	Agle Pharma B.V.	Not Applicable	EUR	77.6725	4,300.3	2,490.6	10,699.9	20,536.2	16,627.2	-	35.6	977.2	95.3	881.9	-	100%	The Netherlands
3	Laboratorios Aurobindo S.L.	Not Applicable	EUR	77.6725	378.0	(239.9)	163.7	25.6	-	-	803.7	36.7	8.9	27.8	-	100%	Spain
4	Aurex B.V. (formerly known as Pharmacin B.V)	December 29, 2006	EUR	77.6725	1.4	204.5	275.8	69.9	-	-	363.9	37.9	9.6	28.3	-	100%	The Netherlands
5	Milpharm Limited	February 9, 2006	GBP	90.5250	325.7	820.7	2,856.3	1,709.9	-	-	5,715.5	285.6	56.0	229.6	181.1	100%	U.K
6	Aurobindo Pharma (Malta) Ltd	Not Applicable	EUR	77.6725	394.2	198.0	366.5	0.7	226.4	-	11.2	(32.4)	-	(32.4)	-	100%	Malta
7	APL Swift Services (Malta) Ltd	Not Applicable	EUR	77.6725	279.6	72.0	5,302.4	4,950.8	-	-	7,493.9	5.9	-	5.9	-	100%	Malta
8	Aurobindo Pharma GmbH Germany	Not Applicable	EUR	77.6725	286.7	142.6	6,886.7	6,457.4	-	-	1,952.4	126.8	41.9	84.9	87.5	100%	Germany
9	Aurobindo Pharma (Romania) s.r.l	Not Applicable	RON	16.2741	331.1	(262.3)	596.0	517.2	-	-	430.0	(81.5)	(14.0)	(67.5)	-	100%	Romania
10	Aurobindo Pharma (Portugal) Unipessoal Limitada <sup>1</sup>	Not Applicable	EUR	77.6725	-	-	-	-	-	-	-	-	-	-	-	100%	Portugal
11	Pharmacin B.V. (formerly known as Aurex B.V)	Not Applicable	EUR	77.6725	7.0	10.3	92.9	75.6	-	-	211.0	2.4	0.5	1.9	-	100%	The Netherlands
12	Aurovitas Pharma Polska	Not Applicable	PLN	18.0565	165.2	7.7	219.4	466.3	419.8	-	193.7	5.9	-	5.9	-	100%	Poland
13	Aurovitas Pharma Ceska Republica s.r.o	Not Applicable	CZK	3.0074	270.9	(34.5)	29.8	706.8	913.4	-	0.3	(34.5)	-	(34.5)	-	100%	Czech Republic
14	Generis Farmaceutica S.A.	May 1, 2017	EUR	77.6725	10,096.9	(2,823.6)	11,776.1	4,503.3	0.5	-	6,895.7	(287.6)	119.3	(406.9)	-	100%	Portugal
15	Mer Medicamentos, Lda <sup>2</sup>	May 1, 2017	EUR	77.6725	-	-	-	-	-	-	-	-	-	-	-	100%	Portugal
16	Generis Phar, Unipessoal Lda	May 1, 2017	EUR	77.6725	0.4	0.1	1.2	0.7	-	-	-	0.3	-	0.3	-	100%	Portugal
17	Aurobindo Pharma (Italia) S.r.l	Not Applicable	EUR	77.6725	2,085.5	(2,038.0)	2,108.0	2,060.5	-	-	2,087.1	(76.4)	-	(76.4)	-	100%	Italy
18	Aurovitas, Unipessoal LDA <sup>3</sup>	Not Applicable	EUR	77.6725	-	-	-	-	-	-	-	-	-	-	-	100%	Portugal
19	Arrow generiques SAS	April 1, 2014	EUR	77.6725	2,908.4	847.8	10,205.5	6,449.3	-	-	14,454.8	850.5	168.2	682.3	-	100%	France
20	1980 Puren Pharma GmbH (formerly Actavis Management GmbH), Germany	April 1, 2014	EUR	77.6725	1.9	2.3	4.7	0.5	-	-	0.6	0.1	-	0.1	-	100%	Germany
21	Puren Pharma GmbH & Co., KG (formerly Actavis Deutschland GmbH & Co., KG)	April 1, 2014	EUR	77.6725	2.0	1,355.1	7,753.6	6,396.5	-	-	5,401.3	770.0	132.3	637.7	856.9	100%	Germany
22	Aurovitas Spain SA (formerly Actavis Spain S.A)	April 1, 2014	EUR	77.6725	46.5	1,050.5	2,262.3	1,165.3	-	-	2,795.0	358.0	89.6	268.4	-	100%	Spain
23	Aurobindo Pharma B.V. (formerly known as Actavis B.V.)	April 1, 2014	EUR	77.6725	393.7	355.0	5,472.4	5,716.2	992.5	-	4,112.7	496.0	125.7	370.3	-	100%	The Netherlands

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)																	
Sl. No.	Name of the subsidiary	The date since when subsidiary was acquired	Reporting currency	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments in Subsidiaries	Investments other than Subsidiaries	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of shareholding	Country
24	Apotex N.V. <sup>4</sup>	February 8, 2019	EUR	77.6725	1,863.9	(1,469.0)	545.2	150.3	-	-	91.3	(32.1)	0.1	(32.2)	-	100%	Belgium
25	Apotex (CR) Spol s.r.o. <sup>4</sup>	February 8, 2019	CZK	3.0074	365.7	401.8	981.3	213.8	-	-	258.9	8.4	2.0	6.4	-	100%	Czech Republic
26	Apotex Europe B.V. <sup>4</sup>	February 8, 2019	EUR	77.6725	-	223.0	308.2	85.2	-	-	-	2.9	-	2.9	-	100%	The Netherlands
27	Apotex Polska sp. z o.o. <sup>4</sup>	February 8, 2019	PLN	18.0565	251.4	223.9	861.3	386.0	-	-	247.6	4.8	11.1	(6.3)	-	100%	Poland
28	Apotex Espana S.L. <sup>4</sup>	February 8, 2019	EUR	77.6725	0.5	142.8	682.6	549.3	-	-	111.2	(115.5)	-	(115.5)	-	100%	Spain
29	Apotex Nederland B.V. <sup>4</sup>	February 8, 2019	EUR	77.6725	-	2,117.9	7,071.3	5,006.4	53.1	-	1,196.8	(102.5)	-	(102.5)	-	100%	The Netherlands
30	Sameko Farma B.V. <sup>4 &amp; 11</sup>	February 8, 2019	EUR	77.6725	-	-	-	-	-	-	-	-	-	-	-	100%	The Netherlands
31	Leidapharm B.V. <sup>4 &amp; 11</sup>	February 8, 2019	EUR	77.6725	-	-	-	-	-	-	-	-	-	-	-	100%	The Netherlands
32	Marel B.V. <sup>4 &amp; 11</sup>	February 8, 2019	EUR	77.6725	-	-	-	-	-	-	-	-	-	-	-	100%	The Netherlands
33	Pharma Dossier B.V. <sup>4 &amp; 11</sup>	February 8, 2019	EUR	77.6725	-	-	-	-	-	-	-	-	-	-	-	100%	The Netherlands
34	CurTelQ Biologics GmbH <sup>8</sup>	February 8, 2019	CHF	69.4325	1.4	(3.8)	1.7	4.1	-	-	-	(3.8)	-	(3.8)	-	100%	Switzerland
35	APL Pharma Thai Limited <sup>12</sup>	Not Applicable	THB	2.1800	218.0	(49.2)	181.5	12.7	-	-	47.2	(1.2)	-	(1.2)	-	97.92%	Thailand
36	Aurobindo Pharma Industria Farmaceutica Ltd <sup>12</sup>	Not Applicable	BRL	17.6566	178.8	899.7	1,335.1	256.6	-	-	2,180.8	891.4	319.4	572.0	715.1	99.97%	Brazil
37	Aurobindo Pharma Produtos Farmaceuticos Limitada <sup>12</sup>	Not Applicable	BRL	17.6566	1.8	228.0	236.5	6.7	-	-	82.3	16.1	3.3	12.8	-	100%	Brazil
38	All Pharma (Shanghai) Trading Co Ltd <sup>12</sup>	Not Applicable	RMB	10.2875	51.5	138.7	230.9	40.7	-	-	468.4	16.5	4.1	12.4	-	100%	China
39	Auro Pharma Inc.	Not Applicable	CAD	51.5400	223.0	679.1	4,168.2	3,266.1	-	-	2,481.9	169.3	49.3	120.0	58.7	100%	Canada
40	Aurobindo Pharma (Pty) Ltd	Not Applicable	ZAR	4.7700	199.9	(5.3)	271.2	76.6	-	-	598.0	146.1	16.9	129.2	618.0	100%	South Africa
41	Auro Healthcare (Nigeria) Limited <sup>8</sup>	Not Applicable	NGN	0.1916	13.3	(13.3)	-	-	-	-	-	(0.1)	-	(0.1)	-	100%	Nigeria
42	Aurobindo Pharma Japan KK	Not Applicable	JPY	0.6242	92.9	35.2	209.8	81.7	-	-	403.7	4.3	1.5	2.8	-	100%	Japan
43	Aurovida Farmaceutica SA DE CV <sup>12</sup>	Not Applicable	MXN	3.5671	541.3	(248.0)	883.2	599.9	-	-	180.7	(119.1)	-	(119.1)	-	100%	Mexico
44	Aurobindo Pharma Colombia S A S <sup>12</sup>	Not Applicable	Cpeso	0.0217	34.7	200.9	538.2	302.6	-	-	691.0	159.3	59.0	100.3	-	100%	Colombia
45	Aurogen South Africa (PTY) Ltd	Not Applicable	ZAR	4.7700	199.9	692.0	766.4	153.1	199.9	78.7	204.8	702.1	10.2	691.9	-	100%	South Africa
46	Aurobindo Pharma Saudi Arabia Limited Company	Not Applicable	SAR	18.4400	184.4	(54.1)	133.1	2.8	-	-	-	(30.8)	-	(30.8)	-	100%	Saudi Arabia
47	Aurovitas Pharma (Taizhou) Ltd <sup>12</sup>	Not Applicable	RMB	10.2875	395.9	(28.8)	596.0	228.9	-	-	-	(28.8)	-	(28.8)	-	100%	China
48	Aurobindo Pharma FZ-LLC <sup>9</sup>	Not Applicable	AED	18.8275	0.9	-	3.9	3.0	-	-	-	-	-	-	-	100%	Dubai
49	Auroscience PTY Ltd, Australia <sup>8</sup>	Not Applicable	USD	69.1550	832.6	8.1	863.1	22.4	-	-	66.1	4.0	-	4.0	-	100%	Australia
50	Aurobindo Pharma USA Inc.	Not Applicable	USD	69.1550	4,265.1	6,064.9	30,911.5	25,831.1	5,249.6	-	50,351.2	912.0	347.9	564.1	-	100%	USA
51	AuroLife Pharma LLC	Not Applicable	USD	69.1550	4,218.5	7,060.7	12,561.1	1,281.9	-	-	9,810.4	563.3	136.7	426.6	-	100%	USA
52	Auromedics Pharma LLC	Not Applicable	USD	69.1550	13.8	2,434.9	8,300.7	5,852.0	-	-	15,158.8	1,797.5	344.1	1,453.4	-	100%	USA
53	Auro Health LLC	Not Applicable	USD	69.1550	0.7	174.0	1,950.9	1,776.2	-	-	2,927.5	937.5	166.9	770.6	-	100%	USA
54	Natro LLC	December 4, 2014	USD	69.1550	34.6	3,941.6	8,027.9	4,051.7	-	-	9,328.7	1,450.7	274.7	1,176.0	-	100%	USA
55	Aurobindo Pharma USA LLC <sup>9</sup>	Not Applicable	USD	69.1550	-	-	-	-	-	-	-	-	-	-	-	100%	USA
56	Auro AR LLC	Not Applicable	USD	69.1550	6.9	-	13,419.5	13,412.6	-	-	-	-	-	-	-	100%	USA
57	Auro Vaccines LLC	Not Applicable	USD	69.1550	34.6	(14.9)	313.1	293.4	-	-	-	(8.1)	-	(8.1)	-	100%	USA
58	AuroLogistics LLC	Not Applicable	USD	69.1550	34.6	34.3	254.7	185.8	-	-	-	40.5	6.2	34.3	-	100%	USA



Sl. No.	Name of the subsidiary	The date since when subsidiary was acquired	Reporting currency	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments in Subsidiaries	Investments other than Subsidiaries	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of shareholding	Country
59	Acrotech Biopharma LLC	Not Applicable	USD	69.1550	34.6	(40.9)	11,289.2	11,295.5	-	-	556.5	(56.8)	(15.9)	(40.9)	-	100%	USA
60	Auro Science LLC <sup>o</sup>	Not Applicable	USD	69.1550	-	-	-	-	-	-	-	-	-	-	-	100%	USA
61	APL Research Centre Limited	Not Applicable	INR	1.0000	122.6	(3.1)	119.5	-	-	-	-	(0.1)	-	(0.1)	-	100%	India
62	APL Healthcare Limited	Not Applicable	INR	1.0000	2,160.0	(1,011.2)	2,024.7	875.9	-	-	45.2	(467.3)	-	(467.3)	-	100%	India
63	Auronext Pharma Private Limited	Not Applicable	INR	1.0000	1,249.8	1,003.5	4,914.9	2,948.8	287.2	-	4,957.6	2,363.0	498.1	1,864.9	-	100%	India
64	Auro Peptides Ltd	Not Applicable	INR	1.0000	1.0	(366.1)	888.8	1,253.9	-	-	222.9	(136.7)	(14.3)	(122.4)	-	95%	India
65	Cuepro Parenterals Ltd	Not Applicable	INR	1.0000	133.1	1,845.2	2,252.4	2,526.3	-	2,252.2	-	(12.7)	-	(12.7)	-	100%	India
66	Hyacinths Pharma Pvt.Ltd	October 1, 2013	INR	1.0000	325.0	(4.5)	-	(320.5)	-	-	-	(2.8)	-	(2.8)	-	100%	India
67	Silicon Life Sciences Pvt.Ltd.	October 11, 2013	INR	1.0000	448.7	(257.9)	1,557.7	1,366.9	-	-	1,065.5	85.5	-	85.5	-	100%	India
68	AuroZymes Limited	Not Applicable	INR	1.0000	0.5	(0.9)	96.8	96.2	-	-	-	-	-	-	-	100%	India
69	Auro Pharma India Private Limited	Not Applicable	INR	1.0000	1.0	(0.1)	0.9	-	-	-	-	(0.1)	-	(0.1)	-	100%	India

1.Aurobindo Pharma (Portugal) Unipessoal Limitada merged with Generis Farmaceutica S.A. w.e.f. 1 April 2018.

2.Mer Medicamentos, Lda merged with Generis Farmaceutica S.A. w.e.f. 1 April 2018.

3.Aurovitas, Unipessoal LDA merged with Generis Farmaceutica S.A. w.e.f. 1 April 2018.

4. Acquired on 8 February 2019, results given are from the date of acquisition.

5.CuraTeQ Biologics GmbH incorporated on 20 March 2019, results given are from the date of incorporation.

6.Auro Healthcare (Nigeria) Limited liquidated w.e.f. 20 March 2019, results given upto the date of liquidation

7.Aurobindo Pharma FZ-LLC incorporated on 1 January 2019, results given are from the date of incorporation.

8.Auroscience PTY Ltd, Australia incorporated on 25 September 2018, results given are from the date of incorporation.

9.Aurobindo Pharma USA LLC Closed w.e.f. 31 March 2018 and revived w.e.f. 6 June 2018

10.Auro Science LLC incorporated on 28 March 2019, results given are from the date of incorporation.

11.The Financial Statements of these entities are consolidated in Apotex Nederland B.V

12.The financial year of these companies end on 31 December. However, the results given are as of 31 March 2019.

for and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

**N. Govindarajan**  
Managing Director  
DIN-00050482

**Dr. M. Sivakumaran**  
Director  
DIN-01284320

Place: Hyderabad  
Date: 28 May 2019

**Santhanam Subramanian**  
Chief Financial Officer

**B. Adi Reddy**  
Company Secretary  
Membership No.13709

**Part “B”: Associates and Joint Ventures**  
 Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Joint Venture	(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)				
	Novagen Pharma (Pty) Ltd	Purple Bellflower (Pty) Ltd	Euglia Pharma Specialities Ltd	Tergene Biotech Pvt.Ltd	Raidurgam Developers Limited (Formerly Aurobindo Antibiotics Limited)
1. Latest audited Balance Sheet Date	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
2. Shares of Joint Venture held by the company on the year end					
No.	9,27,237	480	22,52,21,538	90,40,000	40,00,000
Amount of Investment in Joint Venture	78.71	-	2,252.22	90.40	40.00
Extent of Holding %	50.00%	48.00%	67.82%	80.00%	40.00%
3. Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture
4. Reason why the associate/joint venture is not consolidated	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6. Networth attributable to Shareholding as per latest audited Balance Sheet	169.30	-	2,213.23	(89.71)	34.40
7. Profit for the year	123.87	-	(23.79)	(59.10)	(2.44)
i. Considered in Consolidation	61.94	-	(16.13)	(47.28)	(0.98)
ii. Not Considered in Consolidation	61.94	-	(7.66)	(11.82)	(1.46)

for and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

**N. Govindarajan**  
 Managing Director  
 DIN-00050482

**Santhanam Subramanian**  
 Chief Financial Officer

**Dr. M. Sivakumaran**  
 Director  
 DIN-01284320

**B. Adi Reddy**  
 Company Secretary  
 Membership No. 13709

Place: Hyderabad  
 Date: 28 May 2019

## ANNEXURE - 2

### FORM NO. AOC-2

Particulars of Contracts/Arrangements entered into by the Company with the related parties  
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

(Referred to in sub-section(1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto)

1. Details of contracts or arrangements or transactions not at arm's length basis:

All contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 are at arms length basis

2. Details of material contracts or arrangement or transactions at arm's length basis:

						(₹ in Million)
Sl. No.	Name of the related party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the Contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount
1	Aurobindo Pharma USA Inc., USA	Wholly owned subsidiary	Sale of Goods	on going	Based on transfer pricing guidelines	33,925.9

Appropriate approvals have been taken for related party transactions. No amount was paid as advance.

For and on behalf of the Board

**K. Ragunathan**  
Chairman  
DIN: 00523576

Place: Hyderabad  
Date: 28 May 2019

## ANNEXURE - 3

### FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

For the financial year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i	CIN	L24239TG1986PLC015190
ii	Registration Date	26th December 1986
iii	Name of the Company	AUROBINDO PHARMA LIMITED
iv	Category / Sub-Category of the Company	Company having share capital
v	Address of the Registered Office and contact details	Plot No.2, Maitriviham, Ameerpet, Hyderabad 500 038, Telangana, India Phone: +91 40 23736370, 23747340 Fax: +91 40 23741080, 23746833 Email: info@aurobindo.com
vi	Whether listed Company Yes/No	Yes. Listed on BSE Ltd and National Stock Exchange of India Ltd.
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited Unit: Aurobindo Pharma Limited Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Tel : 040-6716 2222 Fax: 040-23001153 E-mail: einward.ris@karvy.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the product/service	% to total turnover of the Company
1	Manufacturing generic pharmaceuticals and active pharmaceutical ingredients.	21001/21002	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares held	Applicable section
1	APL Pharma Thai Limited, 438, Soi Phattanakaran, 30 Phattanakaran, Road, Khweang Suanluang, Khet Suanluang, Bangkok –10250	Foreign Company	Subsidiary	97.92	2(87)
2	All Pharma ( Shanghai) Trading Corp Ltd, Room 3304, No.8 Xingly Rd., Shanghai, P.R. China	Foreign Company	Subsidiary	100	2(87)
3	Aurobindo Pharma Industria Farmaceutica Ltda, VP –06-E Qd. 09 Mod 12 a 15, Daia Anapolis, Goias State, Brazil	Foreign Company	Subsidiary	99.97	2(87)
4	Aurobindo Pharma Produtos Farmaceuticos Ltda, 2 Andar Sala 205, Centro, Anapolis, Goias State, Brazil	Foreign Company	Subsidiary	100	2(87)
5	Aurobindo Pharma Japan KK, 9th Floor, Youth Building, 1-3-8 Nihonbashibakuro-cho, Cho-ku, 103-0002, Tokyo Japan	Foreign Company	Subsidiary	100	2(87)
6	Aurohealthcare (Nigeria) Limited, 59, Osoloway, 2nd floor, Flat NO.2, Isolo, Lagos, Nigeria (Liquidated w.e.f. March 20, 2019)	Foreign Company	Subsidiary	100	2(87)



Sl. No.	Name & Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares held	Applicable section
7	Auro Pharma Inc 3700 Steeles Ave. W. Suite # 402, Woodbridge, ON L4L 8K8, Canada	Foreign Company	Subsidiary	100	2(87)
8	Aurobindo Pharma (Pty) Ltd, 53 Phillip Engelbrecht Avenue, Woodhill Office Park, Building No 1, Meyersdal ext 12, 1448, Johannesburg, South Africa	Foreign Company	Subsidiary	100	2(87)
9	Novagen Pharma Pty Ltd, 100, Sovereign Drive, Route 21, Corporate Park, Nellmapius Road, Irene, Pretoria, Soth Africa	Foreign Company	Joint Venture	50	2(6)
10	Aurovida Farmaceutica Sa De Cv, Av. Insurgentes sur no. 813, Col. Nápoles, Del. Benito Juárez, C.P. 03810, Ciudad de México	Foreign Company	Subsidiary	100	2(87)
11	Aurobindo Pharma Colombia SAS, Calle 100 N 17A-36 Oficina 1003 Bogota Colombia	Foreign Company	Subsidiary	100	2(87)
12	Aurogen South Africa (Pty) Ltd., 53 Phillip Engelbrecht Avenue, Woodhill Office Park, Building No 1, Meyersdal ext 12, 1448, Johannesburg,	Foreign Company	Subsidiary	100	2(87)
13	Purple Bellflower (Pty) Ltd 36 Lebombo Road, Ashlea Gardens, Menlo Park, Pretoria, Gauteng, 0081	Foreign Company	Joint Venture	48	2(6)
14	Aurobindo Pharma Saudi Arabia Ltd Co Plot No. 1C 18, The Industrial Vally, Phase I. King Abdullah Economic City, Kingdom of Arabia	Foreign Company	Subsidiary	100	2(87)
15	Aurovitas Pharma (Taizhou) Ltd Rm. 9044, Technology Building, No. 1 Yaocheng Rd. (South of Yaocheng Rd., east of Koutai Rd.), Taizhou City	Foreign Company	Subsidiary	100	2(87)
16	Aurobindo Pharma FZ LLC Dubai Science Park, Premise 1209, Floor-12th, Building HQ Complex- North Tower Dubai, United Arab Emirates	Foreign Company	Subsidiary	100	2(87)
17	CuraTeQ Biologics GmbH Moore Stephens Luzern AG, Obergrundstrasse 61, 6003 Luzern, Switzerland	Foreign Company	Subsidiary	100	2(87)
18	Aurobindo Pharma USA Inc. 279 Princeton Hightstown Road, East Windsor, NJ 08520	Foreign Company	Subsidiary	100	2(87)
19	Aurolife Pharma LLC 2400 Route 130 N, Dayton, NJ 08810, USA	Foreign Company	Subsidiary	100	2(87)
20	Auromedics Pharma LLC 279 Princeton Hightstown Road, East Windsor, NJ 08520	Foreign Company	Subsidiary	100	2(87)
21	Auro Health LLC 2572 Brunswick Pike, Lawrenceville, NJ 08648, USA	Foreign Company	Subsidiary	100	2(87)
22	Natrol LLC 21411 Prairie Street, Chatsworth, CA 91311, US	Foreign Company	Subsidiary	100	2(87)
23	Auro AR LLC 6 Wheeling Road, Dayton, NJ 08810	Foreign Company	Subsidiary	100	2(87)
24	Aurobindo Pharma USA LLC 279 Princeton Hightstown Road, East Windsor, NJ 08520	Foreign Company	Subsidiary	100	2(87)

Sl. No.	Name & Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares held	Applicable section
25	Auro Vaccines LLC 279 Princeton Hightstown Road, East Windsor, NJ 08520	Foreign Company	Subsidiary	100	2(87)
26	AuroLogistics LLC 279 Princeton Hightstown Road, East Windsor, NJ 08520	Foreign Company	Subsidiary	100	2(87)
27	Acrotech Biopharma LLC 279 Princeton Hightstown Road, East Windsor, NJ 08520	Foreign Company	Subsidiary	100	2(87)
28	Auro Science PTY Ltd, NOTTING HILL VIC 3168 Melbourne, Australia	Foreign Company	Subsidiary	100	2(87)
29	Auro Science LLC 251 Little Falls Drive Wilmington, New Castle, Delaware, USA	Foreign Company	Subsidiary	100	2(87)
30	Helix Healthcare B.V. PrinsBernhardplein 200 ,1097 JB Amsterdam, Post Bag No. 990 1000 AZ, The Netherlands	Foreign Company	Subsidiary	100	2(87)
31	Agile Pharma B.V. PrinsBernhardplein 200 ,1097 JB Amsterdam, Post Bag No. 990 1000 AZ, The Netherlands	Foreign Company	Subsidiary	100	2(87)
32	Laboratorios Aurobindo S.L.U Avda. De Burgos, 16D, 5 degPlanta - EdificioEuromor, 28036, Madrid, Spain	Foreign Company	Subsidiary	100	2(87)
33	Pharmacin B.V. Molenvliet103 , 3335 LH Zwinindrecht, The Netherlands.	Foreign Company	Subsidiary	100	2(87)
34	Milpharm Limited Ares Block, Odyssey Business Park, South Ruislip, Middlesex, London, UK	Foreign Company	Subsidiary	100	2(87)
35	Aurobindo Pharma (Malta) Ltd Vault-14, Level-2, Valletta Waterfront, Floriana, Malta	Foreign Company	Subsidiary	100	2(87)
36	APL Swift Services (Malta) Ltd Vault-14, Level-2, Valletta Waterfront, Floriana, Malta	Foreign Company	Subsidiary	100	2(87)
37	Aurobindo Pharma GmbH, Germany Willy-Brandt-Allee 2, 81829 Munchen, Germany	Foreign Company	Subsidiary	100	2(87)
38	Aurobindo Pharma B.V. Baarnschedijk 1, 3741 LN Bsaarn, The Netherlands.	Foreign Company	Subsidiary	100	2(87)
39	Aurobindo Pharma (Romania) s.r.l BucurestiSectorul 1, Soseaua, Bucuresti - Ploiesti, Nr 42-44, Complex, Baneasa Business & technology Park, Cladirea B, ARIPA B2, Etaj 2, Romania	Foreign Company	Subsidiary	100	2(87)
40	Aurobindo Pharma (Portugal) Unipessoal Limitada (Merged with Generis Farmaceutica SA effective 1st April, 2018) Av. do Forte, n.º 3, ParqueSuãcia,Ed. IV, 2.º, 2794-038 Carnaxide, Portugal	Foreign Company	Subsidiary	100	2(87)
41	Aurex B.V. Baarnsche dijk 1 3741 LN Baarn,The Netherlands	Foreign Company	Subsidiary	100	2(87)
42	Aurobindo Pharma (Italia) S.r.l Via San Giuseppe, 102, 20147 Saronno (Varese) Italy.	Foreign Company	Subsidiary	100	2(87)

Sl. No.	Name & Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares held	Applicable section
43	Aurovitas, Unipessoal LDA (Merged with Generis Farmaceutica SA effective 1st April, 2018) Do Forte, No 3, Parque Suecia, Edificio, IV, 2o Carnaxide, Lisboa, Concelho, Carnaxide, Portugal	Foreign Company	Subsidiary	100	2(87)
44	Arrow Generiques SAS 26 avenue Tony Garnier 69007 Lyon - France	Foreign Company	Subsidiary	100	2(87)
45	1980 Puren Pharma GmbH Willy-Brandt-Allee 2; D-81829 München, Germany	Foreign Company	Subsidiary	100	2(87)
46	Puren Pharma GmbH & Co. KG Willy-Brandt-Allee 2; D-81829 München, Germany	Foreign Company	Subsidiary	100	2(87)
47	Aurovitas Spain SA Avda. De Burgos, 16D, 5 deg Planta - Edificio Euromor, 28036, Madrid, Spain	Foreign Company	Subsidiary	100	2(87)
48	Aurovitas Pharma Polska ul. SOKRATESA, nr 13D, lok. 27, miejsc. WARSZAWA, kod 01-909, poczta WARSZAWA, kraj POLSKA	Foreign Company	Subsidiary	100	2(87)
49	Generis Farmacêutica SA Rua Joao De Deus, No19, 2700-487 Amadora, LISBON, Portugal	Foreign Company	Subsidiary	100	2(87)
50	Mer Medicamentos, Lda (Merged with Generis Farmaceutica SA effective 1st April, 2018) Rua Joao De Deus, No19, 2700-487 Amadora, LISBON, Portugal	Foreign Company	Subsidiary	100	2(87)
51	Generis Phar, Unipessoal Lda WOS - 100% Rua Joao De Deus , No19, 2700-487 Amadora, LISBON, Portugal	Foreign Company	Subsidiary	100	2(87)
52	Aurovitas Pharma Ceska Republica s.r.o Branická 213/53, Braník, 147 00 Praha 4, Prague, Czech Republic 14700	Foreign Company	Subsidiary	100	2(87)
53	Apotex N.V. Avenue E. Demunterlaan 5 bte/bus 8, 1090 Brussels, Belgium	Foreign Company	Subsidiary	100	2(87)
54	Apotex (CR) spol s.r.o Praha 1, Na Porici1079/3a, PSC 11 000, Czech republic	Foreign Company	Subsidiary	100	2(87)
55	Apotex Europe B.V. Archimedesweg 2, 2333 CN Leiden, the Netherlands	Foreign Company	Subsidiary	100	2(87)
56	Apotex Nederland B.V. Archimedesweg 2, 2333 CN Leiden, the Netherlands	Foreign Company	Subsidiary	100	2(87)
57	Apotex Polska sp. z o.o. ul. Ostrobramska, nr 95, lok., miejsc. Warszawa, kod 04-118, poczta Warszawa, kraj Polska	Foreign Company	Subsidiary	100	2(87)
58	Apotex Espana SL Caile Calendula 93, Miniparc III, 28109, EL Soto de la Moraleja, Madrid, Spain	Foreign Company	Subsidiary	100	2(87)
59	Sameko Farma B.V. Archimedesweg 2, 2333 CN Leiden	Foreign Company	Subsidiary	100	2(87)
60	Leida pharm B.V. Archimedesweg 2, 2333 CN Leiden	Foreign Company	Subsidiary	100	2(87)
61	Marel B.V. Archimedesweg 2, 2333 CN Leiden	Foreign Company	Subsidiary	100	2(87)
62	Pharma Dossier B.V. Archimedesweg 2, 2333 CN Leiden	Foreign Company	Subsidiary	100	2(87)

Sl. No.	Name & Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares held	Applicable section
63	APL Research Centre Limited Plot No. 2, Maithrivihar, Ameerpet, Hyderabad - 500 038	U24116TG2006PLC051171	Subsidiary	100	2(87)
64	APL Healthcare Limited Plot No. 2, Maithrivihar, Ameerpet, Hyderabad 500038	U24239TG2006PLC052053	Subsidiary	100	2(87)
65	Auronext Pharma Private Limited Plot No. 2, Maithrivihar, Ameerpet, Hyderabad 500038	U74999TG2009PTC109591	Subsidiary	100	2(87)
66	Auro Peptides Limited Plot No. 2, Maithrivihar, Ameerpet, Hyderabad 500 038	U24232TG2012PLC078350	Subsidiary	95	2(87)
67	Raidurgam Developers Limited Plot No. 2, Maithrivihar, Ameerpet, Hyderabad 500 038	U24232TG2012PLC081892	Joint Venture	40	2(6)
68	Curepro Parenterals Limited Plot No. 2, Maithrivihar, Ameerpet, Hyderabad 500 038	U24232TG2013PLC087101	Subsidiary	100	2(87)
69	Eugia Pharma Specialities Limited Plot No. 2, Maithrivihar, Ameerpet, Hyderabad 500 038	U24297TG2013PLC087048	Subsidiary	67.82	2(87)
70	Hyacinths Pharma Private Limited Plot No. 2, Maithrivihar, Ameerpet, Hyderabad 500 038	U24232TG2010PTC069638	Subsidiary	100	2(87)
71	Silicon Life Sciences Private Limited. Plot No. 2, Maithrivihar, Ameerpet, Hyderabad 500 038	U85100TG2008PTC057669	Subsidiary	100	2(87)
72	AuroZymes Limited Plot No. 2, Maithrivihar, Ameerpet, Hyderabad 500 038	U24232TG2013PLC091383	Subsidiary	100	2(87)
73	Tergene Biotech Private Limited Plot No. 2, Maithrivihar, Ameerpet, Hyderabad 500 038	U24230TG2008PTC113178	Subsidiary	80	2(87)
74	Auro Pharma India Private Limited Plot No. 2, Maithrivihar, Ameerpet, Hyderabad 500 038	U24298TG2017PTC121342	Subsidiary	100	2(87)

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### i) Category-wise Shareholding

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 01/04/2018				No. of shares held at the end of the year 31/03/2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	<b>Indian</b>									
(a)	Individual /HUF	72,164,968	0	72,164,968	12.32	72,164,968	0	72,164,968	12.32	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	213,760,966	0	213,760,966	36.48	213,760,966	0	213,760,966	36.48	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>285,925,934</b>	<b>0</b>	<b>285,925,934</b>	<b>48.80</b>	<b>285,925,934</b>	<b>0</b>	<b>285,925,934</b>	<b>48.80</b>	<b>0.00</b>
(2)	<b>Foreign</b>									
(a)	Individuals (NRIs/Foreign Individuals)	18,000,000	0	18,000,000	3.07	18,000,000	0	18,000,000	3.07	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(2) :</b>	<b>18,000,000</b>	<b>0</b>	<b>18,000,000</b>	<b>3.07</b>	<b>18,000,000</b>	<b>0</b>	<b>18,000,000</b>	<b>3.07</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>303,925,934</b>	<b>0</b>	<b>303,925,934</b>	<b>51.87</b>	<b>303,925,934</b>	<b>0</b>	<b>303,925,934</b>	<b>51.87</b>	<b>0.00</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	<b>Institutions</b>									
(a)	Mutual Funds /UTI	88,223,316	0	88,223,316	15.06	78,804,440	0	78,804,440	13.45	-1.61
(b)	Financial Institutions /Banks	1,542,088	0	1,542,088	0.26	293,467	180	293,647	0.05	-0.21
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	1,819,681	0	1,819,681	0.31	1,120,194	0	1,120,194	0.19	-0.12
(f)	Foreign Institutional Investors	105,430,838	0	105,430,838	17.99	125,779,371	0	125,779,371	21.47	3.47
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1) :</b>	<b>197,015,923</b>	<b>0</b>	<b>197,015,923</b>	<b>33.63</b>	<b>205,997,472</b>	<b>180</b>	<b>205,997,652</b>	<b>35.16</b>	<b>1.53</b>
(2)	<b>Non-Institutions</b>									
(a)	Bodies Corporate	16,663,996	55,530	16,719,526	2.85	16,908,205	47,230	16,955,435	2.89	0.04
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	42,959,387	1,817,997	44,777,384	7.64	33,721,951	1,547,163	35,269,114	6.02	-1.62
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	15,886,710	0	15,886,710	2.71	14,872,871	0	14,872,871	2.54	-0.17
(c)	Others									
	Clearing Members	1,128,877	0	1,128,877	0.19	1,782,653	0	1,782,653	0.30	0.11
	I E P F	564,473	0	564,473	0.10	605,394	0	605,394	0.10	0.01
	Non Resident Indians	2,446,676	8000	2,454,676	0.42	2,247,970	8000	2,255,970	0.39	-0.03
	NRI Non-Repatriation	1,015,358	0	1,015,358	0.17	997,210	0	997,210	0.17	0.00
	Trusts	2,418,748	0	2,418,748	0.41	3,253,376	0	3,253,376	0.56	0.14
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>83,084,225</b>	<b>1,881,527</b>	<b>84,965,752</b>	<b>14.50</b>	<b>74,389,630</b>	<b>1,602,393</b>	<b>75,992,023</b>	<b>12.97</b>	<b>-1.53</b>
	<b>Total B=B(1)+B(2) :</b>	<b>280,100,148</b>	<b>1,881,527</b>	<b>281,981,675</b>	<b>48.13</b>	<b>280,387,102</b>	<b>1,602,573</b>	<b>281,989,675</b>	<b>48.13</b>	<b>0.00</b>
	<b>Total (A+B) :</b>	<b>584,026,082</b>	<b>1,881,527</b>	<b>585,907,609</b>	<b>100.00</b>	<b>584,313,036</b>	<b>1,602,573</b>	<b>585,915,609</b>	<b>100.00</b>	<b>0.00</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C) :</b>	<b>584,026,082</b>	<b>1,881,527</b>	<b>585,907,609</b>	<b>100.00</b>	<b>584,313,036</b>	<b>1,602,573</b>	<b>585,915,609</b>	<b>100.00</b>	



**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year			Shareholding at the end of the Year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	RPR Sons Advisors Pvt. Ltd, Mrs. P.Suneela Rani (Jointly holding)	196,376,250	33.52	0.00	196,376,250	33.52	0.00	0.00
2	Mr. K.Nithyananda Reddy	25,359,572	4.33	0.41	25,359,572	4.33	0.64	0.00
3	Mrs. Kambam Kirthi Reddy	20,700,000	3.53	0.00	20,700,000	3.53	0.00	0.00
4	Mr. Venkata Ramprasad Reddy Penaka	18,000,000	3.07	0.00	18,000,000	3.07	0.00	0.00
5	Axis Clinicals Ltd., Trident Chemphar Ltd., RPR Sons Advisors Pvt.Ltd. (Jointly holding)*	16,426,716	2.80	0.00	16,726,716	2.85	0.53	0.05
6	Dr. M.Sivakumaran	14,491,360	2.47	0.00	14,491,360	2.47	0.00	0.00
7	Mrs. Kambam Spoorthi	7,600,000	1.30	0.26	7,600,000	1.30	0.26	0.00
8	Mrs. K.Rajeswari	1,975,500	0.34	0.03	1,975,500	0.34	0.03	0.00
9	Mr. M.Sumanth Kumar Reddy	1,600,000	0.27	0.20	1,600,000	0.27	0.21	0.00
10	Axis Clinicals Ltd.	658,000	0.11	0.11	658,000	0.11	0.11	0.00
11	Mr. Prasad Reddy Kambam	301,156	0.05	0.03	301,156	0.05	0.03	0.00
12	Trident Chemphar Ltd.*	300,000	0.05	0.00	0	0.00	0.00	-0.05
13	Mrs. Penaka Neha Reddy	130,000	0.02	0.00	130,000	0.02	0.00	0.00
14	Mr. K. Suryaprakash Reddy	7,380	0.00	0.00	7,380	0.00	0.00	0.00
<b>Total</b>		<b>303,925,934</b>	<b>51.87</b>	<b>1.04</b>	<b>303,925,934</b>	<b>51.87</b>	<b>1.81</b>	<b>0.00</b>

\* On 31.03.2017 entire shareholding of Trident Chemphar Limited in the Company was transferred as capital contribution to Auryn Labs, a Partnership firm and holding shares jointly in the name of its partners viz., Axis Clinicals Limited, Trident Chemphar Limited and RPR Sons Advisors Private Limited. However, the transfer of 300,000 shares were not effected in the system as on 31.03.2018. Transfer of 300,000 shares were effected in the system of depository on April 6, 2018.

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year		Cumulative Holding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	303,925,934	51.87	303,925,934	51.87
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil		
	At the end of the year			303,925,934	51.87

Notes: There is no change in shareholding of promoters during the financial year 2018-19.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl No	Name of the Shareholder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
1	HDFC Trustee Company Ltd - A/C HDFC Hybrid Equity	33,808,672	5.77	33,808,672	5.77
	06/04/2018	-635,035	-0.11	33,173,637	5.66
	13/04/2018	100,000	0.02	33,273,637	5.68
	13/04/2018	-100,000	-0.02	33,173,637	5.66
	20/04/2018	200,000	0.03	33,373,637	5.70
	27/04/2018	375,000	0.06	33,748,637	5.76
	27/04/2018	-115,000	-0.02	33,633,637	5.74
	04/05/2018	335,600	0.06	33,969,237	5.80
	11/05/2018	315,000	0.05	34,284,237	5.85
	18/05/2018	488,300	0.08	34,772,537	5.93

Sl No	Name of the Shareholder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
	01/06/2018	-33,600	-0.01	34,738,937	5.93
	08/06/2018	7,086,628	1.21	41,825,565	7.14
	08/06/2018	-6,986,628	-1.19	34,838,937	5.95
	15/06/2018	100,000	0.02	34,938,937	5.96
	22/06/2018	200,000	0.03	35,138,937	6.00
	29/06/2018	-216,800	-0.04	3,492,2137	5.96
	06/07/2018	92,000	0.02	35,014,137	5.98
	03/08/2018	106,099	0.02	35,120,236	5.99
	17/08/2018	300,000	0.05	35,420,236	6.05
	24/08/2018	392,000	0.07	35,812,236	6.11
	31/08/2018	150,000	0.03	35,962,236	6.14
	31/08/2018	-489,000	-0.08	35,473,236	6.05
	07/09/2018	258,000	0.04	35,731,236	6.10
	07/09/2018	-150,000	-0.03	35,581,236	6.07
	14/09/2018	9,000	0.00	35,590,236	6.07
	21/09/2018	102,000	0.02	35,692,236	6.09
	28/09/2018	41,000	0.01	35,733,236	6.10
	05/10/2018	8,000	0.00	35,741,236	6.10
	26/10/2018	-131,000	-0.02	35,610,236	6.08
	16/11/2018	-18,000	0.00	35,592,236	6.07
	07/12/2018	214,000	0.04	35,806,236	6.11
	14/12/2018	-640,000	-0.11	35,166,236	6.00
	21/12/2018	-100,000	-0.02	35,066,236	5.98
	11/01/2019	299,991	0.05	35,366,227	6.04
	18/01/2019	711,309	0.12	36,077,536	6.16
	01/03/2019	150,000	0.03	36,227,536	6.18
	29/03/2019	-661,000	-0.11	35,566,536	6.07
	30/03/2019			35,566,536	6.07
2	Aditya Birla Sun Life Trustee Private Limited A/C	12,919,318	2.21	12,919,318	2.21
	06/04/2018	939,000	0.16	13,858,318	2.37
	06/04/2018	-23,905	0.00	13,834,413	2.36
	13/04/2018	111,000	0.02	139,45,413	2.38
	13/04/2018	-250,000	-0.04	13,695,413	2.34
	20/04/2018	18,000	0.00	13,713,413	2.34
	27/04/2018	100,000	0.02	13,813,413	2.36
	27/04/2018	-100,000	-0.02	13,713,413	2.34
	04/05/2018	8,000	0.00	13,721,413	2.34
	18/05/2018	256,000	0.04	13,977,413	2.39
	25/05/2018	152,100	0.03	14,129,513	2.41
	25/05/2018	-39,300	-0.01	14,090,213	2.40
	01/06/2018	388,000	0.07	14,478,213	2.47
	08/06/2018	722,379	0.12	15,200,592	2.59
	08/06/2018	-131,231	-0.02	15,069,361	2.57
	15/06/2018	125,800	0.02	15,195,161	2.59
	15/06/2018	-200,000	-0.03	14,995,161	2.56
	22/06/2018	28,400	0.00	15,023,561	2.56
	22/06/2018	-100,000	-0.02	14,923,561	2.55
	29/06/2018	162,800	0.03	15,086,361	2.57
	06/07/2018	254,400	0.04	153,40,761	2.62
	06/07/2018	-36,000	-0.01	15,304,761	2.61
	20/07/2018	19,000	0.00	15,323,761	2.62
	10/08/2018	-233,026	-0.04	15,090,735	2.58
	17/08/2018	-250,000	-0.04	14,840,735	2.53
	24/08/2018	-2,173,053	-0.37	12,667,682	2.16
	31/08/2018	-100,000	-0.02	12,567,682	2.14

Sl No	Name of the Shareholder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
	07/09/2018	58,000	0.01	12,625,682	2.15
	07/09/2018	-352,000	-0.06	12,273,682	2.09
	14/09/2018	137,000	0.02	12,410,682	2.12
	14/09/2018	-3,003,000	-0.51	9,407,682	1.61
	21/09/2018	-1,094,000	-0.19	8,313,682	1.42
	05/10/2018	159,400	0.03	8,473,082	1.45
	12/10/2018	-110,000	-0.02	8363,082	1.43
	19/10/2018	-10,000	0.00	8,353,082	1.43
	26/10/2018	-545,000	-0.09	7,808,082	1.33
	02/11/2018	30,000	0.01	7,838,082	1.34
	16/11/2018	-70,000	-0.01	7,768,082	1.33
	23/11/2018	-249,000	-0.04	7,519,082	1.28
	30/11/2018	-90,000	-0.02	7,429,082	1.27
	07/12/2018	-1,602,800	-0.27	5,826,282	0.99
	14/12/2018	-560,511	-0.10	5,265,771	0.90
	21/12/2018	44,412	0.01	5,310,183	0.91
	28/12/2018	472	0.00	5,310,655	0.91
	01/03/2019	29,998	0.01	5,340,653	0.91
	08/03/2019	9,044	0.00	5,349,697	0.91
	15/03/2019	90,357	0.02	5,440,054	0.93
	15/03/2019	-25,000	0.00	5,415,054	0.92
	22/03/2019	-100,885	-0.02	5,314,169	0.91
	29/03/2019	-71,252	-0.01	5,242,917	0.89
	30/03/2019		0.00	5,242,917	0.89
3	Reliance ETF-Nifty Bees Investment A/C	12,546,790	2.14	12,546,790	2.14
	06/04/2018	250,000	0.04	12,796,790	2.18
	06/04/2018	-89,701	-0.02	12,707,089	2.17
	13/04/2018	458,300	0.08	13,165,389	2.25
	13/04/2018	-96,700	-0.02	13,068,689	2.23
	20/04/2018	1,600	0.00	13,070,289	2.23
	27/04/2018	1,600	0.00	13,071,889	2.23
	27/04/2018	-466,400	-0.08	12,605,489	2.15
	11/05/2018	71,200	0.01	12,676,689	2.16
	18/05/2018	-2,400	0.00	12,674,289	2.16
	01/06/2018	105,926	0.02	12,780,215	2.18
	01/06/2018	-76,326	-0.01	12,703,889	2.17
	08/06/2018	84,000	0.01	12,787,889	2.18
	15/06/2018	10,600	0.00	12,798,489	2.18
	15/06/2018	-200,000	-0.03	12,598,489	2.15
	22/06/2018	527,000	0.09	13,125,489	2.24
	29/06/2018	492,000	0.08	13,617,489	2.32
	29/06/2018	-601,401	-0.10	13,016,088	2.22
	06/07/2018	278,600	0.05	13,294,688	2.27
	06/07/2018	-299,300	-0.05	12,995,388	2.22
	13/07/2018	14,000	0.00	13,009,388	2.22
	20/07/2018	573,000	0.10	13,582,388	2.32
	20/07/2018	-200,000	-0.03	13,382,388	2.28
	27/07/2018	9,000	0.00	13,391,388	2.29
	10/08/2018	1	0.00	13,391,389	2.29
	10/08/2018	-200,000	-0.03	13,191,389	2.25
	17/08/2018	255,000	0.04	13,446,389	2.29
	24/08/2018	-87,000	-0.01	13,359,389	2.28
	31/08/2018	180,000	0.03	13,539,389	2.31
	31/08/2018	-1,000,000	-0.17	12,539,389	2.14

Sl No	Name of the Shareholder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
	07/09/2018	203,000	0.03	12,742,389	2.17
	14/09/2018	-1,671,064	-0.29	11,071,325	1.89
	21/09/2018	250,000	0.04	11,321,325	1.93
	21/09/2018	-65	0.00	11,321,260	1.93
	28/09/2018	62	0.00	11,321,322	1.93
	28/09/2018	-175,000	-0.03	11,146,322	1.90
	05/10/2018	230,000	0.04	11,376,322	1.94
	05/10/2018	-321,000	-0.05	11,055,322	1.89
	12/10/2018	500,000	0.09	11,555,322	1.97
	12/10/2018	-582,000	-0.10	10,973,322	1.87
	19/10/2018	264,000	0.05	11,237,322	1.92
	26/10/2018	214,000	0.04	11,451,322	1.95
	02/11/2018	251,000	0.04	11,702,322	2.00
	02/11/2018	-50,000	-0.01	11,652,322	1.99
	16/11/2018	-48,000	-0.01	11,604,322	1.98
	23/11/2018	1	0.00	11,604,323	1.98
	23/11/2018	-503,000	-0.09	11,101,323	1.89
	30/11/2018	-485,000	-0.08	10,616,323	1.81
	07/12/2018	381,000	0.07	10,997,323	1.88
	07/12/2018	-493,791	-0.08	10,503,532	1.79
	14/12/2018	717,000	0.12	11,220,532	1.92
	14/12/2018	-1,100,000	-0.19	10,120,532	1.73
	21/12/2018	3,169,000	0.54	13,289,532	2.27
	21/12/2018	-3,000,000	-0.51	10,289,532	1.76
	28/12/2018	335,000	0.06	10,624,532	1.81
	28/12/2018	-2	0.00	10,624,530	1.81
	11/01/2019	623,685	0.11	11,248,215	1.92
	11/01/2019	-1,846,000	-0.32	9,402,215	1.60
	18/01/2019	2159719	0.37	11,561,934	1.97
	18/01/2019	-1746060	-0.30	9,815,874	1.68
	25/01/2019	65,356	0.01	9,881,230	1.69
	01/02/2019	1,478,139	0.25	11,359,369	1.94
	01/02/2019	-1,785,000	-0.30	9,574,369	1.63
	08/02/2019	77,865	0.01	9,652,234	1.65
	15/02/2019	709,075	0.12	10,361,309	1.77
	15/02/2019	-358,000	-0.06	10,003,309	1.71
	22/02/2019	108,606	0.02	10,111,915	1.73
	01/03/2019	9,680	0.00	10,121,595	1.73
	01/03/2019	-323,000	-0.06	9,798,595	1.67
	08/03/2019	4,598	0.00	9,803,193	1.67
	08/03/2019	-4,000	0.00	9,799,193	1.67
	15/03/2019	23,690	0.00	9,822,883	1.68
	15/03/2019	-309,000	-0.05	9,513,883	1.62
	22/03/2019	20,252	0.00	9,534,135	1.63
	22/03/2019	-4,000	0.00	9,530,135	1.63
	29/03/2019	-241,787	-0.04	9,288,348	1.59
	30/03/2019		0.00	9,288,348	1.59
4	Amansa Holdings Private Limited	6,908,053	1.18	6,908,053	1.18
	08/06/2018	95,320	0.02	7,003,373	1.20
	26/10/2018	-320,089	-0.05	6,683,284	1.14
	02/11/2018	-357,081	-0.06	6,326,203	1.08
	30/03/2019		0.00	6,326,203	1.08
5	SBI Arbitrage Opportunities Fund	6,569,345	1.12	6,569,345	1.12
	06/04/2018	9031	0.00	6,578,376	1.12

Sl No	Name of the Shareholder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
06/04/2018		-2,250,026	-0.38	4,328,350	0.74
11/05/2018		119	0.00	4,328,469	0.74
18/05/2018		257	0.00	4,328,726	0.74
01/06/2018		241	0.00	4,328,967	0.74
22/06/2018		123	0.00	4,329,090	0.74
22/06/2018		-702	0.00	4,328,388	0.74
29/06/2018		201,467	0.03	4,529,855	0.77
13/07/2018		1,791	0.00	4,531,646	0.77
20/07/2018		118	0.00	4,531,764	0.77
03/08/2018		200,006	0.03	4,731,770	0.81
10/08/2018		300,123	0.05	5,031,893	0.86
10/08/2018		-1	0.00	5,031,892	0.86
17/08/2018		104,757	0.02	5,136,649	0.88
24/08/2018		595,075	0.10	5,731,724	0.98
31/08/2018		913,346	0.16	6,645,070	1.13
31/08/2018		-1,655	0.00	6,643,415	1.13
07/09/2018		274,456	0.05	6,917,871	1.18
14/09/2018		550,010	0.09	7,467,881	1.27
14/09/2018		-2,000	0.00	7,465,881	1.27
21/09/2018		73,000	0.01	7,538,881	1.29
21/09/2018		-3,764	0.00	7,535,117	1.29
28/09/2018		234,150	0.04	7,769,267	1.33
28/09/2018		-1	0.00	7,769,266	1.33
05/10/2018		298	0.00	7,769,564	1.33
12/10/2018		398	0.00	7,769,962	1.33
19/10/2018		175,692	0.03	7,945,654	1.36
26/10/2018		24,676	0.00	7,970,330	1.36
02/11/2018		231,557	0.04	8,201,887	1.40
09/11/2018		394,088	0.07	8,595,975	1.47
16/11/2018		62,129	0.01	8,658,104	1.48
16/11/2018		-158	0.00	8,657,946	1.48
30/11/2018		182,132	0.03	8,840,078	1.51
30/11/2018		-1,731	0.00	8,838,347	1.51
14/12/2018		69,120	0.01	8,907,467	1.52
14/12/2018		-1,200	0.00	8,906,267	1.52
28/12/2018		143	0.00	8,906,410	1.52
28/12/2018		-149	0.00	8,906,261	1.52
04/01/2019		500,959	0.09	9,407,220	1.61
11/01/2019		1,064,500	0.18	10,471,720	1.79
18/01/2019		238	0.00	10,471,958	1.79
01/02/2019		122	0.00	10,472,080	1.79
08/02/2019		27,624	0.00	10,499,704	1.79
08/02/2019		-500,000	-0.09	9,999,704	1.71
15/02/2019		7,961	0.00	10,007,665	1.71
22/02/2019		252	0.00	10,007,917	1.71
22/02/2019		-380,000	-0.06	9,627,917	1.64
01/03/2019		5,316	0.00	9,633,233	1.64
08/03/2019		1,205	0.00	9,634,438	1.64
15/03/2019		375,551	0.06	10,009,989	1.71
15/03/2019		-169	0.00	10,009,820	1.71
22/03/2019		131,477	0.02	10,141,297	1.73
22/03/2019		-123,001	-0.02	10,018,296	1.71
29/03/2019		-179,001	-0.03	9,839,295	1.68
30/03/2019		-	0.00	9,839,295	1.68



Sl No	Name of the Shareholder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
6	UTI Multi Cap Fund	5,047,111	0.86	5,047,111	0.86
	06/04/2018	763,187	0.13	5,810,298	0.99
	06/04/2018	-559,396	-0.10	5,250,902	0.90
	20/04/2018	-63,102	-0.01	5,187,800	0.89
	30/03/2019	0.00	0.00	504,711	0.86
	27/04/2018	31,200	0.01	5,219,000	0.89
	04/05/2018	-55,251	-0.01	5,163,749	0.88
	01/06/2018	-1,481,786	-0.25	3,681,963	0.63
	15/06/2018	-12,000	0.00	3,669,963	0.63
	22/06/2018	-261,315	-0.04	3,408,648	0.58
	29/06/2018	-309,799	-0.05	3,098,849	0.53
	06/07/2018	89,434	0.02	3,188,283	0.54
	06/07/2018	-375,000	-0.06	2,813,283	0.48
	13/07/2018	1374	0.00	2,814,657	0.48
	27/07/2018	780	0.00	2,815,437	0.48
	03/08/2018	-480	0.00	2,814,957	0.48
	10/08/2018	1131	0.00	2,816,088	0.48
	10/08/2018	-25,240	0.00	2,790,848	0.48
	17/08/2018	3167	0.00	2,794,015	0.48
	24/08/2018	840	0.00	2,794,855	0.48
	24/08/2018	-120	0.00	2,794,735	0.48
	31/08/2018	94,552	0.02	2,889,287	0.49
	07/09/2018	75,560	0.01	2,964,847	0.51
	07/09/2018	-81,000	-0.01	2,883,847	0.49
	14/09/2018	2,040	0.00	2,885,887	0.49
	14/09/2018	-256,657	-0.04	2,629,230	0.45
	21/09/2018	15,259	0.00	2,644,489	0.45
	21/09/2018	-54,517	-0.01	2,589,972	0.44
	28/09/2018	13,682	0.00	2,603,654	0.44
	28/09/2018	-9,879	0.00	2,593,775	0.44
	05/10/2018	3,882	0.00	2,597,657	0.44
	12/10/2018	3,009	0.00	2,600,666	0.44
	19/10/2018	2,011	0.00	2,602,677	0.44
	26/10/2018	1,089	0.00	2,603,766	0.44
	02/11/2018	2,916	0.00	2,606,682	0.44
	02/11/2018	-3,061	0.00	2,603,621	0.44
	09/11/2018	1,342	0.00	2,604,963	0.44
	16/11/2018	2,156	0.00	2,607,119	0.44
	23/11/2018	732	0.00	2,607,851	0.45
	30/11/2018	1,636	0.00	2,609,487	0.45
	07/12/2018	270	0.00	2,609,757	0.45
	07/12/2018	-114,000	-0.02	2,495,757	0.43
	14/12/2018	177,874	0.03	2,673,631	0.46
	14/12/2018	-388,030	-0.07	2,285,601	0.39
	21/12/2018	17,288	0.00	2,302,889	0.39
	28/12/2018	75,000	0.01	2,377,889	0.41
	28/12/2018	-860	0.00	2,377,029	0.41
	04/01/2019	2,034	0.00	2,379,063	0.41
	11/01/2019	1,560	0.00	2,380,623	0.41
	11/01/2019	-6	0.00	2,380,617	0.41
	18/01/2019	1,200	0.00	2,381,817	0.41
	18/01/2019	-1,081	0.00	2,380,736	0.41
	25/01/2019	1,010	0.00	2,381,746	0.41
	25/01/2019	-200,000	-0.03	2,181,746	0.37

Sl No	Name of the Shareholder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
	01/02/2019	1,680	0.00	2,183,426	0.37
	01/02/2019	-117,868	-0.02	2,065,558	0.35
	08/02/2019	720	0.00	2,066,278	0.35
	08/02/2019	-245,505	-0.04	1,820,773	0.31
	15/02/2019	2,163	0.00	1,822,936	0.31
	22/02/2019	2,859	0.00	1,825,795	0.31
	01/03/2019	2,647	0.00	1,828,442	0.31
	08/03/2019	-960	0.00	1,827,482	0.31
	15/03/2019	4,202	0.00	1,831,684	0.31
	15/03/2019	-28,514	0.00	1,803,170	0.31
	22/03/2019	2,167	0.00	1,805,337	0.31
	22/03/2019	-1	0.00	1,805,336	0.31
	29/03/2019	-171,338	-0.03	1,633,998	0.28
	30/03/2019			1,633,998	0.28
7	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	4,616,050	0.79	4,616,050	0.79
	04/05/2018	-9,800	0.00	4,606,250	0.79
	11/05/2018	-9,310	0.00	4,596,940	0.78
	01/06/2018	-7,350	0.00	4,589,590	0.78
	15/06/2018	-7,350	0.00	4,582,240	0.78
	22/06/2018	-208,295	-0.04	4,373,945	0.75
	29/06/2018	-30,558	-0.01	4,343,387	0.74
	06/07/2018	-12,501	0.00	4,330,886	0.74
	13/07/2018	-19,909	0.00	4,310,977	0.74
	28/09/2018	-186,609	-0.03	4,124,368	0.70
	16/11/2018	6,690	0.00	4,131,058	0.71
	23/11/2018	17,394	0.00	4,148,452	0.71
	07/12/2018	8,474	0.00	4,156,926	0.71
	21/12/2018	24,084	0.00	4,181,010	0.71
	01/02/2019	25,114	0.00	4,206,124	0.72
	08/02/2019	80,105	0.01	4,286,229	0.73
	22/03/2019	-95,950	-0.02	4,190,279	0.72
	29/03/2019	9,959	0.00	4,200,238	0.72
	30/03/2019		0.00	4,200,238	0.72
8	IDFC NIFTY ETF	2,544,982	0.43	2,544,982	0.43
	06/04/2018	-143,505	-0.02	2,401,477	0.41
	13/04/2018	10,000	0.00	2,411,477	0.41
	13/04/2018	-12,000	0.00	2,399,477	0.41
	20/04/2018	-32,800	-0.01	2,366,677	0.40
	27/04/2018	-9,600	0.00	2,357,077	0.40
	11/05/2018	-18,400	0.00	2,338,677	0.40
	18/05/2018	-7,200	0.00	2,331,477	0.40
	25/05/2018	35,000	0.01	2,366,477	0.40
	01/06/2018	65,000	0.01	2,431,477	0.41
	01/06/2018	-5,600	0.00	2,425,877	0.41
	08/06/2018	10,000	0.00	2,435,877	0.42
	08/06/2018	-16,800	0.00	2,419,077	0.41
	15/06/2018	305,000	0.05	2,724,077	0.46
	15/06/2018	-349,600	-0.06	2,374,477	0.41
	22/06/2018	20,000	0.00	2,394,477	0.41
	22/06/2018	-34,400	-0.01	2,360,077	0.40
	29/06/2018	195,000	0.03	2,555,077	0.44
	29/06/2018	-3,600	0.00	2,551,477	0.44
	06/07/2018	259,500	0.04	2,810,977	0.48

SI No	Name of the Shareholder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
	13/07/2018	-19,000	0.00	2,791,977	0.48
	27/07/2018	12,000	0.00	2,803,977	0.48
	27/07/2018	-82,000	-0.01	2,721,977	0.46
	03/08/2018	42,500	0.01	2,764,477	0.47
	10/08/2018	-131,000	-0.02	2,633,477	0.45
	24/08/2018	90,000	0.02	2,723,477	0.46
	31/08/2018	60,000	0.01	2,783,477	0.48
	31/08/2018	-87,000	-0.01	2,696,477	0.46
	07/09/2018	120,000	0.02	2,816,477	0.48
	07/09/2018	-10,000	0.00	2,806,477	0.48
	14/09/2018	101,000	0.02	2,907,477	0.50
	14/09/2018	-70,000	-0.01	2,837,477	0.48
	21/09/2018	123,000	0.02	2,960,477	0.51
	28/09/2018	108,285	0.02	3,068,762	0.52
	05/10/2018	127,445	0.02	3,196,207	0.55
	05/10/2018	-117,000	-0.02	3,079,207	0.53
	12/10/2018	52,500	0.01	3,131,707	0.53
	12/10/2018	-15,000	0.00	3,116,707	0.53
	19/10/2018	23,000	0.00	3,139,707	0.54
	26/10/2018	54,000	0.01	3,193,707	0.55
	26/10/2018	-4,000	0.00	3,189,707	0.54
	02/11/2018	60,000	0.01	3,249,707	0.55
	09/11/2018	-1,000	0.00	3,248,707	0.55
	16/11/2018	-83,000	-0.01	3,165,707	0.54
	23/11/2018	-60,000	-0.01	3,105,707	0.53
	30/11/2018	11,564	0.00	3,117,271	0.53
	30/11/2018	-88,000	-0.02	3,029,271	0.52
	07/12/2018	59,000	0.01	3,088,271	0.53
	07/12/2018	-31,564	-0.01	3,056,707	0.52
	14/12/2018	195,000	0.03	3,251,707	0.55
	28/12/2018	10,000	0.00	3,261,707	0.56
	28/12/2018	-3,000	0.00	3,258,707	0.56
	31/12/2018	46,000	0.01	3,304,707	0.56
	11/01/2019	-10,000	0.00	3,294,707	0.56
	18/01/2019	-15,000	0.00	3,279,707	0.56
	25/01/2019	-3,000	0.00	3,276,707	0.56
	01/02/2019	9,000	0.00	3,285,707	0.56
	08/02/2019	128,000	0.02	3,413,707	0.58
	08/02/2019	-30,000	-0.01	3,383,707	0.58
	15/02/2019	13,365	0.00	3,397,072	0.58
	15/02/2019	-10,114	0.00	3,386,958	0.58
	22/02/2019	6,635	0.00	3,393,593	0.58
	01/03/2019	1,250,000	0.21	4,643,593	0.79
	01/03/2019	-3,886	0.00	4,639,707	0.79
	08/03/2019	-81,000	-0.01	4,558,707	0.78
	15/03/2019	-34,000	-0.01	4,524,707	0.77
	29/03/2019	20,000	0.00	4,544,707	0.78
	29/03/2019	-44,000	-0.01	4,500,707	0.77
	30/03/2019		0.00	4,500,707	0.77
9	East Bridge Capital Master Fund I Ltd	1,515,835	0.26	1,515,835	0.26
	06/04/2018	658,778	0.11	2,174,613	0.37
	01/06/2018	419,738	0.07	2,594,351	0.44
	08/06/2018	1,354,124	0.23	3,948,475	0.67
	03/08/2018	8,250	0.00	3,956,725	0.68
	30/03/2019		0.00	3,956,725	0.68

Sl No	Name of the Shareholder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
10	Stichting Depository Apg Emerging Markets Equity P	3925791	0.67	3925791	0.67
	06/04/2018	-176,451	-0.03	3,749,340	0.64
	13/04/2018	-482,312	-0.08	3,267,028	0.56
	20/04/2018	-450,649	-0.08	2,816,379	0.48
	27/04/2018	-556,506	-0.09	2,259,873	0.39
	04/05/2018	-88,387	-0.02	2,171,486	0.37
	11/05/2018	-88,388	-0.02	2,083,098	0.36
	29/06/2018	-20,814	0.00	2,062,284	0.35
	20/07/2018	-142,662	-0.02	1,919,622	0.33
	27/07/2018	-46,971	-0.01	1,872,651	0.32
	24/08/2018	-518,913	-0.09	1,353,738	0.23
	31/08/2018	-312,079	-0.05	1,041,659	0.18
	07/09/2018	-684,001	-0.12	357,658	0.06
	14/09/2018	-262,643	-0.04	95,015	0.02
	05/10/2018	20,332	0.00	115,347	0.02
	26/10/2018	-115,347	-0.02	0	0.00
	30/03/2019		0.00	0	0.00

**(v) Shareholding of Directors and Key Managerial Personnel:**

Directors and Key Managerial Personnel		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>Directors</b>					
1	Mr. K. Ragunathan	-	-	-	-
	At the end of the year	-	-	-	-
2	Mr. K. Nithyananda Reddy	25,359,572	4.33	25,359,572	4.33
	At the end of the year			25,359,572	4.33
3	Mr. N. Govindarajan	-	-	-	-
	At the end of the year	-	-	-	-
4	Dr. M. Sivakumaran	14,491,360	2.47	14,491,360	2.47
	At the end of the year			14,491,360	2.47
5	Mr. M. Madan Mohan Reddy	2,010	0.00	2,010	0.00
	At the end of the year			2,010	0.00
6	Mr.P.V.Ramprasad Reddy	18,000,000	3.08	18,000,000	3.07
	At the end of the year			18,000,000	3.07
7	Mr. M. Sitarama Murty	-	-	-	-
	At the end of the year	-	-	-	-
8	Mr. P. Sarath Chandra Reddy	-	-	-	-
	At the end of the year	-	-	-	-
9	Dr. (Mrs) Avnit Bimal Singh	-	-	-	-
	At the end of the year	-	-	-	-
10	Mrs.Savita Mahajan	-	-	-	-
	At the End of the year	-	-	-	-
<b>Key Managerial Personnel</b>					
1	Mr. S. Subramanian	7,126	0.00	7,126	0.00
	At the end of the year			7,126	0.00
2	Mr. B. Adi Reddy	800	0.00	800	0.00
	September 9, 2018	-800	0.00	0	0.00
	At the end of the year			0	0.00

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	(₹ in Million)		
	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			
i) Principal Amount	3,761.9	33,428.1	37,190.0
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	6.1	4.6	10.7
<b>Total (i+ii+iii)</b>	<b>3,768.0</b>	<b>33,432.7</b>	<b>37,200.7</b>
<b>Change in Indebtedness during the financial year</b>			
• Addition	12,182.4	-	12,182.4
• Reduction	-	4,174.4	4,174.4
<b>Net Change</b>	<b>12,182.4</b>	<b>-4,174.4</b>	<b>8,008.0</b>
<b>Indebtedness at the end of the financial year</b>			
i) Principal Amount	15,944.3	29,253.7	45,198.0
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	1.2	2.7	3.9
<b>Total (i+ii+iii)</b>	<b>15,945.5</b>	<b>29,256.4</b>	<b>45,201.9</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
		Mr. K. Nithyananda Reddy	Mr. N. Govindarajan	Dr. M. Sivakumaran	Mr. M. Madan Mohan Reddy	Mr. P. Sarath Chandra Reddy	
1	Gross salary	13.00	38.72	13.00	23.00	7.50	95.22
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961						
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	2.12	7.58	2.13	3.74	1.11	16.68
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	- as % of profit	-	100.00	-	-	-	100.00
	- others, specify	-	-	-	-	-	-
	Others, please specify	0.02	0.02	0.02	0.02	0.02	0.10
	- Contribution to PF	-	-	-	-	-	-
	<b>Total (A)</b>	<b>15.14</b>	<b>146.32</b>	<b>15.15</b>	<b>26.76</b>	<b>8.63</b>	<b>212.00</b>
	Ceiling as per the Act (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)						<b>1996.44</b>



## B. Remuneration to other directors:

						(₹ in Million)
Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Mr. K. Ragunathan	Mr. M Sitarama Murty	Dr. (Mrs.) Avnit Bimal Singh	Mrs. Savita Mahajan	
	Fee for attending board / committee meetings	1.15	1.10	0.95	0.80	4.00
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>1.15</b>	<b>1.10</b>	<b>0.95</b>	<b>0.80</b>	<b>4.00</b>
2	Other Non-Executive Directors	Mr.P.V. Ramprasad Reddy				
	Fee for attending board / committee meetings	0.40				0.40
	Commission	-				-
	Others, please specify	-				-
	<b>Total (2)</b>	<b>0.40</b>				<b>0.40</b>
	<b>Total B)=(1+2)</b>					<b>4.40</b>
	<b>Total managerial Remuneration</b>					<b>216.40</b>
	Overall ceiling as per the Act (being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)					<b>2196.08</b>

## C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

				(₹ in Million)
Particulars of Remuneration		Key Managerial Personnel		
		CFO	Company Secretary	Total
		Mr. S. Subramanian	Mr.B.Adi Reddy	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	13.26	3.01	16.27
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	4.47	0.64	5.11
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
-	as % of profit	-	-	-
-	others, specify	-	-	-
5	Others, please specify - Contribution to PF	0.95	0.22	1.17
	<b>Total</b>	<b>18.68</b>	<b>3.87</b>	<b>22.55</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Against the Company, Directors and other officers in default under the Companies Act, 2013: None

For and on behalf of the Board

**K. Ragunathan**

Chairman

DIN: 00523576

Place: Hyderabad  
Date: 28 May 2019

## ANNEXURE - 4

### THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(Pursuant to the provisions of section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014)

#### (A) CONSERVATION OF ENERGY

##### (i) Steps taken or impact on conservation of energy;

- Installation of suitable pumps for RT lines resulting in energy savings in Unit 1 and Chillers for Primary and Condenser pumps for conservation of energy in Unit 8.
- Installed capacitor banks at load ends/ MCC levels to reduce the distribution losses, avoiding voltage drop and reduction is active power. This measure can save 2.63 lakhs kWh annually in Unit 1.
- Replaced the old lighting with energy efficient LED's and anticipated energy savings in Unit 1, Unit 2, Unit 5, Unit 8, Unit 9, unit 11.
- Optimized the operation of Cooling Tower fan by installing auto cut off system with temperature control to avoid running during low load on cooling tower. This resulted in power savings in Unit 1 & Unit 11.
- Reduced fresh water consumption by using recycled / reject water (from various sources of plant like: - RO plant reject, Canister washing water etc.) for cooling towers make-up through Softener in Unit 6.
- Optimized the utilization of plant air by stopping the non performing air compressors by preparing the interconnecting piping across the plant in Unit 6.
- Installed energy efficient Level 2 transformer to reduce the load losses in Unit 8 to conserve the energy.
- Installed VFD's for Block Module RT Pumps for efficient operations resulting in power savings in Unit 9.
- Pre-heating of boiler feed water through hot condensate vapor generated at process areas for conservation of energy by reducing coal consumption in Unit 11.
- Installed energy efficient screw chiller compressor for conservation of energy in Unit 11.
- Replaced the timer based drain valves with No Air Drain Valves for air receivers at Unit 11.
- Providing interlocking system for Pumps with respect to the Chiller compressors to avoid idle running condition/ running unnecessarily, resulting in power saving in Unit 11.
- Replaced the old motors with energy efficient motors for ETP application at Unit 11.
- High Velocity Low Volume (HVLS) fans are installed at Unit 7.
- Power saved by chiller integration and modifying operational sequence at Unit 12.
- Hot water sanitization frequency for Purified water system was reduced from twice in a week to once in a week resulting water saving at Unit 3.
- Replaced conventional taps by shower type nozzles and also by improving condensate recovery resulted in water saving at Unit 12.
- Providing humidity controllers at HVAC system at unit 12 resulted in power savings.
- Changing the source of RO water and by effective utilization of rejected water, water is saved at Unit 16
- Modifying the lighting operation circuit resulted in power saving at Unit 16.

##### (ii) Steps taken by the Company for utilizing alternate sources of energy;

- Purchasing/ Trading of Power through open access.
- Water sewage plant is installed at unit 4 which treats the water, which is used for gardening.

##### (iii) Capital investment on energy conservation equipment;

- Replaced old reciprocating 6 nos. of Air Compressors with 1 no. New Screw Compressor in Unit 5.
- Replaced the old reciprocating 2 stage air compressor with new screw air compressor of 214 CFM for conservation of energy in Unit 9.
- Replaced old motors with new energy efficient motors resulted in savings at Unit 9.
- Installed De-super heaters at turbine exhaust to convert super-heated steam to saturated steam, thereby improved steam quantity in Unit 11.

- At Unit 3, existing three Air dryers (1100 CFM Each) replaced with one high efficacy Air dryers resulted in reduction of power consumption.
- Energy efficiency pumps replaced conventional pumps in the chilled water plant of unit 3 .
- At unit 6, VFDs for secondary pumps in the chiller plant.

## (B) TECHNOLOGY ABSORPTION

### Efforts made towards technology absorption:

The Company has a robust in-house R&D team which works on research, development, and commercialization of various APIs and Formulations. The Company along with various subsidiaries and joint ventures intensely works on R&D projects to fulfil the medical needs of many people across the globe. Technology absorption is one of the key priorities for the Company as it facilitates long-term sustainability. The technologies developed will be protected through patent registration which will directly create value for the stakeholders of the Company.

### Benefits derived like product improvement, cost reduction, product development, cost reduction, product development or import substitution:

The Company actively works on optimizing the costs across the value chain which makes the products and services more competitive. These activities resulted in the improvement of operational efficiency. The Company maximized the efforts to further vertically integrate the operations which decreases the dependency on import of intermediaries and APIs. These efforts include in-house development, local sourcing etc.

### In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

Not applicable

## Expenditure incurred on Research and Development

	(₹ in Million)	
Particulars	2018-19	2017-18
Capital	595.8	596.3
Recurring	6,941.2	5,895.2
Total R&D Expenditure	7,537.0	6,491.5
As a % of total gross turnover	6.15	6.32

## (C) FOREIGN EXCHANGE EARNINGS AND OUTGO.

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

### Foreign Exchange Earned

	(₹ in Million)	
Particulars	2018-19	2017-18
Exports	97,091.2	80,680.5
Others	225.2	46.7
	97,316.4	80,727.2

### Foreign Exchange Outgo

	(₹ in Million)	
Particulars	2018-19	2017-18
Imports	36,741.3	318,852.8
Others	3,847.8	2,847.6
	40,589.2	34,700.3

For and on behalf of the Board

**K. Ragunathan**

Chairman

DIN: 00523576

Place: Hyderabad  
Date: 28 May 2019

## ANNEXURE - 5

### FORM NO. MR-3

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

### SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2019

To  
The Members  
**Aurobindo Pharma Limited**  
(CIN: L24239TG1986PLC015190)  
Plot No.2, Maitrivihar, Ameerpet,  
Hyderabad - 500 038

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aurobindo Pharma Limited (hereinafter referred to as 'the Company') for the year ended 31st March, 2019. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided and declarations made by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 (i.e. from 1st April, 2018 to 31st March, 2019) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions/clauses of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- 5) The Following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the financial year) ;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the financial year) ;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the financial year).
- 6) Memorandum and Articles of Association of the Company.

I further report that having regard to compliance systems prevailing in the Company and on examination of relevant documents and records in pursuance thereof on test check basis and also on reliance of the management representation letters issued by the respective department heads, the Company has complied with the following Laws as applicable to the Company:

1. Factories Act, 1948 and allied state Laws;
2. Telangana Shops and Establishment Act, 1988 and A.P. Shops and Establishment Act, 1988;

3. Employees' State Insurance Act, 1948 and the Employees' State Insurance (General) Regulations, 1950;
4. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' Provident Funds Scheme, 1952;
5. The Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1965;
6. The Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
7. The Payment of Gratuity Act, 1972
8. The Maternity Benefits Act, 1961
9. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
10. Drugs (Control) Act, 1950
11. The Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945 and rules made thereunder;
12. The Narcotic Drugs and Psychotropic Substances Act, 1985;
13. The Food Safety and Standards Act, 2006
14. The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950 and the Rules framed under the Act.
15. The Inflammable Substances Act, 1952
16. The Poisons Act, 1919
17. The Air (Prevention and control of pollution) Act, 1981 and Air (Prevention and control of pollution) Rules, 1982
18. The Water (Prevention and control of pollution) Act, 1974 and Water (Prevention and control of pollution) Rules, 1975
19. Environment Protection Act, 1986 and the rules, notifications issued thereunder.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India;
- ii. The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited;
- iii. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the acts, rules, regulations, guidelines, and standards etc., mentioned above.

I further report that:

- a) the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.
- d) the compliance by the Company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed by me since the same have been subject to review by statutory auditors and other professionals.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Hyderabad  
Date: 28 May 2019

**A. Mohan Rami Reddy**  
Practicing Company Secretary  
FCS No: 2147; COP No: 16660

This Report is to be read with my letter which is annexed as Annexure and forms an integral part of this report



## ANNEXURE

To  
The Members  
**M/s. Aurobindo Pharma Limited**  
(CIN: L24239TG1986PLC015190)  
Plot No.2, Maitrivihar, Ameerpet,  
Hyderabad- 500 038

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices followed by me provide a reasonable basis for my opinion.

Place: Hyderabad  
Date: 28 May 2019

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**A. Mohan Rami Reddy**  
Practicing Company Secretary  
FCS No: 2147; COP No: 16660

## ANNEXURE - 6

### Annual Report of Corporate Social Responsibility Activities

1. A brief outline of the Company's Corporate Social Responsibility (CSR) policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

The CSR Policy has been placed on the Company's website at: <http://www.aurobindo.com/about-us/governance/governance-policies/>

The Company has established Aurobindo Pharma Foundation for primarily undertaking CSR Activities. Accordingly, the Company has started CSR Activities under the said foundation. Company has undertaken several activities for Promoting Education, Promoting Preventive Health Care, Eradicating Hunger, Poverty & Malnutrition and Preventive Health Care. Making Available Safe Drinking Water, Environment Sustainability, and Ecological Balance & Conservation of Natural Resources, Rural sports and Setting up Old Age Homes etc.

Annual Report on the CSR Activities of the Company during the year are also placed on the Company's website at: <http://www.aurobindo.com/sustainability/>

2. Composition of CSR Committee:

Name	Designation
Mr.K.Nithyananda Reddy	Chairman
Mr. K. Ragunathan	Member
Dr. M.Sivakumaran	Member
Mr.P.Sarath Chandra Reddy	Member

3. Average net profit (as per section 198 of the Companies Act, 2013) for the past three Financial Years:

Particulars	2017-18	2016-17	(₹ in Million) 2015-16
Net Profit as per Section 198 of the Companies Act, 2013 for the preceding three financial years	23,630.1	21,965.3	21,802.4

4. Average net profit for three years

	(₹ in Million)
Average net profit for three years	22,465.9
Prescribed CSR expenditure (2% of Average Net Profit)	449.3
CSR amount unspent as on March 31, 2018	570.3
Total CSR amount available for spending during the financial year 2018-19	1,019.6
Contribution made by the Company to Aurobindo Pharma Foundation for CSR Expenditure during the Financial Year 2018-19	466.0
CSR amount unspent as on March 31, 2019 and carried forward to next year	553.6

	(₹ in Million)
Total amount of CSR activities approved during financial year 2018-19	575.8
Total Amount spent on CSR activities in financial year 2018-19	467.7

Out of total amount of ₹1,019.6 million available for CSR activities, an amount of ₹575.8 million has been approved during the financial year 2018-19 for various CSR activities. Aurobindo Pharma Foundation has spent an amount ₹467.7 million on CSR activities during the financial year 2018-19, the details of which are provided hereunder:

Purposes for which the CSR amount was spent during the financial year 2018-19 are detailed below:

							(₹)
Sl. No.	CSR Project or Activity identified	Sector in which the Project is Covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
i	Promoting Education	Covered under Schedule VII for items of (ii) & (v) - "Promoting Education"	Local Area & Other Sangareddy, Nagar Kurnool, Nalgonda, Siddipet, Medchal-Malkajigiri, Medak, Rangareddy, Adilabad, Sircilla, Warangal & Hyderabad Districts of Telangana state. Vizianagaram, Srikakulam, Visakhapatnam, Nellore, Chittoor, Guntur, districts of Andhra Pradesh, Nammakal district of Tamilnadu State, Haryana, New Delhi & Bhuvaneswar district of Orissa State.	120,573,512	120,573,512	120,573,512	Direct and through various Implementing agencies like, Kollapur Study and Skill Development Society, Lekhadeep, Guide Indian village Empowerment Foundation, Nemi Foundation, "Sai Seva Sangh", NGO "Ashray-Akruti" NGO, "Jana Vignana Vedika", "Vandemataram Foundation", an NGO "Sri Kalyana Venkateswara Trust", APMAS an NGO.
ii	Promoting Preventive Health care, Sanitation, Road & Safety for Public	Covered under Schedule VII for items of (i) - "Promoting Preventive health care & Sanitation, Road Safety for Public".	Local Area Sangareddy, Mahabubabad, Medak, Medchal-Malkajigiri, Rangareddy, Warangal, Hyderabad Districts of Telangana state. Vizianagaram, Srikakulam, Chittoor, Nellore, Krishna and Visakhapatnam districts of Andhra Pradesh state, Pali district of Rajasthan state.	41,814,286	41,814,286	41,814,286	Direct, and through NGO Grace Cancer Foundation, Aaster Sick Kids Foundation, Commitments Trust, Sri Srinivasa Charitable Trust, Pushpagiri Eye Institute, Direct, Indian Red Cross Society, UCDS NGO, NTR Trust.
iii	Making available of Safe Drinking Water	Covered under Schedule VII for item of (i) - "Making Available Safe drinking water"	Local Area Sangareddy, Nagarkurnool, Nalgonda Districts of Telangana state. Vizianagaram, Nellore and Srikakulam districts of Andhra Pradesh state.	8,546,910	8,546,910	8,546,910	Direct.
iv	Eradicating Hunger, Poverty, Malnutrition and Preventive Health care	Covered under Schedule VII for item of (i) - "Eradicating Hunger, Poverty, Malnutrition, and promoting Preventive Health care"	Local Area & Other Mahboobnagar District of Telangana state. Vizianagaram, Srikakulam Districts of Andhra Pradesh state and Kerala state.	135,087,073	135,087,073	135,087,073	Through Hare Krishna Movement Charitable Foundation, Direct.
v	Promotion of Rural Sports	Covered under Schedule VII for items of (vii) Training to Promote Rural sports, Nationally recognised sports.	Local Area Hyderabad, Sangareddy & Rangareddy District of Telangana state, Chittoor district of Andhra Pradesh state.	3,200,000	3,200,000	3,200,000	Direct, and through Lake View Sports Foundation.

(₹)

Sl. No.	CSR Project or Activity identified	Sector in which the Project is Covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
vi	Rural Development Projects, Environmental Sustainability, ecological balance & conservation of natural resources & Animal Welfare.	Covered under Schedule VII for items of (ii), (iv) & (vi) Rural Development Projects, Environmental Sustainability, ecological balance & conservation of natural resources & Animal Welfare.	Local Area and other Sangareddy, Rangareddy, Hyderabad, Mahboobanagar District of Telangana State and Nellore, Guntur, Vizianagaram, Visakhapatnam Chittoor and Srikakulam districts of Andhra Pradesh state and New Delhi.	141,278,789	141,278,789	141,278,789	Direct, Prajashakthi Sahitee Samasta, ABV Foundation, and through NGO's "MAS", "Cornell Sathguru Foundation for Development" Green Chemis Tree Foundation, Kendriya Sainik Board.
vii	Setting up of Old age home	Covered under Schedule VII for items of (iii) - "Setting up Old age homes"	Local Area Kurnool District of Andhra Pradesh state.	2,000,000	2,000,000	2,000,000	Direct
viii	CSR Expenditure	CSR Expenditure	Aurobindo Pharma Foundation India Offices and facilities.	15,233,821	15,233,821	15,233,821	Direct
<b>TOTAL</b>				<b>467,734,391</b>	<b>467,734,391</b>	<b>467,734,391</b>	

5. The prescribed CSR funds that could not be spent during the year/previous year(s) have been carried forward for spending on CSR projects. Shortfall in spending the prescribed amounts on CSR projects is mainly due to delay in identification of projects and some of the projects are on-going.
6. We hereby confirm that the Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place: Hyderabad  
Date: 28 May 2019

**K. Nithyananda Reddy**  
Chairman of the CSR Committee  
DIN: 01284195

**N. Govindarajan**  
Managing Director  
DIN: 00050482

## ANNEXURE - 7

### Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year

	Name & designation	Ratio
a	Mr. K. Nithyananda Reddy, Vice Chairman & Wholetime Director	34 : 1
b	Mr. N. Govindarajan, Managing Director	325:1
c	Dr. M. Sivakumaran, Wholetime Director	34 : 1
d	Mr. M. Madan Mohan Reddy, Wholetime Director	60 : 1
e	Mr. P. Sarath Chandra Reddy, Wholetime Director	19 : 1

- (ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager in the financial year

	Name & category	Increment Percentage
a	Mr. K. Nithyananda Reddy, Vice Chairman & Wholetime Director*	0.00
b	Mr. N. Govindarajan, Managing Director*	0.00
c	Dr. M. Sivakumaran, Wholetime Director*	0.00
d	Mr. M. Madan Mohan Reddy, Wholetime Director*	0.00
e	Mr. P. Sarath Chandra Reddy, Wholetime Director*	0.00
f	Mr. S. Subramanian, Chief Financial Officer**	30.90
h	Mr. B Adi Reddy, Company Secretary	16.15

\* No increment given during the year 2018-19. The increase in remuneration is due to earned leave encashment.

\*\* Increase in remuneration is inclusive of long term incentive payable biennial.

- (iii) The percentage increase in the median remuneration of employees in the financial year was 9.15%
- (iv) The number of permanent employees on the rolls of the Company as on March 31, 2019 was 17,855.
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The percentage increase in the salaries of the employees other than managerial personnel in the last financial year is 12.79% as against 11.72% increase in the salaries of managerial persons. The increase in salary in case of managerial persons is mainly on account of revision in the salary.

- (vi) The remuneration paid to Key Managerial Persons is as per the Remuneration Policy of the Company.

Place: Hyderabad  
Date: 28 May 2019

For and on behalf of the Board  
**K. Ragunathan**  
Chairman  
DIN: 00523576



# REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations 2015").

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Aurobindo has always attached great importance to good and responsible corporate governance. The Company belongs to all the stakeholders and the corporate objective is to maximize shareholder value ethically and legally. Efforts are therefore made to raise the level of transparency, trust and confidence of stakeholders in the way the Company is run. The team at Aurobindo operates as a trustee on behalf of every shareholder - large or small.

The Company will continue to strive to be a wealth creator to meet stakeholders expectations and be a responsible citizen in its societal commitments. In the achievement of its goals,

the Company utilizes its resources with accountability and professionalism to meet the needs of customers and deliver on their expectations; meet the commitments with vendors, partners, employees, governments and the community.

## BOARD OF DIRECTORS

The Board of Directors along with its Committees, guides, directs and oversees the management and protects long term interests of shareholders, employees and the society, at large. The Board also ensures compliance of the applicable provisions and code of ethical standards wherever the Company and its subsidiaries are present.

### Size and Composition of the Board

As on March 31, 2019, the Board consists of ten Directors. Five of them are Executive and five are Non-Executive Directors, including four independent of which two are women. Your Company has taken all necessary steps to strengthen the Board with optimum combination of executive and non-executive/independent directors.

### Composition of Board of Directors as on March 31, 2019

Name	Category	Number of Board Meetings attended	Attendance at the last AGM held on August 30, 2018	Number of Directorships in other companies*	Number of Committee positions held in other companies**		No. of equity shares of ₹1 each held in the Company
					Chairman	Member	
Mr.K.Ragunathan	Non-executive Independent Chairman	5	Yes	4	-	-	-
Mr.K.Nithyananda Reddy	Promoter and Executive	6	Yes	10	-	1	25,359,572
Mr. N. Govindarajan	Executive	6	Yes	-	-	-	-
Dr.M.Sivakumaran	Promoter and Executive	6	Yes	6	-	-	14,491,360
Mr.M.Madan Mohan Reddy	Executive	6	-	8	-	-	2,010
Mr.P.V.Ramprasad Reddy	Promoter and Non-Executive	4	-	2	-	-	18,000,000
Mr.P.Sarath Chandra Reddy	Executive	6	Yes	7	-	-	***
Mr.M.Sitarama Murty	Non-executive Independent	6	Yes	-	-	-	-
Dr. (Mrs.) Avnit Bimal Singh	Non-executive Independent	6	Yes	-	-	-	-
Mrs.Savita Mahajan	Non-executive Independent	5	Yes	3	-	-	-

\* The directorships are in the Companies incorporated under the Companies Act, 1956/2013.

\*\* Includes only Audit, Nomination & Remuneration/Compensation and Stakeholders Relationship Committees (excluding private limited companies, foreign companies, and companies under section 8 of the Companies Act 2013 or section 25 of the Companies Act 1956).

\*\*\* Not holding any shares directly but a beneficial owner.

Note:

- 1) Leave of absence was granted on request to those directors who could not attend the meeting(s) due to their pre-occupations.
- 2) None of the Directors of the Company is a director in other listed entity(ies).
- 3) None of the Non-Independent Directors of the Company are Independent Directors of the Company(ies) where the Independent Directors of the Company are Non-Independent Directors or vice versa.

Video/tele-conferencing facilities are also used to facilitate Directors travelling/residing abroad or at other locations to participate in the meetings.

During financial year 2018-19, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

### Meeting of Independent Directors

During financial year 2018-19, one meeting of the Independent Directors was held on March 27, 2019. All the four Independent Directors attended the meeting. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of executive directors and non-executive directors.

The Board periodically reviews the compliance reports of all laws applicable to the Company.

### Number of Meetings of the Board

During the financial year 2018-19, six Board meetings were held on the following dates and the maximum gap between any two consecutive meetings did not exceed one hundred and twenty days.

Date of Meeting	Board Strength	Number of Directors Present
May 28, 2018	10	9
August 9, 2018	10	10
September 5, 2018	10	7
November 12, 2018	10	10
January 17, 2019	10	10
February 7, 2019	10	10

### Disclosure of relationships between directors inter-se

Mr. P. Sarath Chandra Reddy, Whole-time Director of the Company, is son of Mr. P.V. Ramprasad Reddy, Director and son-in-law of Mr. K. Nithyananda Reddy, Vice Chairman. Other than Mr. P.Sarath Chandra Reddy, Mr. P.V.Ramprasad Reddy and Mr. K. Nithyananda Reddy, none of the Directors are related to any other Director.

### Details about familiarization programme

Senior management personnel of the Company make presentations to the Board Members on periodical basis, briefing them on the operations of the Company, plans, strategy, risks involved, new initiatives etc., and seek their opinions and suggestions on the same. Also, the Directors are briefed on their specific responsibilities and duties that may arise from time to time. Any new Director who joins the Board is presented with a brief background of the Company, its operations and is informed of the important policies of the Company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading, Policy on Related Party Transactions, Policy on Remuneration, Policy on material subsidiaries, Whistle Blower Policy, Risk Management Policy, Corporate Social Responsibility Policy, etc.

The details of the familiarization program are placed on the Company's website at: <http://www.aurobindo.com/about-us/governance/governance-policies>

### Details of skills / expertise / competence of the Board of Directors:

Name	Category	Skills/ Expertise/ Competence
Mr.K.Ragunathan	Non-executive Independent Chairman	He is a Chartered Accountant and has rich experience in accounting, management, strategy, etc.
Mr.K.Nithyananda Reddy	Promoter and Executive	He has expertise in manufacturing technology and he oversees the production planning and provides guidance in effective utilisation of capacities
Mr. N. Govindarajan	Executive	He is an Engineer and has more than 20 years of experience across a variety of domains such as Bulk Drugs, CRAMS, Finished Dosages and Biotechnology.
Dr.M.Sivakumaran	Executive	He has 35 years of experience in the pharmaceutical industry and is currently responsible for the technological evolution of the Company. He looks after research and development, new product development and total quality management.
Mr.M.Madan Mohan Reddy	Executive	Apart from general management, he has rich experience in regulatory affairs of the pharma industry
Mr.P.V.Ramprasad Reddy	Promoter and Non-Executive	Focus on strategy and future plans, identification of key areas for growth, acquisitions, consolidation, etc
Mr.P.Sarath Chandra Reddy	Executive	His core areas of expertise include procurement, logistics, clinical trials, trading and information technology.
Mr.M.Sitarama Murty	Non-executive Independent	He retired as Managing Director & CEO of State Bank of Mysore, Bangalore, in the year 2003. His specialized areas of interest are International Banking, Foreign Exchange, Money Markets, Funds Management, Credit Management, Rural Development, Computerization, Commercial Law and Systems and Procedures and risk management.
Dr. (Mrs.) Avnit Bimal Singh	Non-executive Independent	By profession she is a doctor and adds value in providing currents trends in medication and relevant areas.
Mrs.Savita Mahajan	Non-executive Independent	She has rich experience in overall management, organisation, etc

### Statement on Declaration by Independent Directors

Mr.K.Ragunathan, Mr. M.Sitarama Murty, Dr.(Mrs) Avnit Bimal Singh and Mrs. Savita Mahajan are the Independent Directors on the Board of the Company as on March 31, 2019. All the Independent Directors have given their respective declarations under Section 149 (6) and (7) of the Companies Act, 2013 and the Rules made thereunder. The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions of independence specified in the Listing Regulations and are independent of the management.

As required by SEBI (LODR) Regulations, 2015, a certificate from Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities & Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority, is attached to this Report as **Annexure-A**.

Further, Annual Secretarial Compliance Report issued by the Company Secretary in Practice pursuant to Circular dated February 08, 2019 issued by SEBI is also attached to this Report as **Annexure-B**.

### Details of Directors proposed for appointment / re-appointment at the Annual General Meeting:

Mr. P. Sarath Chandra Reddy and Dr.M.Sivakumaran retire by rotation at this Annual General Meeting and being eligible, seek reappointment.

Mr. K. Ragunathan, Mrs.Savita Mahajan and Dr.(Mrs) Avnit Bimal Singh are proposed to be re-appointed as Independent Directors of the Company for second term.

Mr. P. Sarath Chandra Reddy is proposed to be re-appointed as Whole-time Director of the Company.

### AUDIT COMMITTEE

The scope and function of the Audit Committee is to regularly review the internal control systems and procedures, accounting policies and other matters that protect the interest of the stakeholders, ensure compliance with the laws of the land, and monitor with a view to provide effective supervision of the management's process, ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting. The composition, procedures, powers and role/functions of the Audit Committee constituted by the Company comply with the requirements of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013.

### Role of Audit Committee

The terms of reference of Audit Committee as approved by the Board and amended from time to time includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Review, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report;
- Review, with the management, the quarterly financial statements before submission to the Board for approval;
- Review, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Review, with the management, performance of statutory and internal auditors, adequacy of the internal financial control systems;
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;

- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Examine into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e. the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carry out any other function as is mentioned in the terms of reference of the Audit Committee under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.
- To review:
  - Management discussion and analysis of financial condition and results of operations;
  - Adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, Statutory and Internal Auditors;
  - Reports of Internal Audit and discussion with Internal Auditors on any significant findings and follow-up thereon;
  - System for storage, retrieval, security etc. of books of account maintained in the electronic form;
  - Functioning of Whistle Blower mechanism in the Company.
  - Review the utilization of loans and or advances from investment by the holding company in the subsidiary(ies) exceeding rupees ₹100 crores or 10% of the asset size of the subsidiary, whichever is lower, including existing loans / advances/ investments existing as on April 1, 2019.
  - Review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015

#### Composition and other details of Audit Committee

The Audit Committee comprises of three Non-Executive Directors, all of them being independent directors. The heads of finance & accounts, internal auditors and the representative of the statutory auditors are permanent invitees to the meetings of the Audit Committee where the financial results are considered, apart from other departmental heads for reviewing the compliance of applicable laws and provisions. The Company Secretary is the Secretary to the Committee. The minutes of Audit Committee meetings are placed at every Board meeting for its perusal and noting.

Mr. M. Sitarama Murty, Chairman of the Audit Committee, is a Non-Executive, Independent Director having expertise in accounting and financial management. Mr. K.Ragunathan and Mrs. Savita Mahajan are the members of the Committee.

During the financial year, the Audit Committee met five times on May 28, 2018; August 9, 2018; November 12, 2018; February 7, 2019 and March 27, 2019.

The attendance at the Audit Committee meetings during the financial year 2018-19 is as under:

Name of the Committee Member	No. of Meetings held during his/her tenure	Attended
Mr. M Sitarama Murty	5	5
Mr. K. Ragunathan	5	5
Mrs. Savita Mahajan	5	5

#### NOMINATION AND REMUNERATION / COMPENSATION COMMITTEE

##### Brief description of terms of reference of the Nomination and Remuneration/Compensation Committee

The terms of reference of Nomination and Remuneration / Compensation Committee as approved by the Board and amended from time to time includes the following:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- Carry out evaluation of every director's performance;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- Formulation of the criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Grant of options to eligible employees and administering the employee stock option scheme of the Company;
- Recommend to the Board, all remuneration, in whatever from payable to senior management
- Any other matter as the Board may decide from time to time.

##### Composition and other details of Nomination and Remuneration/Compensation Committee

The composition of the Nomination and Remuneration/Compensation Committee comprises of three Non-Executive Directors, all of them are independent directors.

Dr. (Mrs) Avnit Bimal Singh is the Chairperson of the Committee and Mr.M.Sitarama Murty, and Mr.K.Ragunathan are other Members of the Committee. During the financial year, the

Nomination and Remuneration/Compensation Committee met three times on May 28, 2018, February 7, 2019 and March 27, 2019.

#### Meetings and attendance during the financial year

The attendance at the Nomination and Remuneration/Compensation Committee meetings during the financial year 2018-19 is as under:

Name of the Committee Member	No. of Meetings held during his / her tenure	Attended
Dr. (Mrs.) Avnit Bimal Singh	3	3
Mr. M Sitarama Murty	3	3
Mr.K.Ragunathan	3	3

#### Nomination/Remuneration Policy

The compensation of the Executive Directors comprises of fixed component, perquisites and commission. The compensation is determined based on the remuneration prevailing in the industry and the performance of the Company. The remuneration package of the Executive Directors is periodically reviewed and suitable

#### REMUNERATION OF DIRECTORS

Details of remuneration paid to the Directors during the financial year 2018-19 are as follows:

##### a. Executive Directors

Name	Salary	Benefits (Perquisites)	Bonus	Pension	Commission	Contribution to PF	Total (₹)
Mr. K.Nithyananda Reddy	12,999,996	2,124,181	0	0	0	21,600	15,145,777
Dr. M. Sivakumaran	12,999,996	2,132,376	0	0	0	21,600	15,153,972
Mr. M. Madan Mohan Reddy	22,999,992	3,736,377	0	0	0	21,600	26,757,969
Mr. P. Sarath Chandra Reddy	7,500,000	1,105,290	0	0	0	21,600	8,626,890
Mr. N. Govindarajan	38,718,792	7,580,535	0	0	100,000,000	21,600	146,320,927
<b>Total</b>	<b>95,218,776</b>	<b>16,678,759</b>	<b>0</b>	<b>0</b>	<b>100,000,000</b>	<b>108,000</b>	<b>212,005,535</b>

Mr.K.Nithyananda Reddy, Dr.M.Sivakumaran, Mr.M.Madan Mohan Reddy and Mr. N. Govindarajan were re-appointed as executive directors w.e.f June 01, 2018 for a period of 3 years and Mr. P. Sarath Chandra Reddy was appointed as an executive director w.e.f June 01, 2016 for a period of 3 years on the terms and conditions contained in the respective resolutions passed by the Members in the General Meetings. The Notice period is as per the rules of the Company. There was no severance fee payable to them for cessation of their executive directorship.

Mr. N. Govindarajan, Managing Director was granted options under Employee Stock Option Plan (ESOP) of the Company and all the options were vested and exercised during the year 2016-17. No other directors were granted options under ESOP.

##### b. Non-Executive Directors

There were no pecuniary transactions with any non-executive director of the Company.

revision is recommended to the Board by the Committee. The Non-Executive Directors are paid sitting fees for attending meetings of Board/Committee.

The nomination and remuneration policy as adopted by the Board is placed on the Company's website at: <http://www.aurobindo.com/about-us/governance/governance-policies/>

#### Performance evaluation criteria for independent directors

The performance evaluation shall be done on an annual basis. Each Director shall be provided an evaluation sheet in the form of questionnaire. The ratings shall be provided by all the Directors except the Independent Director being evaluated.

On the basis of the report of performance evaluation, it shall be determined by the Nomination and Remuneration/Compensation Committee and Board whether to extend or continue the term of appointment of Independent Director subject to all other applicable provisions.

Non-Executive Directors are paid sitting fee for attending the Board and Committee meetings. Sitting fee of ₹100,000 is being paid to Non-Executive Directors for attending each meeting of the Board of Directors and ₹50,000 for each meeting of the Committees of Board of Directors. During the year, the sitting fees paid was as follows:

Name	Sitting fee (₹)
Mr.M.Sitarama Murty	1,100,000
Mr.K.Ragunathan	1,150,000
Dr.(Mrs.) Avnit Bimal Singh	950,000
Mrs. Savita Mahajan	800,000
Mr.P.V. Ram Prasad Reddy	400,000

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

##### Composition

Dr. (Mrs) Avnit Bimal Singh, a Non-Executive Independent Director is the Chairperson of the Committee and Mr. K. Nithyananda Reddy, Mr. M. Madan Mohan Reddy and Mr. P. Sarath Chandra Reddy are the other members of the Committee.



**Terms of reference**

Stakeholders Relationship Committee considers and resolves all matters of the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual reports, dividends, issue of duplicate share certificates etc.

Specifically look into various aspects of interest of shareholders, debenture holders and other security holders.

Review of measures taken for effective exercise of voting rights by shareholders.

Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

Review of various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports / statutory notices by the shareholders of the Company

**Name and designation of Compliance Officer**

Mr. B.Adi Reddy, Company Secretary

**E-mail ID for investor grievances:** ig@aurobindo.com

**Investor Complaints**

During the financial year ended March 31, 2019, the Company has received and resolved 14 complaints from investors. Number

of complaints not resolved to the satisfaction of shareholders is nil and there were no pending complaints at the year end.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

As per the Companies Act, 2013, the Company is required to constitute a Corporate Social Responsibility (CSR) Committee of the Board consisting of three or more directors, at least one of whom will be an independent director. The constitution of CSR Committee is as under:

Mr. K. Nithyananda Reddy, Chairman

Mr. K. Ragunathan, Member

Dr. M. Sivakumaran, Member

Mr. P. Sarath Chandra Reddy, Member

The purpose of the Committee is to formulate CSR Policy of the Company and monitor its implementation.

The CSR Policy has been placed on the Company's website at: <http://www.aurobindo.com/about-us/governance/governance-policies/>

Annual report on the CSR activities of the Company during the financial year is also placed on the Company's website at: <http://www.aurobindo.com/sustainability/annual-csr-report/>

**GENERAL BODY MEETINGS**

Details of the last three Annual General Meetings are as under:

Year	Location	Date	Time	No. of Special Resolutions passed
2016	Hotel Taj Krishna, Hyderabad	August 24, 2016	3.30 p.m	Nil
2017	Hotel Trident, Hyderabad	August 31, 2017	3.00 p.m	Nil
2018	Hotel Trident, Hyderabad	August 30, 2018	3.00 p.m	1

**Webcast of the Annual General Meeting Proceedings**

The proceedings of the 32nd Annual General Meeting will be webcasted live for all the shareholders as on the cut-off date i.e. August 22, 2019. The shareholders can visit <https://corpreg.karvy.com/agmlive/liveevents.aspx> and login through existing user id and password to watch the live proceedings of the 32nd Annual General Meeting on August 29, 2019, 3:00 PM onwards.

**Details of resolutions passed through postal ballot in Financial Year 2018-19 and details of the voting pattern:**

The Company sought the approval of shareholders by way of special resolutions through notice of postal ballot dated February 7, 2019 for the following:

- i) Re-appointment of Mr. M. Sitarama Murty (DIN 01694236) as an Independent Director of the Company for second term as well as to continue to hold the position of Non-Executive Independent Director beyond 75 years of age and

- ii) Increase in the limits applicable for making investments / extending loans and giving guarantees or providing securities in connection with loans to persons / bodies corporate.

Mr. A. Mohan Rami Reddy, Practicing Company Secretary, was appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

The procedure for Postal Ballot as prescribed under Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 has been followed. The scrutinizer submitted a report to the Chairman stating that the resolutions have been duly passed by the members with requisite majority.

The results were announced to the stock exchanges on March 20, 2019 and also placed on the website of the Company.

The details of the voting pattern is as below:

Resolution	No. of Votes Polled	No. of Votes Cast in Favour	No. of Votes Cast Against	% of Votes Cast in Favour on Votes Polled	% of Votes Cast Against on Votes Polled
Re-appointment of Mr. M. Sitarama Murty (DIN 01694236) as an Independent Director of the Company	462,398,956	443,537,803	18,861,153	95.9210	4.0790
Increase in the limits applicable for making investments / extending loans and giving guarantees or providing securities in connection with loans to Persons / Bodies Corporate	466,641,917	400,048,970	66,592,947	85.7293	14.2707

No Special resolution is proposed to be conducted through postal ballot.

## MEANS OF COMMUNICATION

The Company has a website [www.aurobindo.com](http://www.aurobindo.com). The quarterly and half yearly financial results are not sent to the individual households of the Members, however, the same are placed on the Company's website for the information of Members and general public and also published in leading newspapers in English and Telugu (regional language). Further all material information which has some bearing on the operations of the Company is sent to the stock exchanges and also placed on the Company's website [www.aurobindo.com](http://www.aurobindo.com).

The presentations made to the investors, analysts are placed on the Company's website [www.aurobindo.com](http://www.aurobindo.com).

The Management Discussion and Analysis forms part of this Report and is provided separately in the Annual Report.

## GENERAL SHAREHOLDERS INFORMATION

### 32nd Annual General Meeting

As mentioned in the Notice, the 32nd Annual General Meeting of the Company will be held on Thursday, August 29, 2019.

### Financial Year

The financial year of the Company is April to March.

Financial calendar (tentative and subject to change) of the financial year 2019-20 is as follows:

Declaration of Financial results for	Declaration on or before
1st Quarter	August 14, 2019
2nd Quarter	November 14, 2019
3rd Quarter	February 14, 2020
4th Quarter	May 30, 2020

### Payment of Dividend

The Company has paid interim dividend of 125% (₹1.25 per equity share of ₹1 each) in the month of November 2018 and second interim dividend of 125% (₹1.25 per equity share of ₹1 each) in the month of February 2019, on the equity share capital of the Company for the financial year 2018-19. The total dividend, for the financial year ended March 31, 2019 was 250% (₹2.50 per equity share of ₹1/-) on the equity share capital of the Company. The Board of Directors did not recommend any further dividend for the financial year 2018-19.

### Name and address of each stock exchange(s) at which the shares are listed

The Company's equity shares are listed on the following stock exchanges:

Name and address Stock Exchange(s)	Stock Code
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 001	524804
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	AUROPHARMA

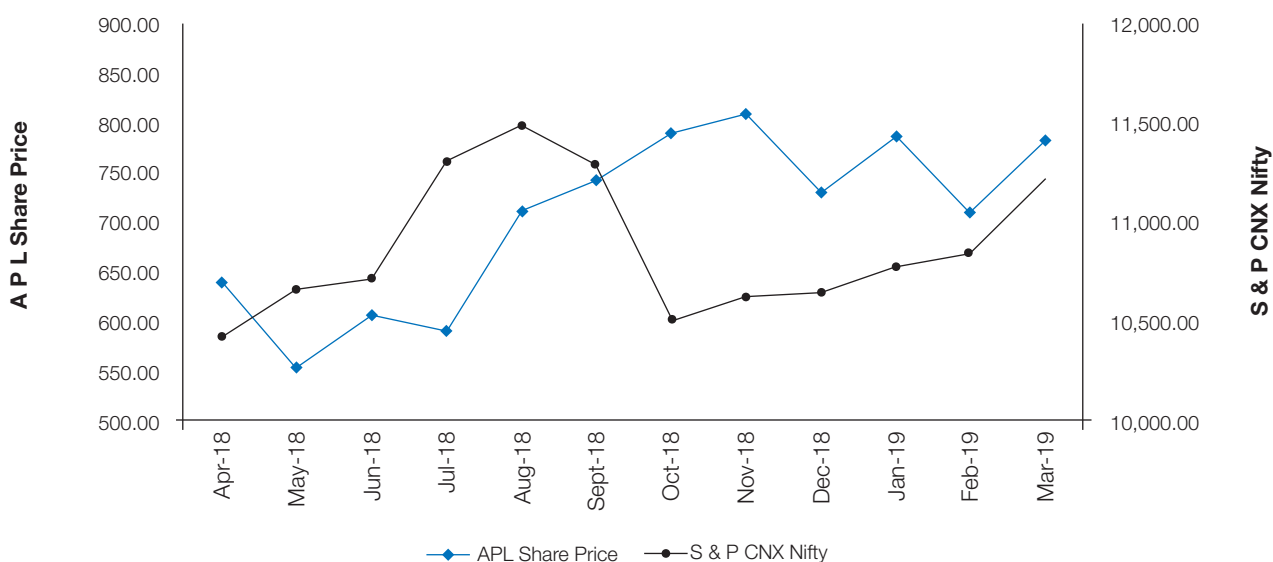
Listing fees for the financial year 2019-20 has been paid to the above stock exchanges.

ISIN: INE406A01037

**Market Price data:**

High, low during each month in last financial year and volume of shares traded on NSE

Month		NSE Share Price				S & P CNX Nifty	
		High	Low	Close	Volume	High	Low
2018	April	653.00	558.50	642.00	38,811,814	10,759.00	10,111.30
	May	644.75	551.95	556.30	41,252,160	10,929.20	10,417.80
	June	627.60	527.00	607.10	62,907,969	10,893.25	10,550.90
	July	636.00	565.05	591.55	40,445,667	11,366.00	11,267.75
	August	719.95	591.85	712.75	67,838,565	11,760.20	11,234.95
	September	827.45	674.10	744.45	125,443,561	11,751.80	10,850.30
	October	796.80	708.50	791.55	63,961,829	11,035.65	10,004.55
	November	822.20	759.30	810.70	46,004,203	10,922.45	10,341.90
	December	830.45	697.10	732.95	68,094,029	10,985.15	10,333.85
2019	January	795.70	708.25	787.80	46,571,650	10,987.45	10,583.65
	February	804.95	695.00	712.05	50,922,605	11,118.10	10,585.65
	March	802.55	713.70	784.25	40,414,554	11,630.35	10,817.00



Month		BSE share price (₹)				BSE Sensex	
		High	Low	Close	Volume	High	Low
2018	April	654.00	558.05	641.05	2,100,621	35,213.30	32,972.56
	May	644.70	552.70	556.50	2,152,369	35,993.53	34,302.89
	June	626.85	527.05	606.55	3,798,075	35,877.41	34,784.68
	July	635.50	566.00	592.45	2,432,656	37,644.59	35,106.57
	August	719.50	592.50	712.35	3,948,945	38,989.65	37,128.99
	September	826.35	674.15	743.75	7,142,274	38,934.35	35,985.63
	October	792.95	709.10	790.30	3,693,326	36,616.64	33,291.58
	November	823.60	760.25	810.30	2,613,602	36,389.22	34,303.38
	December	830.00	698.00	730.95	2,966,580	36,554.99	34,426.29
2019	January	794.90	708.90	786.30	5,991,001	36,701.03	35,375.51
	February	804.75	695.60	712.15	2,453,046	37,172.18	35,287.16
	March	802.00	714.20	786.00	1,967,837	38,748.54	35,926.94



There was no suspension of trading in securities of the Company during the financial year under review.

### Registrar and share transfer agents

M/s. Karvy Fintech Private Limited is the Registrar & Share Transfer Agent and Depository Transfer Agent of the Company. Any request pertaining to investor grievances may be forwarded to them at the following address:

Ms. C. Shobha Anand  
Karvy Fintech Private Limited  
Unit: Aurobindo Pharma Limited  
Karvy Selenium, Tower B, Plot No.31-32,  
Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032  
Phone: +91 40 6716 2222 | Fax: +91 40 2300 1153 | E-mail: einward.ris@karvy.com

### Share transfer system and dematerialization of shares and liquidity

The Company's shares are covered under the compulsory dematerialization list and are transferable through the depository system. The Company has appointed M/s. Karvy Fintech Private Limited as its Registrar and Share Transfer Agent and also Depository Transfer Agent. Shares received for physical transfer are generally registered within a period of 15 days from the date of receipt, subject to fulfillment of other legal formalities. The Compliance Officer has been delegated the power to approve the share transfers and the information is placed to the Board in each meeting. Further, the Company has signed a tripartite agreement with NSDL/CDSL and M/s. Karvy Fintech Private Limited to facilitate dematerialization of shares. The Members may contact for the redressal of their grievances either M/s. Karvy Fintech Private Limited or to the Company Secretary, Aurobindo Pharma Limited. Further, SEBI has mandated that securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019 and accordingly, considering the benefits of dematerialization, Members who are still holding the Company's shares in physical form are suggested to dematerialize their holdings in the Company.

### Distribution of shareholding

#### Distribution Schedule - As on March 31, 2019

Sr. No	Category	No. of Cases	% of Cases	Total Shares	Amount (₹)	% of Amount
1	1-5000	174,663	99.01	25,744,487	25,744,487	4.39
2	5001- 10000	798	0.45	5,925,164	5,925,164	1.01
3	10001- 20000	306	0.17	4,528,700	4,528,700	0.77
4	20001- 30000	140	0.08	3,422,917	3,422,917	0.59
5	30001- 40000	83	0.05	2,968,453	2,968,453	0.51
6	40001- 50000	52	0.03	2,369,138	2,369,138	0.40
7	50001- 100000	114	0.07	8,496,502	8,496,502	1.45
8	100001& Above	250	0.14	532,460,248	532,460,248	90.88
	<b>Total</b>	<b>176,406</b>	<b>100.00</b>	<b>585,915,609</b>	<b>585,915,609</b>	<b>100.00</b>

58,43,13,036 equity shares forming 99.73% of the share capital are in demat form and 16,02,573 equity shares forming 0.27% of the share capital are in physical form.

**Categories of shareholders as on March 31, 2019**

Category	No. of Shares	%
Promoters & Directors	303,927,944	51.87
NRI/FPs/Foreign Nationals	129,033,264	22.02
FIs / Banks	293,647	0.05
Mutual Funds	78,804,440	13.45
Insurance companies	1,120,194	0.19
Body corporates	1,6,916,299	2.89
General public and others	55,819,821	9.53
<b>Total</b>	<b>58,515,609</b>	<b>100.00</b>

**Outstanding GDR/ADR/warrants or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDR/ADR and there are no outstanding warrants or any convertible instruments.

**Commodity Price Risk or Foreign Exchange risk and hedging activities**

Detailed information on commodity price risk and foreign exchange risk has been provided under Management of Risks which forms part of this annual report. The Company has not undertaken any hedging activities for commodity price risk and foreign exchange risk.

**Plant locations of manufacturing and R&D facilities**

Unit No	Address
Unit-I	Survey No.379, 385, 386, 388 to 396 & 269, Borpatla Village, Hatnoor Mandal, Sangareddy District, 502296, Telangana.
Unit-II	Plot No.103/A & 104/A, SVCIE, Industrial Development Area, Bollaram, Jinnaram Mandal Sangareddy District, 500 092, Telangana.
Unit-III	Survey No.313 & 314 Bachupally Village, Bachupally Mandal, Medchal Malkajgiri District, 500090, Telangana.
Unit-IV	Plot No.4 in Sy. No.151 and Plot Nos.34 to 48 in Sy. Nos. part of 146, 150, 151, 152, 153 and 154 situated in Phase-III, TSIC, EPIP, IDA, Pashamylaram, Patancheru Revenue Mandal, Sangareddy District 502307, Telangana.
Unit-V	Plot Nos.68 to 70, 73 to 91, 95, 96, 260 & 261, Industrial Development Area, Chemical Zone, Pashamylaram Village, Patancheru Mandal, Sangareddy District, 502307, Telangana.
Unit-VI	Survey No. 329/39 & 329/47, Chitkul Village, Patancheru Mandal, Sangareddy District, 502307, Telangana.
Unit-VII (SEZ)	Sy.Nos.411/P, 425/P, 434/P, 435/P & 458/P, Plot No.S1/A, Special Economic Zone (Pharma), TSIC, Green Industrial Park, Polepally Village, Jedcherla Mandal, Mahaboob Nagar District, 509302, Telangana.
Unit-VIII	Survey No.10 & 13, Gaddapothram, Industrial Development Area – Kazipally Industrial Area, Jinnaram Mandal, Sangareddy District, 502319, Telangana.
Unit-IX	Survey No.305, 369, 370, 371, 372, 373, 374& 377, Gundlamachanoor Village, Hatnoora Mandal, Sangareddy District, 502296, Telangana.
Unit-X	Plot No 16, APIIC, Multi product SEZ at Sy.No.3 (P) to 6(P) & 413(P) & 416(P) Palchur village and 113 Part of Palepalem Village Naidupeta Mandal, PSR Nellore District 524126, Andhra Pradesh.
Unit-XI	Survey No. 52-78, of Pydibhimavaram Village, Survey No.2-11 & 29-32 of Chittivalasa Village Industrial Development Area, Pydibhimavaram, Ranasthalam Mandal, Srikakulam District, 532409, Andhra Pradesh
Unit-XII	Survey No.314, Bachupally Village, Bachupally Mandal, Medchal Malkajgiri District, 500090, Telangana.
Unit – XIV	JN Pharma City, Plot NO 17, Road No.10,11 & 19,20, E Bonangi Village, Parawada Mandal, Visakhapatnam District, 531021, Andhra Pradesh.
Unit – XV	JN Pharma City, Plot NO 17A, Road No.10,11 & 19,20, E Bonangi Village, Parawada Mandal, Visakhapatnam District, 531021, Andhra Pradesh.
Unit – XVI	Plot No.S-5/B,S-6&S-7, Sy No.408 to 412,418 to 435,437 to 445,452 to 459, TSIC,SEZ,Polepally-Village, Jadcherla-Mandal, Mahaboob Nagar-Dist, -509302 Telangana.
Unit – XVII *	Survey No.77 & 78, Indrakaran Village, Kandi Mandal, Sangareddy Dist, 502203, Telangana.
Unit – XVIII *	Survey No.69, 70, 71 & 72, Indrakaran Village, Kandi Mandal, Sangareddy Dist, 502203, Telangana.
APLRC – I @	Survey No. 313 & 314, Bachupally Village, Bachupally Mandal, Medchal Malkajgiri District, 500090, Telangana.
APLRC –II @	Survey No.71 & 72, Indrakaran Village, Kandi Mandal, Sangareddy Dist, 502203, Telangana.
Bhiwadi Unit	1128, RIICO Phase-III, Bhiwadi – 301 019, Rajasthan (under sub lease to Auronext Pharma Private Limited, a wholly owned subsidiary of the Company)

@ Research and Development Centers

\* Facilities under construction/ development



**Address for correspondence:**

Registered Office	Corporate Office	Name & Designation of Compliance Officer
Aurobindo Pharma Limited (CIN - L24239TG1986PLC015190) Plot No.2, Maitrivihar, Ameerpet Hyderabad - 500 038, Telangana Phone: +91 40 2373 6370/ 2374 7340 Fax: +91 40 2374 1080 / 2374 6833 E-mail : info@aurobindo.com	Water Mark Building, Plot No.11, Survey No.9, Kondapur, Hitech City Hyderabad – 500 084, Telangana Phone: +91 40 6672 5000 Fax: +91 40 6707 4044 E-mail: info@aurobindo.com	Mr. B.Adi Reddy Company Secretary Aurobindo Pharma Limited, Water Mark Building, Plot No. 11, Survey No. 9, Kondapur, Hitech City, Hyderabad - 500 084, Telangana Phone: +91 40 6672 5333 Fax: +91 40 6707 4044/4059 E-mail: cs@aurobindo.com

**Contact address for investor grievances**

E-mail: ig@aurobindo.com

**List of all credit ratings obtained by the entity along with any revision thereto:**

The Company has obtained the following ratings from India Ratings & Research Private Limited on September 17, 2018.

Fund-based working capital limits: IND AA+/RWP/IND A1+/RWP

Non-fund-based working capital limits: IND A1+/RWP

**OTHER DISCLOSURES****Related Party Transactions**

No transaction of material nature has been entered into by the Company with its Directors/management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

**Transactions with related parties are disclosed in the Notes to Accounts in the Annual Report.**

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee and Board of Directors of the Company have adopted a policy to determine Related Party Transactions. The policy is placed on the Company's website at: <http://www.aurobindo.com/about-us/governance/governance-policies/>

**Details of Non-Compliance and Penalties**

There were no instances of non-compliance or penalties/strictures by the stock exchanges/SEBI/statutory authorities on any matter related to capital markets during the last three years.

**Commodity Price Risk or Foreign Exchange risk and hedging activities**

Detailed information on commodity price risk and foreign exchange risk has been provided under Management of Risks which forms part of this annual report. The Company has not undertaken any hedging activities for commodity price risk and foreign exchange risk.

**Details of establishment of Vigil Mechanism (Whistle Blower policy)**

The Board of Directors of the Company had adopted the Whistle Blower policy. The Company has established a mechanism for employees to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics. The employees have been appropriately communicated within the organization about the mechanism and have been provided direct access to the Chairman of the Audit Committee. The mechanism also lays emphasis on making enquiry into whistle blower complaint received by the Company. The Audit Committee reviews periodically the functioning of whistle blower mechanism. No employee has been denied access to the Audit Committee. A copy of the Whistle Blower Policy is hosted on the Company's website at <http://www.aurobindo.com/about-us/governance/governance-policies/>

**Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company has complied with all the mandatory requirements of Corporate Governance as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is in the process of implementation of non-mandatory requirements.

**Policy on Material Subsidiaries**

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has adopted a policy with regard to determination of material subsidiaries. The policy is placed on the Company's website: <http://www.aurobindo.com/about-us/governance/governance-policies/>

**Recommendations of Committees of the Board**

There were no instances during the financial year 2018-19 wherein the Board had not accepted the recommendations made by any Committee of the Board.

**Total fee for all services paid by the listed entity and its subsidiaries on a consolidated basis, to the statutory auditor and all entities in the network firm network entity of which the statutory auditor is a part**

During the year ended March 31, 2019, fees paid to the Statutory Auditors (B S R & Associates LLP) and its network firms are as follows:

	(₹ in Million)		
Fees (including taxes)	Aurobindo Pharma Limited to Statutory Auditors	Aurobindo Pharma Limited to network firms of Statutory Auditors	Subsidiaries of Aurobindo Pharma Limited to Statutory Auditors and its network firms
Statutory Audit	10.25	-	-
Certification & other attest services	5.72	-	-
Non-audit services	-	-	-
Outlays and Taxes	-	-	-
<b>Total</b>	<b>15.97</b>	<b>-</b>	<b>-</b>

**Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, prohibition and redressal) Act, 2013:**

- Number of complaints filed during the financial year: 01
- Number of complaints disposed of during the financial year: 01
- Number of complaints pending as on end of the financial year: Nil

**Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) of Schedule-V**

The Company has complied with the requirements of corporate governance report of sub-paras (2) to (10) of clause C of Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**Adoption of discretionary requirements as specified in Part E of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

With regard to discretionary requirements, the Company has adopted clauses relating to the following:

Internal Auditors report directly to the Audit Committee.

**The Disclosures of the compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:**

Regulation	Particulars of Regulations	Compliance status(Yes/No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

**Code of Conduct**

The Board of Directors has laid down a 'Code of Conduct' (the Code) for all the Board members and the senior management of the Company and this Code is posted on the website of the Company. Annual declaration is obtained from every person covered by the Code.

The Company has a comprehensive Code of Conduct for prevention of insider trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Pursuant to the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, which is effective from April 1, 2019, the Board has formulated a Code of Conduct to regulate, monitor and report trading by insiders and the Board has also adopted a code of practices and procedures for fair disclosure of unpublished price sensitive information. The data management and monitoring of insider trading in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 is done through a dedicated application provided by Company's Registrar & Transfer Agent, Karvy Fintech Private Limited.

### **Risk Management**

The Company recognizes that it faces various financial, market, technical and operational risks including regulatory and compliance risks and needs to take appropriate steps to minimize such risks. The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up. The Board has constituted a Risk Management Committee comprising of Mr. M. Sitarama Murty, as the Chairman of the Committee and Mr. N. Govindarajan and Mr. P. Sarath Chandra Reddy as other members of the Committee. The objectives of the Committee include identifying, measuring monitoring the various risks the Company is exposed to and initiate appropriate mitigating measures on an ongoing basis.

### **Letter of appointment**

Each independent director upon appointment is given a letter of appointment. The terms and conditions of the appointment of the independent directors is available on the Company's website at: <http://www.aurobindo.com/about-us/governance/governance-policies/>

### **CEO and CFO Certification:**

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO & CFO certification is provided in this Annual report as **Annexure-C**.

### **Certificate on Corporate Governance**

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Certificate on Corporate Governance issued by Practicing Company Secretary is annexed to the Board's report as **Annexure-D**.

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### **Declaration**

I, N. Govindarajan, Managing Director, hereby declare that as provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2019.

For Aurobindo Pharma Limited

Place: Hyderabad  
Date: 28 May 2019

**N. Govindarajan**  
Managing Director  
DIN: 00050482

## ANNEXURE - A

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
Aurobindo Pharma Limited  
Plot No.2, Maitrivihar, Ameerpet  
Hyderabad – 500 038

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Aurobindo Pharma Limited having CIN – L24239TG1986PLC015190 and having registered office at Plot No.2, Maitrivihar, Ameerpet, Hyderabad – 500 038 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of appointment in Company
1	Mr.Kannan Ragunathan	00523576	30.01.2008
2	Mr.Kambam Nithyananda Reddy	01284195	26.12.1986
3	Mr.Narayanan Govindarajan	00050482	01.06.2012
4	Dr.Meenakshi Sunderam Sivakumaran	01284320	30.03.1992
5	Mr.Mettu Madan Mohan Reddy	01284266	18.09.2006
6	Mr.Penaka Sarath Chandra Reddy	01628013	27.09.2007
7	Mr.Penaka Venkata Ramprasad Reddy	01284132	26.12.1986
8	Mr.Mandavilli Sitarama Murty	01694236	27.09.2007
9	Dr.(Mrs.) Avnit Bimal Singh	01316166	25.03.2015
10	Mrs.Savita Mahajan	06492679	16.12.2017

Ensuring the eligibility of, for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date: 28 May 2019

#### A. Mohan Rami Reddy

Company Secretary in Practice  
Membership No. FCS 2147  
CP No.: 16660

## ANNEXURE - B

### ANNUAL SECRETARIAL COMPLIANCE REPORT OF AUROBINDO PHARMA LIMITED FOR THE YEAR ENDED 31.03.2019

(Pursuant to circular dated 8th February, 2019 issued by SEBI)

I, A. Mohan Rami Reddy, Practicing Company Secretary has examined:

- all the documents and records made available to me and explanation provided by **Aurobindo Pharma Limited** [CIN: L24239TG1986PLC015190] having its Registered Office at Plot No.2, Maitrivihar, Ameerpet, Hyderabad - 500 038 ("the listed entity"),
- the filings / submissions made by the listed entity to the stock exchanges,
- website of the listed entity,
- other documents / filings, as are relevant, which have been relied upon to make this certification,

for the year ended 31.03.2019 ("Review Period") in respect of compliance with the provisions of:

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, including:

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and the circulars/ guidelines issued thereunder; and based on the above examination, I hereby report that, during the Review Period:

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific	Deviations	Observations/Remarks of the Practicing Company Secretary
		-NIL-	

- The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.
- During the Review Period, no action has been taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.
- The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended...	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
		Not Applicable		

Place: Hyderabad  
Date: May 20, 2019

**A. Mohan Rami Reddy**  
Company Secretary in Practice  
FCS No. : 2147 // C.P. No. : 16660



## ANNEXURE - C

### CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We hereby certify that:

- a. We have reviewed financial statement and cash flow statement for the financial year ended March 31, 2019 and that to the best of our knowledge and belief:

These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

- b. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financials reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we have aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee that there are no:

Significant changes in internal control over financial reporting during the year;

Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system financial reporting.

For Aurobindo Pharma Limited

Place: Hyderabad  
Date: 28 May 2019

**N. Govindarajan**  
Managing Director  
DIN: 00050482

**S. Subramanian**  
Chief Financial Officer

## ANNEXURE - D

### **CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER REGULATION 34(3) READ WITH SCHEDULE V OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

The Members of  
Aurobindo Pharma Limited

I have examined the compliance of conditions of corporate governance by Aurobindo Pharma Limited (the Company) for the financial year ended March 31, 2019, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to review the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In my opinion and to the best of our information and according to the explanations given to me, I certify that the Company has complied with the conditions of corporate governance as stipulated in the above Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date: 28 May 2019

**S. Chidambaram**  
Company Secretary in Practice  
C.P. No. 2286

# Financial Statements



A diagram consisting of a vertical line on the left, a horizontal line at the bottom, and a diagonal line connecting the two. A small circle is at the top of the vertical line, and another small circle is at the end of the diagonal line. The text 'STANDALONE FINANCIAL STATEMENTS' is positioned between the top circle and the diagonal line, and 'CONSOLIDATED FINANCIAL STATEMENTS' is positioned between the diagonal line and the bottom circle.

STANDALONE  
FINANCIAL STATEMENTS

**PG NO 134**

CONSOLIDATED  
FINANCIAL STATEMENTS

**PG NO 201**

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Aurobindo Pharma Limited

### REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

#### Opinion

We have audited the standalone financial statements of Aurobindo Pharma Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### Key audit matters

##### Impairment of investment in subsidiaries

Refer note 2.1(d)(vi) of the summary of significant accounting Policies and note 4 to the standalone financial statements.

The Company has made investments in its subsidiaries and joint venture entities. The carrying value of these investments as at 31 March 2019 is ₹ 23,390.2 million.

Determining whether there is objective evidence of impairment, which includes a significant shortfall in the investee's actual business performance compared with budgets and significant changes in the technological, market, economic or legal environment that have an adverse effect on the fair value of the investment for investments which do not have a quoted prices in an active market, involves the exercise of significant management judgement.

We identified assessing potential impairment of investments in subsidiaries and joint ventures as a key audit matter because of the significance of investments to the financial statements and because of the degree of judgement exercised by management in determining whether there was objective evidence of impairment of investments.

#### How the matter was addressed in our audit

Our key audit procedures included the following:

- Discussing with management whether there was any objective evidence of impairment of individual investment and challenging management's assertions and conclusions with reference to the guidance in the prevailing accounting standards and by (i) obtaining the latest available budgets and comparing the actual performance of the investees with management expectations, (ii) obtaining and reviewing the latest financial statements of the respective investee companies and (iii) comparing the carrying amount of the investments with audited net worth of these investee companies which have been audited by the respective component auditor.
- Assessing the appropriateness of the valuation methodology used by management and tested the mathematical accuracy of the impairment models.
- Assessing the reasonableness of the valuation assumptions, such as discount rates, growth rate, projected/ forecasted cash flow used by management.
- Performing a sensitivity analysis around the key assumptions, in particular discount rates and long term growth rates.
- Assessed the appropriateness of the disclosure made in the standalone financial statements.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters	How the matter was addressed in our audit
<b>Contingencies and litigations</b> Refer note 2.2(m) of the summary of significant accounting policies and note 30(C) to the standalone financial statements. The Company operates in multiple jurisdictions in the pharmaceutical industry which is heavily regulated, resulting in increased exposure to litigation risk. The Company is involved in a number of litigations/ legal actions. These provisions are based on judgements and accounting estimates made by management reflect in determining the likelihood and magnitude of an unfavorable outcome on the claims. Accordingly, unexpected adverse outcomes could significantly impact the Company's reported profit and balance sheet position.	Evaluating the design and testing the operating effectiveness of controls in respect of the recognition and measurement of provisions towards litigation and claims; Corroborating management's assessment by: <ul style="list-style-type: none"> <li>making enquiries with the in-house legal counsel of the Company;</li> <li>verifying correspondence, orders and appeals in respect of open litigation;</li> <li>Obtaining confirmations from internal legal counsel where relevant and/ or evaluating legal opinions obtained by the management;</li> <li>Evaluating significant adjustments to legal provisions recorded during the year to determine if they were indicative of management bias; and</li> <li>Evaluating adequacy of disclosures given in Note 30(C) to standalone financial statements</li> </ul>
<b>Revenue Recognition</b> Refer to Note 2.2(c) of the summary of significant accounting policies to the standalone financial statements. Revenue from sale of goods is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised is based on the consideration expected to be received in exchange for goods, excluding trade discounts, volume discounts, sales returns and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and services tax etc., where applicable. Revenue is one of the key performance indicators of the Company and there could be a risk that revenue is recognized in the incorrect period or before the control has been transferred to the customer.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: <ul style="list-style-type: none"> <li>Assessed the appropriateness of the Company's revenue recognition accounting policies including those relating to discounts and sales return and assessed compliance with the policies in terms of applicable accounting standards.</li> <li>Tested the effectiveness of the Company's controls over measurement and recognition of revenue in accordance with customer contracts which includes control over transaction pricing including discounts and correct timing of revenue recognition.</li> <li>Assessed sales transactions taking place at either side of the balance sheet date as well as credit notes issued after the year end date to assess whether that revenue was recognised in the correct period.</li> <li>Other audit procedures specifically designed to address risk of Management override of controls included journal entry testing.</li> </ul>
<b>Other Information</b> The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report  Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.	In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.  When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or

error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act;
  - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
  - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the

Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 30(C) to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.
3. With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Associates LLP**  
Chartered Accountants

Firm's Registration Number: 116231W/W-100024

**Sriram Mahalingam**  
Partner  
Membership Number: 049642

Place: Hyderabad  
Date: 28 May 2019

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

With reference to the "Annexure A" referred to in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the Members of the Company on the audit of standalone financial statements for the year ended 31 March 2019, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

- (b) The property, plant and equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the Programme, a portion of the property, plant and equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, included in the property, plant and equipment except for the following are held in the name of the Company. As explained to us, registration of title deeds is in progress in respect of these immovable properties:

Category	No. of instances	Freehold / Leasehold	Gross Block as at 31 March 2019 (₹ in million)	Net Block as at 31 March 2019 (₹ in million)
Land	5	Freehold land	131.2	131.2
Building	1	Freehold building	35.3	14.0
<b>Total</b>			<b>166.5</b>	<b>145.2</b>

- ii. The inventories, except goods-in-transit and stock lying with third parties, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material. Inventories lying with third parties as at 31 March 2019 have been confirmed by them and no material discrepancies were noticed in respect of such confirmations.

- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act related to the manufacture of Active Pharmaceutical Ingredients and Formulations and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- iii. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the Provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Duty of Customs, Goods and Services tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

- iv. In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a Company in which the director is interested to which, the provisions of Section 185 of the Act apply and hence not commented upon. However, in respect of loans given, investments made and guarantees given, the Company is in compliance with the provisions of Section 186 of the Act.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Duty of Customs, Goods and Services tax, Cess and any other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.

- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Rules framed thereunder. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS (CONTINUED)

- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Goods and Services tax and Cess. According to the information and explanations given to us, the following dues of Income-tax, Service tax, Duty of Customs, Duty of Excise have not been deposited by the Company on account of disputes:

Nature of the Statute	Nature of dues	Disputed amount (₹ in million)	Paid under protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944 and Customs Act, 1962	Central Excise	6.3	6.1	F.Y 2004-2016	CESTAT*
	Central Excise	2.6	2.3	F.Y 2007-2014	Revisionary Authority
	Central Excise	7.4	-	F.Y 2013-2015	Commissioner (Appeals)
	Central Excise-Interest	0.5	0.2	F.Y 2006-2010	CESTAT*
	Central Excise-Interest	13.5	1.0	F.Y 2011-2012	Appellate Authority up to Commissioner's level
	Customs	9.8	1.4	F.Y 2002-2015	CESTAT*
Finance Act, 1994	Customs	4.7	3.7	F.Y 2011-2012	Commissioner (Appeals)
	Service tax	1.8	0.2	F.Y 2014-2015	Commissioner (Appeals)
	Service tax	508.9	34.5	F.Y 2005-2016	CESTAT*
Income-tax Act, 1961	Service tax	0.3	-	F.Y 2004-2005	Honorable AP High court
	Income-tax	3.5	-	A.Y 2013-2015	Commissioner (Appeals)

\*Customs, Excise and Service Tax Appellate Tribunals

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to bank. The Company did not have any dues to any financial institution, government or debenture holder during the year.
- ix. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). According to the information and explanation given to us, the monies raised by way of term loans have been applied, on an overall basis, for the purpose for which they are obtained.
- x. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the Management, we report that no fraud by the Company or no fraud on the Company by its officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- xiv. Based on our examination of the records of the Company and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3(xiv) of the Order are not applicable.
- xv. Based on our examination of the records of the Company and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him, as referred to in Section 192 of the Act.
- xvi. According to the information and explanations given to us and in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Associates LLP**  
Chartered Accountants

Firm's Registration Number: 116231W/W-100024

**Sriram Mahalingam**  
Partner  
Membership Number: 049642

Place: Hyderabad  
Date: 28 May 2019

## **ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AUROBINDO PHARMA LIMITED FOR THE YEAR ENDED 31 MARCH 2019**

### **Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in clause (f) of paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of Aurobindo Pharma Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **Meaning of Internal Financial controls with Reference to Financial Statements**

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in



## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AUROBINDO PHARMA LIMITED FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements include those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP**  
Chartered Accountants

Firm's Registration Number: 116231W/W-100024

### **Sriram Mahalingam**

Partner  
Membership Number: 049642

Place: Hyderabad  
Date: 28 May 2019

# STANDALONE BALANCE SHEET

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Note	As at 31 March 2019	As at 31 March 2018
<b>I ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3(A)	41,458.5	33,929.7
(b) Capital work-in-progress	3(A)	7,500.7	11,002.3
(c) Intangible assets	3(B)	38.5	-
(d) Intangible assets under development	3(B)	389.4	437.5
(e) Financial assets			
(i) Investments	4(A)	23,390.4	19,674.8
(ii) Loans	5	1,465.6	132.6
(iii) Trade receivables	6(A)	-	-
(iv) Other financial assets	7(A)	982.7	964.1
(f) Non-current tax assets (net)	9	1,381.1	826.0
(g) Other non-current assets	10(A)	716.9	1,159.4
<b>Total non-current assets</b>		<b>77,323.8</b>	<b>68,126.4</b>
<b>Current assets</b>			
(a) Inventories	11	39,712.6	34,092.3
(b) Financial assets			
(i) Investments	4(B)	0.2	0.2
(ii) Trade receivables	6(B)	52,320.7	44,682.3
(iii) Cash and cash equivalents	12(A)	734.0	2,440.0
(iv) Bank balances other than (iii) above	12(B)	23.7	19.0
(v) Loans	5(B)	98.2	82.3
(vi) Other financial assets	7(B)	202.5	81.4
(c) Other current assets	10(B)	10,991.5	8,414.5
<b>Total current assets</b>		<b>104,083.4</b>	<b>89,812.0</b>
<b>TOTAL ASSETS</b>		<b>181,407.2</b>	<b>157,938.4</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	13	585.9	585.9
(b) Other equity	14	112,920.3	99,239.9
<b>Total equity</b>		<b>113,506.2</b>	<b>99,825.8</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Provisions	16(A)	226.4	336.0
(b) Deferred tax liability (net)	8	310.0	234.8
<b>Total non-current liabilities</b>		<b>536.4</b>	<b>570.8</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	45,198.0	36,538.3
(ii) Trade payables	17		
(A) total outstanding dues of micro enterprises and small enterprises and		328.8	296.6
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		18,085.1	15,995.8
(iii) Other financial liabilities	18	1,286.9	2,526.5
(b) Other current liabilities	19	1,500.7	1,439.2
(c) Provisions	16(B)	965.1	745.4
<b>Total current liabilities</b>		<b>67,364.6</b>	<b>57,541.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>181,407.2</b>	<b>157,938.4</b>
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.  
As per our Report of even date attached.

For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership No.049642

for and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

**N. Govindarajan**  
Managing Director  
DIN-00050482

**Santhanam Subramanian**  
Chief Financial Officer

**Dr. M. Sivakumaran**  
Director  
DIN-01284320

**B. Adi Reddy**  
Company Secretary  
Membership No.13709

Place: Hyderabad  
Date: 28 May 2019

Place: Hyderabad  
Date: 28 May 2019

# STANDALONE STATEMENT OF PROFIT AND LOSS

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
<b>I INCOME</b>			
Revenue from operations	20	122,578.9	103,031.5
Other income	21	1,992.2	806.5
<b>TOTAL INCOME (I)</b>		<b>124,571.1</b>	<b>103,838.0</b>
<b>II EXPENSES</b>			
Cost of materials consumed	22	64,553.0	48,932.7
Purchases of stock-in-trade		142.5	37.2
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(2,898.0)	(3,341.8)
Employee benefits expense	24	13,627.7	11,316.4
Finance costs	25	2,308.6	528.9
Depreciation and amortisation expense	26	4,130.3	3,548.3
Other expenses	27	23,060.8	19,386.9
<b>TOTAL EXPENSES (II)</b>		<b>104,924.9</b>	<b>80,408.6</b>
<b>III PROFIT BEFORE TAX (I-II)</b>		<b>19,646.2</b>	<b>23,429.4</b>
<b>IV TAX EXPENSE :</b>	28		
Current tax		4,266.1	5,053.4
Tax credit - Minimum Alternate Tax (MAT)		(480.5)	(433.2)
Deferred tax		563.3	681.5
<b>TOTAL TAX EXPENSE (IV)</b>		<b>4,348.9</b>	<b>5,301.7</b>
<b>V PROFIT FOR THE YEAR (III-IV)</b>		<b>15,297.3</b>	<b>18,127.7</b>
<b>VI OTHER COMPREHENSIVE INCOME (OCI)</b>			
Items that will not to be reclassified subsequently to profit or loss:			
(a) Re-measurement of defined benefit liability		(21.7)	(34.5)
(b) Income-tax relating to items that will not be reclassified to profit or loss		7.6	12.7
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX) (VI)</b>		<b>(14.1)</b>	<b>(21.8)</b>
<b>VII TOTAL COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX) (V+VI)</b>		<b>15,283.2</b>	<b>18,105.9</b>
<b>VIII EARNINGS PER EQUITY SHARE</b>	29		
Basic (in ₹)		26.11	30.94
Diluted (in ₹)		26.11	30.94
Nominal value per equity share		1.00	1.00
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.  
As per our Report of even date attached.

For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership No.049642

Place: Hyderabad  
Date: 28 May 2019

for and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

**N. Govindarajan**  
Managing Director  
DIN-00050482

**Santhanam Subramanian**  
Chief Financial Officer

Place: Hyderabad  
Date: 28 May 2019

**Dr. M. Sivakumaran**  
Director  
DIN-01284320

**B. Adi Reddy**  
Company Secretary  
Membership No.13709

# STANDALONE STATEMENT OF CHANGES IN EQUITY

## (A) EQUITY SHARE CAPITAL (Refer Note 13)

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Number	Balance
As at 01 April 2017	585,882,409	585.9
Changes in equity share capital during the year	25,200	0.0
As at 31 March 2018	585,907,609	585.9
Changes in equity share capital during the year	8,000	0.0
<b>As at 31 March 2019</b>	<b>585,915,609</b>	<b>585.9</b>

## (B) OTHER EQUITY

	Reserves and surplus					Items of other comprehensive income	Total
	Capital reserve	Capital redemption reserve	Employee stock options outstanding account	Securities premium	General reserve	Retained earnings	
Balance at 01 April 2017	91.1	90.0	0.9	3,416.0	7,888.4	72,424.1	83,775.9
<b>Total comprehensive income for the year ended 31 March 2018</b>							
Profit for the year	-	-	-	-	-	18,127.7	18,127.7
Other comprehensive income (net of tax)	-	-	-	-	-	(21.8)	(21.8)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,127.7</b>	<b>18,105.9</b>
Issue of equity shares on exercise of employee stock options	-	-	-	2.3	-	-	2.3
Share based payment (refer note 31)	-	-	0.2	-	-	-	0.2
Exercise of share options	-	-	(0.4)	0.4	-	-	-
Dividend paid	-	-	-	-	-	(2,197.1)	(2,197.1)
Dividend distribution tax	-	-	-	-	-	(447.3)	(447.3)
<b>Balance at 31 March 2018</b>	<b>91.1</b>	<b>90.0</b>	<b>0.7</b>	<b>3,418.7</b>	<b>7,888.4</b>	<b>87,907.4</b>	<b>99,239.9</b>
<b>Total comprehensive income for the year ended 31 March 2019</b>							
Profit for the year	-	-	-	-	-	15,297.3	15,297.3
Other comprehensive income (net of tax)	-	-	-	-	-	(14.1)	(14.1)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,297.3</b>	<b>15,283.2</b>
Issue of equity shares on exercise of employee stock options	-	-	-	0.6	-	-	0.6
Share based payment (refer note 31)	-	-	(0.1)	0.1	-	-	-
Exercise of share options	-	-	-	-	-	(1,464.8)	(1,464.8)
Dividend paid	-	-	-	-	-	(138.6)	(138.6)
Dividend distribution tax	-	-	-	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>91.1</b>	<b>90.0</b>	<b>0.6</b>	<b>3,419.4</b>	<b>7,888.4</b>	<b>101,601.3</b>	<b>112,920.3</b>

Refer note 14B for nature and purpose of reserves  
As per our Report of even date attached.

For and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

Chartered Accountants  
ICAI Firm Registration Number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership No.049642  
Place: Hyderabad  
Date: 28 May 2019

**N. Govindarajan**  
Managing Director  
DIN-00050482

**Santhanam Subramanian**  
Chief Financial Officer

**B. Adi Reddy**  
Company Secretary  
Membership No.13709

Place: Hyderabad  
Date: 28 May 2019

# STANDALONE STATEMENT OF CASH FLOWS

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>1 CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>19,646.2</b>	23,429.4
<b>Adjustments to reconcile profit before tax to net cash flow:</b>		
Depreciation and amortisation expense	4,130.3	3,548.3
Allowances for doubtful receivables/ provision for advances and other assets (net)	162.3	(94.8)
Bad debts	2.0	9.9
Provision for diminution on non-current investment	-	200.0
Change in fair value of current investment	-	0.0
Provisions no longer required written back	(99.9)	(0.0)
Unrealised foreign exchange gain (net)	(85.8)	(843.8)
Mark-to-market (gain)/loss on derivative financial instruments	(64.4)	23.3
Loss on sale of property, plant and equipment (net)	106.2	0.7
Dividend income	(790.8)	-
Finance costs	1,266.5	482.7
Interest income	(68.3)	(34.7)
<b>Operating profit before working capital changes</b>	<b>24,204.3</b>	<b>26,721.0</b>
<b>Movements in working capital:</b>		
Increase in trade receivables (refer Note "c" below)	(8,781.0)	(5,133.2)
Increase in inventories	(5,620.4)	(9,756.1)
(Increase)/ decrease in loans	(17.4)	23.1
Increase in other financial assets	(29.9)	(63.9)
Increase in other current/non-current assets	(2,082.6)	(2,053.5)
Increase in trade payables	2,286.7	3,925.2
Increase in provision for retirement benefits	88.5	223.2
Decrease in other financial liabilities	(21.3)	-
Increase in other current liabilities	61.4	637.9
<b>Cash generated from operating activities</b>	<b>10,088.3</b>	<b>14,523.7</b>
Income-tax paid (net)	(4,821.2)	(5,299.7)
<b>Net cash flow generated from operating activities</b> (A)	<b>5,267.1</b>	<b>9,224.0</b>
<b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment including movement in capital work-in-progress, capital advances and capital creditors	(8,900.6)	(9,606.9)
Purchase of intangibles assets under development	-	(150.8)
Proceeds from sale of property, plant and equipment	30.4	2,556.0
Purchase of non-current investments (refer Note "c" below)	(3,581.0)	(2,573.5)
Dividend received from subsidiary	790.8	-
Loans made to subsidiaries/ joint venture	(1,331.5)	(1,258.2)
Loans repaid by subsidiaries/ joint venture (refer Note "c" below)	-	1,110.0
Interest received (refer Note "c" below)	18.3	17.4
<b>Net cash flow used in investing activities</b> (B)	<b>(12,973.6)</b>	<b>(9,906.0)</b>
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of equity share capital	0.6	2.3
Repayment of non-current borrowings	(651.7)	(2,377.9)



# STANDALONE STATEMENT OF CASH FLOWS

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Proceeds from current borrowings (net)	9,517.2	9,906.2
Interest paid	(1,273.3)	(492.4)
Dividends paid on equity shares	(1,460.2)	(2,194.0)
Tax paid on equity dividend	(138.6)	(447.3)
<b>Net cash flow generated from financing activities</b> (C)	<b>5,994.0</b>	<b>4,396.9</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b> (A+B+C)	<b>(1,712.5)</b>	<b>3,714.9</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,399.5</b>	<b>(1,315.4)</b>
<b>Cash and cash equivalents at the end of the year (refer note 12(C))</b>	<b>687.0</b>	<b>2,399.5</b>

Note:

- a) The above statement of cash flow has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS-7)  
"Statement of Cash Flows"
- b) Cash and cash equivalents comprises of:

	As at 31 March 2019	As at 31 March 2018
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances includes :		
Cash on hand	1.1	0.7
Cheques on hand	282.7	191.9
Balance with banks:		
Current accounts	403.2	1,933.6
Cash credit accounts	0.0	273.3
<b>Total cash and cash equivalents (refer note 12(C))</b>	<b>687.0</b>	<b>2,399.5</b>

- c) The following items in the nature of non-cash transactions are not included in determining cash flow from investing activities:

Particulars	31 March 2019	31 March 2018
(i) Loans converted into preference shares/optionally convertible debentures	-	476.2
(ii) Receivables converted into optionally convertible debentures	134.6	-
(iii) Interest converted into optionally convertible debentures	-	5.7
<b>Total</b>	<b>134.6</b>	<b>481.9</b>

- d) Reconciliation between the opening and closing balances in balance sheet for financial liabilities arising from financing activities are given below:

Particulars	As at 31 March 2018	Cash flows	Non-cash transactions Foreign exchange loss	As at 31 March 2019
Current maturities of non-current borrowings	651.7	(651.7)	-	-
Current borrowings	36,497.8	9,517.2	(864.0)	45,151.0
Summary of significant accounting policies		2.2		

The accompanying notes are an integral part of the standalone financial statements.  
As per our Report of even date attached.

For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership No.049642

for and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

**N. Govindarajan**  
Managing Director  
DIN-00050482

**Santhanam Subramanian**  
Chief Financial Officer

**Dr. M. Sivakumaran**  
Director  
DIN-01284320

**B. Adi Reddy**  
Company Secretary  
Membership No.13709

Place: Hyderabad  
Date: 28 May 2019

Place: Hyderabad  
Date: 28 May 2019

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 1. CORPORATE INFORMATION

Aurobindo Pharma Limited ("the Company") is a public company domiciled in India and was incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Plot No.2, Maitrivihar, Ameerpet, Hyderabad - 500038, India and the Corporate office is located at The Water Mark Building, Plot No. 11, Survey No. 9, Hi-tech City, Hyderabad - 500084, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

The Company is principally engaged in manufacturing and marketing of active pharmaceutical ingredients, generic pharmaceuticals and related services. The standalone financial statements for the year ended 31 March 2019 were approved by the Board of Directors and authorised for issue on 28 May 2019.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### a) Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the "Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

These standalone financial statements comprise the Balance Sheets as at 31 March 2019 and 31 March 2018, the Statements of Profit and Loss, Statements of Changes in Equity and the Statements of Cash Flows for the year ended 31 March 2019 and for the year ended 31 March 2018, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Standalone Financial Statements")

These standalone financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in these standalone financial statements.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The statement of cash flows have been prepared under indirect method.

#### b) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (₹), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated. Transactions and balances with values below ₹ one lac have been reflected as "0.0" in the standalone financial statements.

#### c) Basis of measurement

The standalone financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following;

- certain financial assets and liabilities (including derivative instruments) are measured at fair value or amortised cost.
- employee defined benefit assets / liability recognised as the net total of the fair value of plan assets, and actuarial losses/gains, and the present value of defined benefit obligation.

#### d) Use of estimates and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 30(A) - leases: whether an arrangement contains a lease; lease classification.
- Note 30(C) - contingent liabilities: Measurement and likelihood of occurrence of provisions and contingencies.
- Note 2.2(q) and 42: Financial instruments
- Note 2.2(j), 8 and 28: Provision for income taxes, related tax contingencies and evaluation of recoverability of deferred tax assets.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

- Note 2.2(d) and 2.2(e): Useful lives of property, plant and equipment and intangible assets.
- Note 31: Share based payments
- Note 32: Assets and obligations relating to employee benefits

## Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### (i) Share-based payments

The grant date fair value of employee stock options granted is recognised as an employee expense over the period that the employee becomes unconditionally entitled to the options. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimation requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Black Scholes valuation model has been used by the Management for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 31.

### (ii) Defined employee benefit plan (Gratuity)

The cost of the defined benefit gratuity plan and other accumulated leave entitlement and the present value of the gratuity obligation and accumulated leave obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for

plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 32.

### (iii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 40 and 42 for further disclosures.

### (iv) Depreciation on property, plant and equipment and amortisation of intangible assets

Depreciation on property, plant and equipment is calculated on a straight-line basis based on the useful lives estimated by the management. Considering the applicability of Schedule II of Companies Act, 2013, the management has re-estimated useful lives and residual values of all its property, plant and equipment. The management believes that useful lives currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets though these in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

### (v) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

### (vi) Impairment of investments

The Company reviews its carrying value of investments annually, or more frequently when there is an indication

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

## (vii) Intangible assets under development

The Company capitalises acquired intangible asset under development for a project in accordance with the accounting policy. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The innovative nature of the product gives rise to some uncertainty as to whether the final approval for the products will be obtained.

## (viii) Inventories

The Company estimates the net realisable value (NRV) of its inventories by taking into account their estimated selling price, estimated cost of completion, estimated costs necessary to make the sale, obsolescence by applying certain percentages over different age category of such inventories, expected loss rate considering the past trend and future outlook. Inventories are written down to NRV where such NRV is lower than their cost.

## (ix) Recognition and measurement of other provisions:

The recognition and measurement of other provisions is based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the closing date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

## 2.2 Significant accounting policies

### a. Foreign exchange transactions and translations

The standalone financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

**Initial recognition:** Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and foreign currency at the date of the transaction.

**Conversion:** Foreign currency monetary items are reported at functional currency spot rate of exchange at the reporting date. 'Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences

on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

**Exchange differences:** Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous standalone financial statements, are recognised as income or as expenses in the year in which they arise.

### b. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's CFO determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## c. Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised:

**Sale of goods:** Revenue from sale of goods is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised is based on the consideration expected to be received in exchange for goods, excluding trade discounts, volume discounts, sales returns and any taxes or duties collected on behalf of the government which

are levied on sales such as sales tax, value added tax, goods and services tax, etc., where applicable. However, it includes excise duty up to 30 June 2017. Any additional amounts based on terms of agreement entered into with customers, is recognised in the period when the collectability becomes probable and a reliable measure of the same is available.

**Rendering of services:** Revenue from sale of dossiers/licenses/services, includes in certain instances, certain performance obligations and based on evaluation of whether or not these obligations are in consequential or perfunctory, revenue is recognised in accordance with the terms of the contracts with the customers when the related performance obligation is completed at point in time or spread over a period of time, as applicable.

**Interest income:** Interest income is recognised with reference to the Effective Interest Rate (EIR) method.

**Dividend income:** Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**Export benefits, incentives and licenses:** Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## d. Property, plant and equipment & Depreciation

Freehold land and buildings (property) held for use in the production or supply of goods or services, or administrative purposes are stated at cost less accumulated depreciation and accumulated impairment. Freehold land is not depreciated.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is provided on the straight-line method, based on the useful life of the assets as estimated by the Management.

The Company, based on technical assessment and management estimate, depreciates property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Company has estimated the following useful life to provide depreciation on its fixed assets:

Nature of the assets	Useful life as estimated by the management (in years)	Useful life as stated in the Companies Act, 2013 (in years)
Leasehold buildings	20	10 - 60
Freehold buildings	15- 60	10 - 60
Plant and equipment	5 - 20	3 - 40
Furniture and fixtures	10	10
Vehicles	4 - 8	8
Office equipment	5	5

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial period/year end and adjusted prospectively, if appropriate.

## e. Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible

assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. Estimated useful lives by major class of finite life intangible assets are as follows:

Licences - 5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

## Research and development costs:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and use or sell the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Acquired research and development intangible assets that are under development are recognised as Intangible assets under development. These assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment is recognised as an expense in the statement of profit and loss.

Subsequent expenditure on in process research and development project acquired separately and recognised as an intangible asset is:

- recognised as an expense, if it is research expenditure.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

- recognised as an expense, if its development expenditure that does not satisfy the criteria for recognition as an Intangible asset; and
- added to the carrying amount of acquired in process research and development project, if it is development expenditure that satisfies the recognition criteria.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets relating to products in development and other intangible assets not available for use is tested for impairment annually.

## **f. Government grants and subsidies**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is deducted from the related expense. When the grant relates to an asset, it is recognised as deferred income and amortised over the useful life of such assets.

## **g. Inventories**

Inventories are valued at lower of cost, determined on "Weighted average" basis and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work-in-progress: cost includes direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity, but excludes borrowing costs.

Trading goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

## **h. Retirement and other employee benefits**

### **Provident fund**

Retirement benefit in the form of provident fund is a defined contribution plan. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

### **Gratuity**

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit and loss in subsequent periods.

Past service costs are recognised in profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

## Compensated absences

Short term compensated absences are provided for based on estimates. The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such accumulated leaves are provided for based on an actuarial valuation using the projected unit credit method at the period-end/ year-end. The Company presents the entire liability in respect of leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond twelve months after the reporting date.

## i. Share-based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in employee stock options reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. Service and non-market based performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## j. Taxes

Income tax expense comprises of current and deferred tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities in accordance with the Indian Income-tax Act, 1961. Current income tax relating to items recognised

outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate. The tax rate and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period/year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## **Taxes paid on acquisition of assets or on incurring expenses which are not subsequently recoverable :**

Expenses and assets are recognised net of the taxes paid, except:

- (i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- (ii) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## **k. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### **Where the Company is lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease and a lease which is not classified as an operating lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are generally recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### **Where the Company is lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## **l. Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for events such as bonus issue that have changed the number of shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## **m. Provision and contingent liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

## Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

## n. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cheques, cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## o. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## p. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods/ years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

## q. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## Subsequent measurement

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the standalone statement profit and loss. The losses arising from impairment are recognised in the standalone statement profit and loss. This category generally applies to trade and other receivables.

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

## Equity investments:

All equity investments in subsidiaries are measured at cost less diminution other than temporary. All equity investments in scope of Ind AS 109 - Financial Instruments are measured at fair value. Equity investments which are held for trading are classified as FVTPL. For all other equity investments, the Company may make an irrevocable election to present in OCI subsequent changes in fair value. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain/loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- i) the rights to receive cash flows from the asset have expired, or
- ii) the Company has transferred its rights to receive cash flows from the asset, and the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Impairment of financial assets

In accordance with Ind AS 109 - Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

- (i) Financial assets that are debt instruments, and are measured at amortised cost, e.g. loans, deposits, debt securities, etc.
- (ii) Trade receivables that result from transactions that are within the scope of Ind AS 115 - Revenue from contracts with customers.

The Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- (i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- (ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head other expenses/other income in the statement of profit and loss. ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The

Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

## Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines the change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to the external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in statement of profit and loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.

Original classification	Revised classification	Accounting treatment
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## r. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The forward contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

## s. Cash dividend and non cash distribution to equity holders

The Company recognises a liability to make cash and non cash distribution to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Corporate laws in India, a final dividend distribution is authorised when it is approved by the shareholders whereas for interim dividend when authorised by board. A corresponding amount is recognised directly in equity. Non cash distribution are measured at fair value of the assets distributed with fair value re-measurement recognised directly in equity.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## t. Recent accounting pronouncements

### Standards issued but not yet effective & not early adopted by the Company:

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) second Amendment Rules, has notified the following new and amendments to Ind Ass which the Company has not applied as they are effective from 1 April 2019:

#### Ind AS - 116

Ind AS-116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles of recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 Substantially carries forward the lessor accounting requirements in Ind AS17.

The Company is in the process of evaluating the impact of the New Lease Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

#### Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3)

entity has to consider the probability of relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

#### Ind AS 109 - Prepayment Features with Negative Compensation

The amendment relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

#### Ind AS 19 - Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for period after the re-measurement are determined using the assumption used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

#### Ind AS 23 - Borrowing Costs

The amendment clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

#### Ind AS 28 - Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not expect any impact from this amendment.

#### Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Company does not expect any impact from this amendment.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 3 (A). PROPERTY, PLANT AND EQUIPMENT

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Leasehold land	Freehold land	Leasehold buildings	Freehold buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
<b>Gross carrying value (at cost)</b>									
As at 01 April 2017	136.0	3,233.0	12.0	7,541.4	25,489.4	749.6	218.4	202.0	37,581.8
Additions	2.0	5.6	-	1,193.0	6,461.5	190.0	35.0	34.1	7,921.2
Disposals	-	2,508.6	-	-	62.0	0.0	10.2	0.4	2,581.2
As at 31 March 2018	138.0	730.0	12.0	8,734.4	31,888.9	939.6	243.2	235.7	42,921.8
Additions	9.0	43.6	-	2,393.1	8,977.3	289.3	25.1	49.9	11,787.3
Disposals	-	-	-	1.0	275.9	0.9	17.6	0.3	296.7
<b>As at 31 March 2019</b>	<b>147.0</b>	<b>773.6</b>	<b>12.0</b>	<b>11,126.5</b>	<b>40,590.3</b>	<b>1,228.0</b>	<b>250.7</b>	<b>285.3</b>	<b>54,413.4</b>
<b>Accumulated depreciation</b>									
As at 01 April 2017	8.4	-	2.6	517.0	4,656.5	143.2	59.0	78.9	5,465.6
Charge for the year	4.3	-	1.3	342.9	3,008.7	100.4	54.6	38.7	3,550.9
Disposals	-	-	-	-	19.5	0.0	4.7	0.2	24.4
As at 31 March 2018	12.7	-	3.9	859.9	7,645.7	243.6	108.9	117.4	8,992.1
Charge for the year	4.5	-	1.3	394.5	3,503.7	120.3	56.3	41.3	4,121.9
Disposals	-	-	-	0.1	145.7	0.8	12.3	0.2	159.1
<b>As at 31 March 2019</b>	<b>17.2</b>	<b>-</b>	<b>5.2</b>	<b>1,254.3</b>	<b>11,003.7</b>	<b>363.1</b>	<b>152.9</b>	<b>158.5</b>	<b>12,954.9</b>
<b>Net carrying value</b>									
As at 31 March 2018	125.3	730.0	8.1	7,874.5	24,243.2	696.0	134.3	118.3	33,929.7
<b>As at 31 March 2019</b>	<b>129.8</b>	<b>773.6</b>	<b>6.8</b>	<b>9,872.2</b>	<b>29,586.6</b>	<b>864.9</b>	<b>97.8</b>	<b>126.8</b>	<b>41,458.5</b>

**Capital work-in-progress ₹ 7,500.7** (31 March 2018: ₹ 11,002.3) (including expenditure during construction period) (refer note 33)

1. The title deeds of land and buildings aggregating to ₹ **166.5** (31 March 2018: ₹ 166.5) are pending transfer to the Company's name.
2. Depreciation for the year include ₹ **1.2** (31 March 2018: ₹ 2.6) taken as pre-operative capital expenditure on capital projects pending capitalisation.
3. Refer note 30 (A) for details of finance lease.
4. Refer note 36 for details of capital research and development expenditure.
5. Refer note 15 for details of property, plant and equipment subject to charge on secured borrowings.
6. Refer note 33 for details of expenditure during construction period transferred from capital work-in-progress to property, plant and equipment.



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 3(B). INTANGIBLE ASSETS

	Licenses
Gross carrying value (at cost)	
As at 01 April 2017	-
Additions	-
Disposals	-
As at 31 March 2018	-
Additions	48.1
Disposals	-
<b>As at 31 March 2019</b>	<b>48.1</b>
<b>Accumulated amortisation</b>	
As at 01 April 2017	-
Charge for the year	-
Disposals	-
As at 31 March 2018	-
Charge for the year	9.6
Disposals	-
<b>As at 31 March 2019</b>	<b>9.6</b>
<b>Net carrying value</b>	
As at 31 March 2018	-
<b>As at 31 March 2019</b>	<b>38.5</b>

Intangible assets under development ₹ 389.4 (31 March 2018 ₹ 437.5)

## 4. INVESTMENTS

### (A) Non-current investments

	Face value	As at 31 March 2019		As at 31 March 2018	
		Quantity	Amount	Quantity	Amount
<b>Investments in unquoted equity shares (fully paid, carried at cost, unless stated otherwise)</b>					
<b>In subsidiaries</b>					
Aurobindo Pharma USA Inc, USA *	-	100% of paid in-capital	2,832.5	100% of paid in-capital	2,832.5
APL Pharma Thai Limited, Thailand	Baht 100	979,200	145.6	979,200	145.6
Aurobindo Pharma Industria Farmaceutica Ltda, Brazil	Real 1	10,124,795	80.0	10,124,795	80.0
(At cost less impairment of ₹ 180.0 (31 March 2018: ₹ 180.0))					
Helix Healthcare B.V., The Netherlands	Euro 10	18,739,068	10,428.6	15,377,851	7,683.7
(At cost less impairment of ₹ 2,995.0 (31 March 2018: ₹ 2,995.0))					
APL Research Centre Limited, India	₹ 10	12,260,000	122.6	12,260,000	122.6
APL Health Care Limited, India	₹ 10	216,000,000	2,160.0	182,150,000	1,821.5
All Pharma (Shanghai) Trading Company Limited, China	-	100% of paid in-capital	27.5	100% of paid in-capital	27.5
Aurobindo Pharma Produtos Farmaceuticos Ltda, Brazil	Real 1	99,000	2.1	99,000	2.1
Auronext Pharma Private Limited, India	₹ 10	124,984,028	1,298.6	124,984,028	1,298.6
Auro Peptides Limited, India	₹ 10	95,000	1.0	95,000	1.0
Curepro Parenterals Limited, India	₹ 10	13,310,107	1,989.5	13,310,107	1,989.5
Hyacinths Pharma Private Limited, India	₹ 10	32,500,000	394.9	14,950,000	219.2
AuroZymes Limited, India	₹ 10	50,000	0.5	50,000	0.5
Auro Pharma India Private Limited, India	₹ 10	100,000	1.0	100,000	1.0

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Face value	As at 31 March 2019		As at 31 March 2018	
		Quantity	Amount	Quantity	Amount
<b>In joint ventures</b>					
Tergene Biotech Private Limited, India	₹ 10	9,040,000	90.4	7,500,000	75.0
Raidurgam Developers Limited, India (formerly Aurobindo Antibiotics Limited, India)	₹ 10	4,000,000	40.0	4,000,000	40.0
<b>In others (At fair value through profit and loss)</b>					
Jeedimetla Effluent Treatment Limited, India	₹ 100	753	0.1	753	0.1
Patancheru Envirotech Limited, India	₹ 10	103,709	1.0	103,709	1.0
Progressive Effluent Treatment Limited, India	₹ 100	1,000	0.1	1,000	0.1
Synergy Remedies Private Limited	₹ 10	10,489,500	150.0	-	-
		A	19,766.0		16,341.5
<b>Investments in unquoted preference shares (fully paid, carried at amortised cost, unless stated otherwise)</b>					
<b>In Subsidiaries</b>					
Auro Peptides Limited, India (9.5% Cumulative Preference shares redeemable at par ranging from five years to twenty years from the date of issue)	₹ 100	9,120,000	912.0	8,300,000	830.0
Auronext Pharma Private Limited, India (9.5% Cumulative Preference shares redeemable at par ranging from five years to twenty years from the date of issue)	₹ 100	10,261,520	1,026.2	9,861,520	986.2
APL Health Care Limited, India (9.5% Cumulative Preference shares redeemable at par within five years from the date of issue)	₹ 100	600,000	60.0	600,000	60.0
Silicon Life Sciences Private Limited, India (9.5% Cumulative Preference shares redeemable at par within twenty years from the date of issue)	₹ 100	6,510,000	651.0	6,510,000	651.0
<b>In joint ventures</b>					
Tergene Biotech Private Limited, India (10.5% Cumulative Preference shares redeemable at par within six years from the date of issue)	₹ 100	1,295,000	129.5	950,000	95.0
		B	2,778.7		2,622.2
<b>Investments in unquoted optionally convertible debentures (OCDs) (fully paid, carried at cost, unless stated otherwise)</b>					
<b>In joint ventures</b>					
Raidurgam Developers Limited, India (Interest of 1.5% to 9.5% over a period of ten years redeemable at par within ten years from date of issue. These are optionally convertible into 100 equity shares per debenture at any time after one year.)	₹ 1000	845,500	845.5	710,933	710.9
		C	845.5		710.9
<b>Unquoted investment in government securities (Carried at fair value through profit and loss)</b>					
National Savings Certificate (includes held by Income tax authorities ₹ 0.1 (31 March 2018: ₹0.1))			0.2		0.2
		D	0.2		0.2
		A+B+C+D	23,390.4		19,674.8
Aggregate value of unquoted investments			23,390.4		19,674.8
Aggregate amount of impairment in value of investments			3,175.0		3,175.0

\* Includes employee stock options given to group employees considered as investment as per Ind AS-102 share based payments

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## (B) Current investments

	Face value	As at 31 March 2019		As at 31 March 2018	
		Quantity	Amount	Quantity	Amount
<b>Investments in unquoted equity shares (fully paid, carried at fair value through profit and loss)</b>					
Citadel Aurobindo Biotech Limited, India	₹ 100	70,000	-	70,000	-
(At cost less impairment of ₹ 7.0 (31 March 2018: ₹ 7.0))					
<b>Investments in quoted equity shares (fully paid, carried at fair value through profit and loss)</b>					
Andhra Bank	₹ 10	4,520	0.2	4,520	0.2
			0.2		0.2
Aggregate value of unquoted investments			-		-
Aggregate value of quoted investments			0.2		0.2
Market value of quoted investments			0.2		0.2
Aggregate amount of impairment in value of investments			7.0		7.0

## 5. LOANS

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non current</b>		
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured		
Loans to related parties (refer note 39)*	1,410.5	79.0
Loans to employees	55.1	53.6
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
	1,465.6	132.6
*Loan of ₹ 1,410.5 (31 March 2018: ₹79.0) has been given to wholly owned subsidiaries towards project development cost, at interest rate of 9.5% p.a.		
<b>(B) Current</b>		
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured		
Loans to employees	98.2	82.3
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
	98.2	82.3

No loans are due from directors or other officers of the Company either severally or jointly with any other person. Refer note 39 for dues from related parties.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 6. TRADE RECEIVABLES

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non current</b>		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	175.6	175.6
	<b>175.6</b>	<b>175.6</b>
Less: loss allowance for doubtful receivables	175.6	175.6
	-	-
<b>(B) Current</b>		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	52,320.7	44,682.3
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	447.7	285.4
	<b>52,768.4</b>	<b>44,967.7</b>
Less: loss allowance for doubtful receivables	447.7	285.4
	<b>52,320.7</b>	<b>44,682.3</b>

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Refer note 39 for dues from related parties.

Refer Note 42 for the Company's credit risk management process.

## 7. OTHER FINANCIAL ASSETS

(Unsecured, considered good unless stated otherwise)

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non current</b>		
Dividend accrued on investments in preference shares	149.8	149.8
<b>Security deposits</b>		
Considered good *	832.9	814.3
Doubtful	0.4	0.4
	<b>833.3</b>	<b>814.7</b>
Provision for doubtful deposits	0.4	0.4
	<b>832.9</b>	<b>814.3</b>
	<b>982.7</b>	<b>964.1</b>
* Non-current deposits include restricted deposits pledged with Enforcement Directorate of ₹131.6 (31 March 2018: ₹131.6)		
<b>(B) Current</b>		
Derivatives - foreign currency forward contracts	64.4	-
Interest accrued on deposits	37.6	30.9
Interest accrued on loans to subsidiaries and investments in OCDs	100.5	50.5
	<b>202.5</b>	<b>81.4</b>

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 8. DEFERRED TAX LIABILITY (NET)

	As at 31 March 2019	As at 31 March 2018
<b>Deferred tax assets</b>		
Receivables, financial assets at amortised cost	249.0	190.4
Employee benefits	399.7	360.7
Unused tax credits (MAT) *	3,750.0	3,269.5
<b>Deferred tax liability</b>		
Property plant and equipment	4,708.7	4,055.4
	<b>(310.0)</b>	<b>(234.8)</b>

### Movement in deferred tax liability (net)

	As at 01 April 2018	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2019
<b>Deferred tax asset</b>				
Receivables, financial assets at amortised cost	190.4	58.6	-	249.0
Employee benefits	360.7	31.4	7.6	399.7
Unused tax credits	3,269.5	480.5	-	3,750.0
<b>Deferred tax liability</b>				
Property plant and equipment	4,055.4	653.3	-	4,708.7
	(234.8)	(82.8)	7.6	(310.0)

\* The Company based on its business plan along with supporting convincing evidence including future projections of profit believes that the Unused tax credits would be utilised within the stipulated time period as per the Income-tax Act, 1961.

## 9. NON - CURRENT TAX ASSETS (NET)

	As at 31 March 2019	As at 31 March 2018
Advance income-tax (net of provision for taxation)	1,381.1	826.0
	<b>1,381.1</b>	<b>826.0</b>

Refer note 28 for details of income tax expense



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 10. OTHER ASSETS

(Unsecured, considered good unless stated otherwise)

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non current</b>		
Export incentives receivable		
Considered good	78.4	566.9
Doubtful	19.6	19.6
	<b>98.0</b>	<b>586.5</b>
Provision for doubtful receivables	19.6	19.6
	<b>78.4</b>	<b>566.9</b>
Export rebate claims receivable	288.8	288.8
Capital advances		
Considered good	261.4	209.6
Doubtful	0.8	0.8
	<b>262.2</b>	<b>210.4</b>
Provision for doubtful advances	0.8	0.8
	<b>261.4</b>	<b>209.6</b>
Advances other than capital advances		
Considered good	12.2	15.5
Doubtful	30.1	30.1
	<b>42.3</b>	<b>45.6</b>
Provision for doubtful advances	30.1	30.1
	<b>12.2</b>	<b>15.5</b>
Balance with government authorities		
Considered good	76.1	78.6
Doubtful	38.1	38.1
	<b>114.2</b>	<b>116.7</b>
Provision for doubtful receivables	38.1	38.1
	<b>76.1</b>	<b>78.6</b>
	<b>716.9</b>	<b>1,159.4</b>
<b>(B) Current</b>		
Export rebate claims receivable	2,105.7	1,768.0
Export incentives receivable	3,113.6	2,438.5
Advances other than capital advances	1,165.0	1,046.7
Balance with government authorities	4,607.2	3,160.5
Insurance claim receivable	-	0.8
	<b>10,991.5</b>	<b>8,414.5</b>

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 11. INVENTORIES

(Valued at lower of cost and net realisable value)

	As at 31 March 2019	As at 31 March 2018
Raw materials	19,844.8	17,967.6
Packing materials	2,481.4	2,207.3
Work-in-progress	11,314.6	9,399.3
Finished goods (including stock-in-trade)	4,486.7	3,230.1
Stores, spares and consumables	1,585.1	1,288.0
	<b>39,712.6</b>	<b>34,092.3</b>
Details of material in transit included in inventories above		
Raw materials	873.4	888.3
Finished goods	2,021.3	1,359.7

During the year, the Company recorded inventory write-downs to net realisable value of ₹ 316.5 (31 March 2018: ₹ 269.6). These adjustments were included in cost of material consumed and changes in inventories.

## 12. CASH AND BANK BALANCES

	As at 31 March 2019	As at 31 March 2018
<b>(A) Cash and cash equivalents</b>		
Balance with banks:		
in current accounts	403.2	1,933.6
in cash credit accounts	47.0	313.8
Cash on hand	1.1	0.7
Cheques on hand	282.7	191.9
	<b>734.0</b>	<b>2,440.0</b>
<b>(B) Bank balances other than cash and cash equivalents</b>		
in unpaid dividend account	23.7	19.0
<b>(C) For the purpose of statement of cash flows, cash and cash equivalents comprise of following:</b>		
Cash and cash equivalents as above	734.0	2,440.0
Less: Cash credit (refer note 15(A))	(47.0)	(40.5)
	<b>687.0</b>	<b>2,399.5</b>

**(D) The disclosure regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.**

## 13. EQUITY SHARE CAPITAL

	As at 31 March 2019	As at 31 March 2018
<b>(a) Authorised</b>		
660,000,000 (31 March 2018: 660,000,000) equity shares of ₹1 each	660.0	660.0
1,000,000 (31 March 2018: 1,000,000) preference shares of ₹100 each	100.0	100.0
	<b>760.0</b>	<b>760.0</b>

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## (b) Issued, subscribed and fully paid-up equity shares

	Equity Shares	
	Numbers	Value
As at 01 April 2017	585,882,409	585.9
Issued during the year under Employees Stock Option Plan (ESOP) (refer note 31)	25,200	0.0
As at 31 March 2018	585,907,609	585.9
Issued during the year under Employees Stock Option Plan (ESOP) (refer note 31)	8,000	0.0
<b>As at 31 March 2019</b>	<b>585,915,609</b>	<b>585.9</b>

## c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

For the year ended 31 March 2019, the amount of dividend per share declared as distributions to equity shareholders was ₹ 2.5 (31 March 2018: ₹ 2.5).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

## d) Details of shareholders holding more than 5% of total number of equity shares in the Company:

	As at 31 March 2018	
	Numbers	% holding
RPR Sons Advisors Private Limited and Mrs. P. Suneela Rani (Joint Holders)*	196,376,250	33.5%
HDFC Trustee Company Limited (through various mutual funds)	33,808,672	5.8%
	As at 31 March 2019	
	Numbers	% holding
RPR Sons Advisors Private Limited and Mrs. P. Suneela Rani (Joint Holders)*	196,376,250	33.5%
HDFC Trustee Company Limited (through various mutual funds)	35,566,536	6.1%

\*As per records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownerships of shares and the beneficial ownership is with RPR Enterprises, a partnership firm.

## e) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	Numbers
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	
Year ended 31 March 2019	-
Year ended 31 March 2018	-
Year ended 31 March 2017	-
Year ended 31 March 2016	291,982,275
Year ended 31 March 2015	-

## f) For details of shares reserved for issue under Employee stock option plan (ESOP) of the Company, refer note 31.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 14. OTHER EQUITY

	As at 31 March 2019	As at 31 March 2018
<b>A. Summary of other equity balance</b>		
Capital reserve	91.1	91.1
Capital redemption reserve	90.0	90.0
Employee stock options outstanding account	0.6	0.7
Securities premium account	3,419.4	3,418.7
General reserve	7,888.4	7,888.4
Retained earnings	101,601.3	87,907.4
OCI	(170.5)	(156.4)
	<b>112,920.3</b>	<b>99,239.9</b>

- a) For details of employee share based payments refer note 31.  
b) The disaggregation of changes in reserves and surplus and OCI are disclosed in statement of changes in equity.  
c) The details of distribution of dividend made are as under:

	31 March 2019	31 March 2018
<b>Cash dividends on equity shares declared and paid during the year</b>		
Interim dividend for the year ended 31 March 2019: ₹2.50 per share (31 March 2018: ₹3.75 per share)	1,464.8	2,197.1
Dividend distribution tax on interim dividend	138.5	447.3
	<b>1,603.3</b>	<b>2,644.4</b>

## B. Nature and purpose of reserves

(a) Capital reserve :	Represents capital reserve balances of acquired entities which are transferred to the Company upon mergers in the earlier years.
(b) Capital redemption reserve :	The Company has recognised Capital Redemption Reserve on redemption of non-convertible preference shares. The amount in Capital Redemption Reserve is equal to nominal amount of the non convertible preference shares redeemed. This reserve will be utilised in accordance with Section 69 of the Companies Act, 2013.
(c) Employee stock options outstanding account :	The fair value of the equity-settled share based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to Employee Stock Options Outstanding Account. This will be utilised for allotment of equity shares against outstanding employee cost.
(d) Securities premium :	The amount received in excess of face value of the equity shares is recognised in securities premium . In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013.
(e) General reserve :	The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
(f) Retained Earnings:	Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to share holders.
(g) OCI represents Re-measurement on defined employee benefit plan :	Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and subsequently not reclassified in to statement of profit and loss.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 15. CURRENT BORROWINGS

	As at 31 March 2019	As at 31 March 2018
<b>(A) Term loans from Banks (Secured)</b>		
Current maturities of foreign currency term loans	-	651.7
<b>Loans repayable on demand from Banks - working capital loans</b>		
Cash credit facilities (secured)	47.0	40.5
Working capital demand loan (secured)	1,750.0	-
Packing credit loans (secured)	12,900.9	3,069.7
Packing credit loans (unsecured)	28,775.9	31,995.3
Bill discounting (secured)	1,246.4	-
Bill discounting (unsecured)	477.8	1,432.8
	<b>45,198.0</b>	<b>37,190.0</b>
Amount disclosed under the head "Other current financial liabilities" (refer note 18)	-	(651.7)
	<b>45,198.0</b>	<b>36,538.3</b>
<b>(B) Details of secured and unsecured borrowings</b>		
The aggregate amount of borrowing includes:		
Secured borrowings	15,944.3	3,761.9
Unsecured borrowings	29,253.7	33,428.1

### (C) Terms of borrowings

- Secured term loans in foreign currency carry interest of LIBOR plus 1.2% (31 Mar 2018: LIBOR plus 1.2% to 1.5%). The term loan has been repaid in full during the current year (31 March 2018: repayable in one half yearly installment of ₹ 651.7)
- Term loans are secured by first pari passu charge on all the present and future property, plant and equipment, both movable and immovable property of the Company.
- All secured cash credit and working capital demand loans are secured by first pari passu charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) and carry interest rate of respective MCLR + 0 bps to 35 bps and an interest rate of 8.20% respectively.
- All secured packing credit foreign currency loans carry interest rate in the range of respective LIBOR plus 20 to 60 basis points.(31 March 2018: respective LIBOR plus 20 to 50 basis points) with maturity within 6 months.
- All unsecured packing credit foreign currency loans carry interest rate in the range of respective LIBOR plus 00 to 65 basis points (31 March 2018: respective LIBOR plus -20 to 50 basis points) with maturity within 6 months.
- All secured bills discounted are secured by pari passu charge on the current assets of the Company both present and future. Secured and Unsecured bills discounted carry interest rate in the range of respective LIBOR plus 01 to 50 basis points (31 March 2018: respective LIBOR plus -15 to 15 basis points).

## 16. PROVISIONS

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non current</b>		
For employee benefits	226.4	336.0
Gratuity [refer note 32(b)]	226.4	336.0
<b>(B) Current</b>		
For employee benefits		
Gratuity [refer note 32(b)]	157.4	90.0
Compensated absences	807.7	655.4
	<b>965.1</b>	<b>745.4</b>



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 17. TRADE PAYABLES

	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises (refer note 34)	328.8	296.6
Total outstanding dues of creditors other than micro enterprises and small enterprises	18,085.1	15,995.8
	<b>18,413.9</b>	<b>16,292.4</b>

(Refer note 42 for the Company's liquidity risk management process)

## 18. OTHER CURRENT FINANCIAL LIABILITIES

	As at 31 March 2019	As at 31 March 2018
Current maturities of non current borrowings (refer note 15)	-	651.7
Interest accrued but not due on borrowings	3.9	10.7
Unclaimed dividend (refer note 35)	23.6	19.0
Capital creditors (refer note 34)	1,255.9	1,820.3
Security deposits	3.5	1.5
Derivatives - foreign currency forward contracts	-	23.3
	<b>1,286.9</b>	<b>2,526.5</b>

## 19. OTHER CURRENT LIABILITIES

	As at 31 March 2019	As at 31 March 2018
Advance from customers	61.7	61.7
Statutory liabilities	206.4	288.8
Employee payables	1,232.6	1,088.7
	<b>1,500.7</b>	<b>1,439.2</b>

## 20. REVENUE FROM OPERATIONS

	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of products (including excise duty) *	119,226.3	100,382.2
Sale of services	160.7	37.4
Other operating revenues		
Scrap sales	154.7	133.2
Export incentives	3,037.2	2,478.7
	<b>122,578.9</b>	<b>103,031.5</b>

\*The Company is liable to Goods and Services Tax (GST) with effect from 01 July 2017. The revenues for the year ended 31 March 2018 and 31 March 2019 is net of such GST. However, the revenues for the period ended upto 30 June 2017 are inclusive of excise duty.

### (a) Reconciliation of revenue from sale of products with the contracted price:

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Revenue as per contracted price</b>	<b>116,681.8</b>	<b>100,973.8</b>
Adjusted for:		
Sales returns	(566.1)	(838.8)
Discounts and other sale price adjustments	3,110.6	247.2
<b>Total revenue from contracts with customers</b>	<b>119,226.3</b>	<b>100,382.2</b>

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## (b) Disaggregation of revenue:

Primary geographical markets	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Related parties	Non-related parties	Related parties	Non-related parties
India	512.9	18,806.3	547.6	16,585.3
USA	44,402.7	15,359.6	37,985.8	14,524.8
Europe	11,564.3	13,339.0	7,201.4	10,303.7
Rest of the world	4,479.8	10,761.7	2,297.0	10,936.6

- (c) Revenue from sale of products is recognised at point in time as the goods are transferred. Revenues from sale of services recognised over time is insignificant.

## 21. OTHER INCOME

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on financial assets (carried at amortised cost)		
Other deposits and receivables	46.1	39.8
Loans to subsidiaries and investments in OCDs	68.3	34.7
Dividend income received from foreign subsidiary	790.8	-
Provision for doubtful receivables written back (net)	-	94.8
Liabilities no longer required written back	99.9	-
Foreign exchange gain (net)	896.2	585.3
Miscellaneous income	90.9	51.9
	<b>1,992.2</b>	<b>806.5</b>

## 22. COST OF MATERIALS CONSUMED

	For the year ended 31 March 2019	For the year ended 31 March 2018
Raw material consumed		
Opening stock	17,967.6	12,297.8
Add: Purchases	59,436.4	49,010.0
	<b>77,404.0</b>	<b>61,307.8</b>
Less: Closing stock	19,844.8	17,967.6
Cost of raw material consumed	<b>57,559.2</b>	<b>43,340.2</b>
Packing materials consumed	6,993.8	5,592.5
	<b>64,553.0</b>	<b>48,932.7</b>

## 23. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Inventories at the end of the year</b>		
Finished goods	4,486.7	3,230.1
Work-in-progress	11,314.6	9,399.3
	<b>15,801.3</b>	<b>12,629.4</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	3,230.1	1,499.4
Work-in-progress	9,399.3	7,788.2
	<b>12,629.4</b>	<b>9,287.6</b>
	<b>(3,171.9)</b>	<b>(3,341.8)</b>
Transferred from capital work-in-progress*	273.9	-
	<b>(2,898.0)</b>	<b>(3,341.8)</b>

\* Represents inventories of finished goods and work-in-progress identified on the date of capitalisation of under construction facility

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 24. EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	12,481.0	10,403.1
Contribution to provident and other funds (refer note 32 a)	455.1	331.0
Gratuity expense (refer note 32 b)	193.2	203.5
Compensated absences expense	281.7	204.9
Staff welfare expenses	216.7	173.9
	<b>13,627.7</b>	<b>11,316.4</b>

## 25. FINANCE COSTS

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on financial liabilities measured at amortised cost	1,266.5	482.7
Bank and other financial charges	42.7	46.2
Exchange differences regarded as an adjustment to borrowing costs	999.4	-
	<b>2,308.6</b>	<b>528.9</b>

## 26. DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment	4,120.7	3,548.3
Amortisation on intangible assets	9.6	-
	<b>4,130.3</b>	<b>3,548.3</b>

## 27. OTHER EXPENSES

	For the year ended 31 March 2019	For the year ended 31 March 2018
Conversion charges	482.3	526.6
Consumption of stores and spares	1,832.0	1,446.6
Chemicals consumed	3,002.2	2,166.9
Power and fuel	5,059.6	4,330.2
Carriage inward	511.0	449.6
Factory maintenance	346.6	307.6
Effluent treatment expenses	195.1	189.7
Excise duty on sales	-	332.5
Excise duty on changes in inventories	-	(30.2)
Repairs and maintenance		
i) Plant and machinery	1,053.2	843.3
j) Buildings	403.3	334.7
iii) Others	125.6	68.0
Rent (refer note 30(A))	92.1	89.5
Rates and taxes	363.8	245.2
Printing and stationery	239.5	147.7
Postage, telegram and telephones	66.2	65.2
Insurance	155.4	144.0
Legal and professional charges	1,245.7	1,177.7
Directors sitting fees	4.4	3.5
Remuneration to statutory auditors (refer note 37)	14.4	13.6
Sales commission	328.3	438.1
Carriage outwards	2,953.6	2,625.0

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Selling expenses	324.3	311.6
Travelling and conveyance	215.1	191.5
Vehicle maintenance expenses	7.5	4.9
Analytical charges	1,115.5	1,068.8
Provision for impairment of investments (refer note 4)	-	200.0
Registration and filing charges	743.2	717.7
Loss on sale of property, plant and equipment (net)	106.2	0.7
Allowance for doubtful receivables (net)	162.3	-
Bad debts	2.0	9.9
Fair value changes to current investments	-	0.0
Corporate Social Responsibility expenditure (CSR) (refer note below)	466.0	200.0
Miscellaneous expenses	1,444.4	766.8
	<b>23,060.8</b>	<b>19,386.9</b>

## Note: Details of CSR expenditure as per Section 135 of the Companies Act, 2013

a) Gross amount required to be spent by the Company during the year		449.3	424.9
	in cash	Yet to be paid in cash	Total
b) Amount spent during the year ending on 31 March 2019:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	466.0	-	466.0
Amount spent during the year ending on 31 March 2018:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	200.0	-	200.0

## 28. INCOME TAX

The major components of income tax expense for the year ended 31 March 2019 and 31 March 2018 are :

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Statement of profit and loss</b>		
Current tax	4,266.1	5,053.4
Tax credit - Minimum Alternate Tax (MAT)	(480.5)	(433.2)
Deferred tax	563.3	681.5
	<b>4,348.9</b>	<b>5,301.7</b>
<b>Other comprehensive income</b>		
Deferred tax - net loss on remeasurements of defined benefit plan	7.6	12.7
	<b>7.6</b>	<b>12.7</b>
<b>Reconciliation of effective tax rate for the year ended 31 March 2019 and 31 March 2018</b>		
<b>Profit before tax</b>	19,646.2	23,429.4
Enacted tax rate in India	34.944%	34.608%
Tax at statutory tax rate	6,865.2	8,108.4
<b>Effect of :</b>		
Tax holidays (refer note (a) below)	(1,647.1)	(2,132.1)
Weighted deduction allowed for research and development expenditure	(930.7)	(765.0)
Dividend received from foreign subsidiary charged at special rate of tax	(138.2)	-
Expenses not deductible for tax purposes	165.7	71.7
Others (net)	34.0	18.7
<b>Total</b>	<b>(2,516.3)</b>	<b>(2,806.7)</b>
<b>Income tax expense</b>	4,348.9	5,301.7
Effective tax rate	22.136%	22.628%

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## Notes:

- (a) The Company benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen years from the date of commencement of operations. Under the SEZ scheme, the unit which begins providing services on or after 01 April 2005 will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profit or gains for a further period of five years and 50% of such profits or gains for the balance period of five years subject to fulfillment of certain conditions. From 01 April 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).
- (b) During the year ended 31 March 2019 and 31 March 2018, the Company has paid dividend to shareholders, this has resulted in payment of dividend distribution tax to the taxation authorities. The Company believes that dividend distribution tax represents additional payment to tax authorities on behalf of shareholders. Hence, dividend distribution tax paid is charged to equity.
- (c) There are no unrecognised deferred tax assets and liabilities as at 31 March 2019 and 31 March 2018.

## 29. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Earnings</b>		
Profit after taxation considered for calculation of basic and diluted earnings per share	15,297.3	18,127.7
<b>Shares</b>		
Weighted average number of equity shares considered for calculation of basic earnings per share (a)	585,907,719	585,882,685
Effect of dilution on account of Employee Stock Options granted (b)	28,219	52,277
Weighted average number of equity Shares considered for calculation of diluted earnings per share (a+b)	585,935,938	585,934,962
Earnings per share of face value ₹1/-		
- Basic	26.11	30.94
- Diluted	26.11	30.94

## 30 COMMITMENTS AND CONTINGENCIES

### A. Leases

#### Operating lease commitments - Company as lessee

- i) The Company has operating leases agreements, which are mainly in the nature of lease of office premises for a period up to five years, with no restrictions and are renewable/ cancellable at the option of either of the parties except for details in (ii) below. These leases include a general clause to enable upward revision of the rental charge on an annual basis according to the prevailing market conditions. There is no other escalation clause in the lease agreement. There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the statement of profit and loss is ₹92.1(31 March 2018: ₹89.5). The Company has not recognised any contingent rent as expense in the statement of profit and loss.
- ii) The Company has renewed non cancellable leases for office premises in current year. These leases have remaining non cancellable period of 25 months (31 March 2018: 6 months). The lease includes an escalation clause in the lease agreement. Future minimum lease rentals under non cancellable operating leases are as follows:

	As at 31 March 2019	As at 31 March 2018
a) Within one year	57.3	6.0
b) After one year and not more than three years	47.3	-
c) After three years and not more than five years	-	-

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## Finance lease - Company as lessee

Buildings includes factory buildings acquired on finance lease. The lease term is for major part of the economic life of the buildings and the agreement is silent on renewal terms and transfer of legal title at the end of lease term.

The lease agreement did not specify minimum lease payments over the future period. The factory building has been acquired on lease at a consideration of ₹25.5.

The net carrying amount of the buildings obtained on finance lease - ₹6.8 (31 March 2018: ₹8.1).

## Lease commitments - the Company as lessor

The Company has entered into agreement to non cancellable leases for office premises. The Company has identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term.

## Lease commitments - the Company as lessee

The Company has entered into leases for land and office premises. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the land and office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the land and the office premises and accounts for the contracts as operating leases.

	As at 31 March 2019	As at 31 March 2018
<b>B. Capital and other Commitments</b>		
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	2,398.1	2,656.9
<b>C. Contingent Liabilities</b>		
<b>(A) Claims against the Company not acknowledged as debt</b>		
Claims arising from disputes not acknowledged as debts - indirect taxes (excise duty and service tax)*	359.2	317.6
Claims arising from disputes not acknowledged as debts - direct taxes*	120.5	568.8
Claims against the Company not acknowledged as debts - other duties/claims*^	150.3	150.3
<b>(B) Guarantees</b>		
Corporate guarantees for loans taken by wholly owned subsidiaries**	23,652.1	10,060.5
Outstanding bank guarantees	681.6	1,048.2

\* in respect of above matters, future cash outflows in respect of contingent liabilities are determinable only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. The Company is contesting these demands and the Management, including its advisors, believe that its position will likely be upheld in the appellate process. No expense has been accrued in the stand alone financial statements for the demands raised. The Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

\*\* Guarantees furnished towards business requirement in respective subsidiaries. The Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required.

^ The Company is involved in disputes, claims, Governmental and /or regulatory inspection, inquires, including patents and commercial matters that arise from time to time in the ordinary course of business. The same are subject to uncertain future events not wholly within the control of the Company. The management does not expect the same to have materially adverse effect on its financial position, as it believes the likely hood of any loss is not probable.



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 31 SHARE BASED PAYMENTS

### Employee Stock Option Plan "ESOP-2006"

The Company instituted an Employee Stock Option Plan "ESOP-2006" for issue of shares to eligible employees of the Company as per the special resolution passed in the 19th Annual General Meeting held on 18 September 2006. The compensation committee of the Board of directors accordingly, granted 3,240,500 options under eight grants of 175,000, 25,000, 90,000, 1,205,000, 300,000, 500,000, 915,500 and 30,000 options to eligible employees on 30 October 2006, 31 July 2007, 31 October 2007, 16 December 2011, 19 June 2012, 09 January 2013, 28 January 2013 and 09 August 2013 respectively. The method of settlement under scheme is by issue of equity shares of the Company and there are no cash settlement alternatives for the employees. Each option comprises of one underlying Equity Share of ₹1/- each. The said options vest on an annual basis at 10%, 15%, 25% and 50% over a period of four years and can be exercised over a period of six years from the date of grant of options. The options have been granted at the then prevailing market price of ₹ 120.70, ₹ 132.35, ₹ 114.50, ₹ 91.60, ₹ 106.05, ₹ 200.70, ₹ 187.40 and ₹ 161.30 per share respectively. The fair value of share options grants is estimated at the date of grant using Black-Scholes model, taking into account the terms and conditions upon which the share options were granted.

The details of ESOP 2006 Scheme are summarised below:

Grant	Grant date	Number of options Granted	Exercise price*	Weighted Average Fair value of option at grant date*
1st Grant	30 October 2006	175,000	60.35	73.10
2nd Grant	31 July 2007	25,000	66.18	78.82
3rd Grant	31 October 2007	90,000	57.25	68.18
4th Grant	16 December 2011	1,753,800	45.80	54.35
5th Grant	19 June 2012	300,000	53.03	57.42
6th Grant	09 January 2013	500,000	100.35	119.22
7th Grant	28 January 2013	1,483,170	93.70	111.32
8th Grant	09 August 2013	57,000	80.65	96.30

\*Adjusted for bonus issue.

### The details of activity under the Scheme ESOP 2006 are summarised below :

	For the year ended 31 March 2019	For the year ended 31 March 2018
Options outstanding at the beginning of the year	31,019	56,219
Granted during the year	-	-
Vested / exercisable during the year	31,019	56,219
Exercised during the year	8,000	25,200
Forfeited during the year subject to reissue	19	-
Options outstanding at end of the year	23,000	31,019
Exercisable at the end of the year	23,000	31,019
Weighted average exercise price for all the above options (₹)*	80.65	80.66
Weighted average fair value of options at the date of grant (₹)*	97.00	96.30

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

The details of share options outstanding are summarised below:

	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)
<b>As at 31 March 2019</b>	<b>80.65</b>	<b>23,000</b>	0.36
As at 31 March 2018	80 to 94	31,019	1.36

The following table lists the assumptions used for the plan:

Grant	As at 31 March 2019			
	Dividend yield	Expected volatility	Risk-free interest rate	Expected life of options granted in years
8th Grant	0.61%	0.31%	8%	4

Grant	As at 31 March 2018			
	Dividend yield	Expected volatility	Risk-free interest rate	Expected life of options granted in years
7th Grant	0.80%	0.31%	8%	4
8th Grant	0.61%	0.31%	8%	4

## 32 EMPLOYEE BENEFITS

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>a) Disclosures related to defined contribution plan</b>		
Provident fund contribution *	420.2	311.9
Contribution to ESI**	38.9	39.1

\* Includes ₹4.0 (31 March 2018: ₹19.3) transferred to capital work in progress

\*\* Includes ₹0.0 (31 March 2018: ₹0.7) transferred to capital work in progress

### b) Disclosures related to defined benefit plan

The Company has a defined benefit gratuity plan governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to gratuity on departure at 15 days last drawn salary for each completed year of service or part thereof in excess of six months.

This defined benefit plan exposes the Company to actuarial risk, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The plan is funded with Life Insurance Corporation in the form of a qualifying insurance policy. The following tables summarise the components of net benefit expense recognised in the statement of profit and loss, the fund status and amounts recognised in the balance sheet:

### Net employee benefit expense (included under employee benefit expenses)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	173.0	143.5
Past service cost	-	55.3
Interest on defined benefit liability	27.3	12.8
<b>Net employee benefits expense*</b>	<b>200.3</b>	<b>211.6</b>

\* Includes ₹7.0 (31 March 2018: ₹8.1) transferred to capital work in progress

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## Details of the employee benefits obligations and plan assets are as follows:

	As at 31 March 2019	As at 31 March 2018
Present value of defined benefit obligation	1,284.7	1,054.5
Fair value of plan assets	900.9	628.5
<b>Net defined benefit liability</b>	<b>383.8</b>	<b>426.0</b>

## Details of changes in present value of defined benefit obligation are as follows:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening defined benefit obligation	1,054.5	818.3
Current service cost	173.0	143.5
Past service cost	-	55.3
Interest on defined benefit obligation	75.7	59.0
Benefits paid	(43.7)	(49.9)
Remeasurement due to:		
Actuarial loss arising from changes in experience	18.6	43.8
Actuarial loss arising from changes in demographic assumptions	-	6.3
Actuarial loss/(gain) arising from changes in financial assumptions	6.6	(21.8)
<b>Closing defined benefit obligation</b>	<b>1,284.7</b>	<b>1,054.5</b>

## Details of changes in fair value of plan assets are as follows:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening fair value of plan assets	628.5	544.6
Interest on plan assets	48.4	46.1
Employer contribution	264.1	93.9
Benefits paid	(43.7)	(49.9)
Remeasurement due to - actual return on plan assets less interest on plan assets	3.6	(6.2)
<b>Closing fair value of plan assets</b>	<b>900.9</b>	<b>628.5</b>

## Sensitivity analysis

The sensitivity of over all plan obligations to changes in key assumptions are as follows:

	As at 31 March 2019	As at 31 March 2018
Defined benefit obligation without effect of projected salary growth rate	855.3	677.4
Add: effect of salary growth rate	429.5	377.1
Defined benefit obligation with effect of projected salary growth	1,284.7	1,054.5
Defined benefit obligation, using discount rate plus 50 basis points	1,244.5	1,019.8
Defined benefit obligation, using discount rate minus 50 basis points	1,327.4	1,091.3
Defined benefit obligation, using salary growth rate plus 50 basis points	1,325.9	1,089.9
Defined benefit obligation, using salary growth rate minus 50 basis points	1,245.4	1,020.8

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

	As at 31 March 2019	As at 31 March 2018
Funds managed by Insurers	100.00%	100.00%

**The principal assumptions used in determining gratuity obligations for the Company's plans are shown below**

## Financial assumptions

	As at 31 March 2019	As at 31 March 2018
<b>Financial assumptions</b>		
Discount rate (p.a.)	7.62%	7.70%
Expected salary increase (p.a.)		
Until 1 year	10.00%	10.0%
Beyond 1 year	7.00%	7.0%
<b>Demographic assumptions</b>		
Mortality rate as per Indian Assured Lives Mortality 2006-08 table		

Attrition rate	As at 31 March 2019		As at 31 March 2018	
	Age (years)	Rates (p.a)	Age (years)	Rates (p.a)
	21 - 30	16%	21 - 30	16%
	31 - 40	12%	31 - 40	12%
	41 - 50	6%	41 - 50	6%
	51 - 57	23%	51 - 57	23%

**Discount rate :** The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.

**Salary escalation rate :** The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other related factors.

## Maturity profile of the defined benefit obligation

	As at 31 March 2019	As at 31 March 2018
Average expected future working life (Years)	8.02	6.77
Expected future cash flow of gratuity		
Within 12 months	157.4	143.2
Between 2 and 5 years	575.4	488.3
Beyond 5 years	1,644.3	1,383.9

Notes:

- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The Company expects to contribute ₹157.4 (31 March 2018: ₹90.0) during the year ended 31 March 2020 to the qualifying insurance policy.
- The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period by varying one actuarial assumption, keeping all other actuarial assumptions constant.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 33 CAPITAL WORK-IN-PROGRESS INCLUDES EXPENDITURE DURING CONSTRUCTION PERIOD PENDING CAPITALISATION

	As at 31 March 2019	As at 31 March 2019
<b>Balance brought forward</b>	<b>1,594.9</b>	1,335.8
Add: Incurred during the year		
Salaries, wages and bonus	289.1	338.7
Consumption of material for testing	100.8	173.5
Consumption of stores and spares	144.9	95.1
Carriage inward	0.2	1.5
Power and fuel	160.0	122.9
Conversion charges	30.6	39.2
Rates and taxes	2.7	9.0
Printing and stationery	9.2	5.7
Postage, telegram and telephones	1.0	2.0
Insurance	1.8	1.9
Legal and professional charges	1.5	9.2
Travelling and conveyance	3.7	7.6
Depreciation	1.2	2.6
Factory maintenance	48.3	42.4
Miscellaneous expenses	14.4	31.1
	<b>2,404.3</b>	<b>2,218.2</b>
Less: Capitalised to property, plant and equipment during the year	1,823.1	623.3
<b>Balance carried forward</b>	<b>581.2</b>	<b>1,594.9</b>

## 34 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

	As at 31 March 2019	As at 31 March 2019
The principal amount remaining unpaid to any supplier as at the end of each accounting year (including ₹13.76 shown under capital creditors [31 March 2018: ₹10.95])	342.5	307.7
The amount of interest accrued and remaining unpaid as at the end of the year.	Nil	Nil
	Nil	Nil
Amount of interest paid by the Company in terms of Sec 16, of Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	Nil	Nil
Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) without the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

- 35 In respect of the amounts mentioned under Section 125 of the Companies Act, 2013 there are no dues that are to be credited to the Investor Education and Protection Fund as at 31 March 2019 (31 March 2018: ₹ Nil).

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 36 RESEARCH AND DEVELOPMENT EXPENSES

- a. Details of Research and development expenses incurred during the year, debited under various heads of statement of profit and loss is given below

	For the year ended 31 March 2019	For the year ended 31 March 2018
Material and stores and spares consumption	1,822.5	1,258.7
Power and fuel	156.8	127.5
Repairs and maintenance	54.3	42.0
Employee benefits expense	1,646.7	1,445.1
Analytical charges	1,051.8	1,015.0
Legal and professional charges	909.8	886.2
Registration and filing fee	671.2	618.2
Depreciation expense	342.5	290.4
Others	285.6	212.0
<b>Total</b>	<b>6,941.2</b>	<b>5,895.1</b>

- b. Details of capital expenditure incurred for Research and development are given below:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Buildings	32.3	44.6
Plant and equipment		
- Plant and equipment	101.5	119.3
- Lab equipment	425.8	334.8
- Pipes and valves	7.8	17.7
- Data processing equipment	11.0	27.8
- Electrical installations	6.2	17.0
Office equipment	4.2	3.9
Furniture and fixtures	7.0	31.2
<b>Total</b>	<b>595.8</b>	<b>596.3</b>

## 37 REMUNERATION TO STATUTORY AUDITORS

	For the year ended 31 March 2019	For the year ended 31 March 2018
As Auditors :		
Statutory audit	8.4	8.6
Limited review - standalone	2.1	2.1
Limited review - consolidation	1.5	1.8
Certification	1.1	0.7
Reimbursement of expenses and taxes	1.3	0.4
	<b>14.4</b>	<b>13.6</b>

## 38 CONTRIBUTION TO POLITICAL PARTIES AS PER SECTION 182 OF COMPANIES ACT, 2013. (INCLUDED IN MISCELLANEOUS EXPENSES)

	For the year ended 31 March 2019	For the year ended 31 March 2018
To political parties	1.3	1.0
Purchase of Electoral Bonds in accordance with the Electoral Bond Scheme notified by the Government of India	500.0	-



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 39 RELATED PARTY DISCLOSURES

### Names of related parties and description of relationship

#### Subsidiaries

- 1 APL Pharma Thai Limited, Thailand
- 2 All Pharma (Shanghai) Trading Company Limited, China
- 3 Aurobindo Pharma USA Inc., USA
- 4 Aurobindo Pharma Industria Farmaceutica Ltda, Brazil
- 5 Helix Healthcare B.V., The Netherlands
- 6 Aurobindo Pharma Produtos Farmaceuticos Limitada, Brazil
- 7 APL Healthcare Limited, India
- 8 Auronext Pharma Private Limited, India
- 9 APL Research Centre Limited, India
- 10 Auro Pharma Inc., Canada
- 11 Aurobindo Pharma (Pty) Limited, South Africa
- 12 Agile Pharma B.V., The Netherlands
- 13 Auro Healthcare (Nigeria) Limited, Nigeria (liquidated w.e.f.20 March 2019)
- 14 Aurobindo Ilac Sanayi Ve Ticaret Limited Sirketi, Turkey (liquidated w.e.f. 31 October 2017)
- 15 Aurobindo Pharma Japan K.K., Japan
- 16 Aurex B.V. (formerly Pharmacin B.V.), The Netherlands
- 17 Aurobindo Pharma GmbH, Germany
- 18 Aurobindo Pharma (Portugal) Unipessoal Limitada., Portugal\*\*
- 19 Laboratorios Aurobindo S.L., Spain
- 20 Aurobindo Pharma B.V., The Netherlands (formerly known as Actavis B.V.)
- 21 Aurobindo Pharma (Romania) S.r.l, Romania
- 22 Aurobindo Pharma (Italia) S.r.l, Italy
- 23 Aurobindo Pharma (Malta) Limited, Malta
- 24 APL Swift Services (Malta) Limited, Malta
- 25 Milpharm Limited, UK
- 26 Aurolife Pharma LLC, USA
- 27 Auro Peptides Limited, India
- 28 Auromedics Pharma LLC, USA
- 29 Aurovida Farmaceutica S.A. DE C.V., Mexico
- 30 Curepro Parenterals Limited, India
- 31 Hyacinths Pharma Private Limited, India
- 32 Silicon Life Sciences Private Limited, India
- 33 AuroZymes Limited, India
- 34 Aurobindo Pharma Colombia S.A.S, Columbia
- 35 Aurovitas, Unipessoal LDA, Portugal\*\*
- 36 Arrow Generiques SAS, France
- 37 Auro Health LLC, USA
- 38 Pharmacin B.V. (formerly Aurex B.V.), The Netherlands
- 39 1980 Puren Pharma GmbH (formerly Actavis Management GmbH), Germany
- 40 Puren Pharma GmbH & Co., KG (formerly Actavis Deutschland GmbH & Co., KG), Germany
- 41 Aurovitas Spain SA (formerly Actavis Spain SA), Spain
- 42 Natrol LLC, USA
- 43 Aurovitas Pharma Polska, Poland
- 44 Aurogen South Africa (Pty) Ltd, South Africa
- 45 Aurobindo Pharma USA LLC, USA (dissolved w.e.f. 31 March 2018, revived w.e.f. 6 June 2018)
- 46 Auro AR LLC, USA (w.e.f. 2 May 2017)
- 47 Auro Vaccines LLC, USA
- 48 Auro Logistics LLC, USA (w.e.f. 28 April 2017)
- 49 Acrotech Biopharma LLC, USA (w.e.f. 05 January 2018)
- 50 Generis Farmaceutica S.A, Portugal (w.e.f. 01 May 2017)
- 51 Mer Medicamentos, Lda, Portugal (w.e.f. 01 May 2017)\*\*

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 39 RELATED PARTY DISCLOSURES (CONTINUED)

- 52 Generis Phar Unipessoal Lda., Portugal (w.e.f. 01 May 2017)
- 53 Farma APS - Promoção de Medicamentos, Unipessoal Lda. (w.e.f. 01 May 2017 and dissolved w.e.f. 25 January 2018)
- 54 Aurobindo Pharma Saudi Arabia Limited Company, Saudi Arabia (w.e.f.08 May 2017)
- 55 Auro Pharma India Private Limited, India (w.e.f. 20 December 2017)
- 56 Aurovitas Pharma Ceska Republica s.r.o , Czech Republic ( w.e.f. 23 December 2017)
- 57 Generis MZ, Lda., Mozambique (w.e.f. 01 May 2017 and dissolved w.e.f. 19 March 2018)
- 58 Aurovitas Pharma (Tazihou) Ltd, China (w.e.f. 29 January 2018)
- 59 Apotex Polska S.p. z.o.o., Poland (w.e.f. 8 February 2019)
- 60 APOTEX (CR) Spol. s.r.o. Czech Republic (w.e.f. 8 February 2019)
- 61 APOTEX ESPANA SL, Spain (w.e.f. 8 February 2019)
- 62 Apotex SA/NV, Belgium (w.e.f. 8 February 2019)
- 63 Apotex Europe B.V., The Netherlands (w.e.f. 8 February 2019)
- 64 Apotex Nederland B.V., The Netherlands (w.e.f. 8 February 2019)
- 65 Sameko Farma B.V, The Netherlands (w.e.f. 8 February 2019)
- 66 Leidapharm B.V, The Netherlands (w.e.f. 8 February 2019)
- 67 Marel B.V, The Netherlands (w.e.f. 8 February 2019)
- 68 Pharma Dossier B.V, The Netherlands (w.e.f. 8 February 2019)
- 69 Curateq Biologics GmbH, Switzerland (w.e.f. 20 March 2019)
- 70 Aurobindo Pharma FZ-LLC, Dubai (w.e.f. 6 January 2019)
- 71 Auro Science LLC, U.S.A (w.e.f.28 March 2019)
- 72 Auro Science (Pty) Ltd, Australia (w.e.f.25 September 2018)

\*\*Mer Medicamentos, Lda, Portugal, Aurovitas, Unipessoal LDA, Portugal and Aurobindo Pharma (Portugal) Unipessoal Limitada., Portugal were merged with Generis Farmaceutica S.A., w.e.f. 01 April 2018.

## Joint ventures

- 1 Novagen Pharma (Pty) Limited, South Africa (Joint Venture of a Subsidiary, Aurobindo Pharma (Pty) Limited, South Africa)
- 2 Eugia Pharma Specialities Limited, India
- 3 Tergene Biotech Private Limited, India (w.e.f. 01 April 2015)
- 4 Raidurgam Developers Limited, India (formerly known as Aurobindo Antibiotics limited, India)
- 5 Purple Bellflower (Pty)Ltd, Southafrica (w.e.f. 23 August 2018)

## Enterprises over which key management personnel or their relatives exercise significant influence

- 1 Pravesha Industries Private Limited, India
- 2 Sri Sai Packaging, India (Partnership firm)
- 3 Trident Chemphar Limited, India
- 4 Auropro Soft Systems Private Limited, India
- 5 Axis Clinicals Limited, India
- 6 Pranit Projects Private Limited, India
- 7 Pranit Packaging Private Limited, India
- 8 SGD Pharma India Limited (formerly Cogent Glass Limited), India
- 9 Orem Access Bio Inc, India
- 10 Veritaz Healthcare Limited, India
- 11 Alex Merchant PTE. LTD, Singapore
- 12 Trident Petrochemicals DMCC, Dubai
- 13 Axis Clinicals LLC, USA
- 14 Alex Merchant DMCC, Dubai
- 15 Crest Cellulose Private Limited, India
- 16 East Pharma Technologies, India (Partnership firm)
- 17 Axis Clinicals Latina SA DE CV, Mexico
- 18 Viwyn Pharma Private limited, India
- 19 Gelcaps Industries, India
- 20 Aurobindo Foundation, India

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 39 RELATED PARTY DISCLOSURES (CONTINUED)

### Key management personnel

- 1 Mr. K. Nithyananda Reddy, Whole-time Director
- 2 Dr. M. Sivakumaran, Whole-time Director
- 3 Mr. M. Madan Mohan Reddy, Whole-time Director
- 4 Mr. P. Sarath Chandra Reddy, Whole-time Director
- 5 Mr. N. Govindarajan, Managing Director
- 6 Mr. Santhanam Subramanian, Chief Financial Officer
- 7 Mr. B. Adi Reddy, Company Secretary
- 8 Mr. K. Ragunathan, Non-executive Chairman and Independent Director
- 9 Mr. M. Sitarama Murty, Independent Director
- 10 Dr. (Mrs.) Avnit Bimal Singh, Independent Director
- 11 Mr. Rangaswamy Radhakrishnan Iyer, Independent Director (Upto 09 December 2017)
- 12 Mr.P.Venkata Ramprasad Reddy, Non Executive promoter director
- 13 Mrs.Savitha Mahajan, Independent Director (w.e.f. 16 December 2017)

### Relatives to key managerial personnel

- 1 Mr. Vishnu M Sriram (Son in law of Dr. M. Sivakumaran, Wholetime Director)

### Transactions with related parties

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>a. Loans given and repayment thereof</b>		
<b>Transactions with subsidiaries</b>		
<b>AuroZymes Limited, India</b>		
Receipt against loan and interest	-	4.2
Interest accrued	6.6	6.6
Loan given	2.0	23.0
Balance receivable	96.1	87.5
<b>Silicon Life Sciences Private Limited, India</b>		
Receipt/Converted into 9.5% cumulative redeemable preference shares against loan and interest	-	311.6
Interest accrued	6.0	6.1
Loan given	245.0	-
Balance receivable	287.8	36.8
<b>Auronext Pharma Private Limited, India</b>		
Receipt/Converted into 9.5% cumulative redeemable preference shares against loan and interest	-	221.5
Interest accrued	3.8	10.0
Loan given	130.0	170.0
Balance receivable	133.8	-
<b>APL Healthcare Limited, India</b>		
Interest accrued	16.2	-
Loan given	590.0	-
Balance receivable	606.2	-
<b>Hyacinths Pharma Private Limited, India</b>		
Interest accrued	3.1	-
Loan given	102.0	-
Balance receivable	105.1	-
<b>Curepro Parenterals Limited, India</b>		
Interest accrued	11.4	-
Loan given	262.5	-
Balance receivable	273.9	-

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Transactions with Joint venture</b>		
<b>Raidurgam Developers Limited</b>		
Receipt/Converted into optionally convertible debentures against loan and interest	1.8	1,071.8
Interest accrued	-	8.3
Loan given	-	1,065.2
Balance receivable	-	1.8
<b>b. Sale of products/ purchases, services and other transactions</b>		
<b>Transactions with subsidiaries</b>		
<b>APL Pharma Thai Limited, Thailand</b>		
Sale of products	36.8	21.5
<b>All Pharma (Shanghai) Trading Company Limited, China</b>		
Purchases	0.6	0.4
Reimbursement of expenses	32.6	10.5
<b>Aurobindo Pharma Produtos Farmaceuticos Ltda, Brazil</b>		
Sale of products	46.4	114.8
Reimbursement of expenses	0.3	-
Sales Commission	19.9	17.8
<b>APL Swift Services (Malta) Limited, Malta</b>		
Sale of products	6,819.2	3,550.9
Sales Commission	1.2	-
Purchase of services	48.2	48.4
Reimbursement of expenses received	2.3	3.2
<b>Aurobindo Pharma USA Inc., USA</b>		
Sale of products	33,925.9	27,182.9
Reimbursement of expenses received	0.2	-
Corporate guarantee given	42,253.7	-
Purchases	-	0.1
<b>Acrotech Biopharma LLC, USA</b>		
Corporate guarantee given	7,426.1	-
<b>Aurobindo Pharma Industria Farmaceutica Ltda, Brazil</b>		
Sale of products	619.7	625.0
Sale of property, plant and equipment	-	0.7
Reimbursement of expenses	6.1	0.8
Dividend received	790.8	-
<b>Auro Pharma Inc., Canada</b>		
Sale of products	2,471.4	744.3
Reimbursement of expenses	0.1	1.9
<b>Aurobindo Pharma (Pty) Limited, South Africa</b>		
Sale of products	223.7	209.1
Sales Commission	3.8	8.2
<b>Pharmacin B.V., The Netherlands (formerly Aurex B.V.)</b>		
Sale of products	10.7	8.4
Sales Commission	0.2	0.2
<b>Aurex B.V., The Netherlands (formerly Pharmacin B.V.)</b>		
Sale of products	1.1	40.6
Sales Commission	-	19.9
Reimbursement of expenses	-	0.2
<b>Milpharm Limited, UK</b>		
Sale of products	3,700.3	3,150.4
Reimbursement of expenses	10.6	25.7
<b>Aurolife Pharma LLC, USA</b>		
Sale of products	1,152.5	2,127.0
Purchases	41.9	-

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Reimbursement of expenses	-	1.3
<b>Aurobindo Pharma Japan K.K., Japan</b>		
Sale of products	407.1	152.3
Sales Commission	23.1	22.2
Reimbursement of expenses received	1.9	-
<b>Aurobindo Pharma (Malta) Limited, Malta</b>		
Reimbursement of expenses	1.0	4.0
<b>Auronext Pharma Private Limited, India</b>		
Sale of products	96.2	276.5
Purchases	81.0	30.3
Investment in 9.5% Cumulative Redeemable Preference shares	40.0	370.0
Purchases of asset	1.4	1.1
Rent received	1.8	1.8
Reimbursement of expenses received	-	0.9
Sale of services	7.4	-
<b>Laboratorios Aurobindo S.L., Spain</b>		
Sale of products	-	10.6
Reimbursement of expenses	-	0.0
Reimbursement of expenses received	0.1	2.9
<b>Auro Medics Pharma LLC, USA</b>		
Sale of products	8,642.9	8,166.2
Purchases	-	0.9
Reimbursement of expenses	29.6	-
Reimbursement of expenses received	-	7.6
<b>Auro Healthcare (Nigeria) Limited, Nigeria</b>		
Sales Commission	-	0.8
Reimbursement of expenses	-	0.3
<b>APL Healthcare Limited, India</b>		
Sale of products	117.3	30.2
Sale of fixed assets	5.3	-
Purchases	24.9	-
Purchase of property, plant and equipment	1.0	-
Corporate guarantee given	200.0	-
Equity contribution	338.5	521.5
Reimbursement of expenses received	-	1.4
<b>Auro Peptides Limited, India</b>		
Rent Received	10.8	9.9
Reimbursement of expenses received	49.8	43.5
Investment in 9.5% cumulative redeemable preference shares	82.0	95.0
Sale of products	1.1	0.8
Purchases	180.7	63.6
<b>Silicon Life Sciences Private Limited, India</b>		
Sale of products	87.3	184.0
Purchases	56.1	11.8
Purchase of property, plant and equipment	-	4.4
Sale of property, plant and equipment	5.6	-
Corporate guarantee given	250.0	-
Investment in 9.5% cumulative redeemable preference shares	-	651.0
Reimbursement of expenses received	-	2.6
<b>Aurovida Farmaceutica, SA DE CV, Mexico</b>		
Sale of products	46.7	64.8
Reimbursement of expenses	37.1	79.1
<b>Aurobindo Pharma (Portugal) Unipessoal Limitada, Portugal</b>		

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Reimbursement of expenses	0.2	22.5
<b>Aurobindo Pharma Colombia S.A.S., Colombia</b>		
Sale of products	337.7	155.5
Reimbursement of expenses	4.1	4.1
<b>Arrow Generiques S.A.S., France</b>		
Sale of products	3.2	0.7
Reimbursement of expenses received	0.9	2.1
<b>Aurobindo Pharma B.V. (formerly Actavis B.V.), The Netherlands</b>		
Sale of products	454.4	346.2
Reimbursement of expenses received	0.5	-
Reimbursement of expenses	-	3.7
<b>Aurovitas Spain SAS, Spain</b>		
Sale of products	-	2.9
Reimbursement of expenses received	0.2	1.5
Reimbursement of expenses	-	0.2
<b>Aurovitas Unipessol LDA, Portugal</b>		
Reimbursement of expenses	-	23.7
Reimbursement of expenses received	0.1	-
<b>Aurobindo Pharma GmbH, Germany</b>		
Reimbursement of expenses received	0.2	0.5
<b>Aurobindo Pharma (Italia) S.r.l, Italy</b>		
Sale of products	222.0	20.2
Reimbursement of expenses	0.6	0.1
Reimbursement of expenses received	0.7	1.0
<b>Auro Health LLC, USA</b>		
Sale of products	681.4	509.7
<b>Puren Pharma GmbH &amp; Co., KG, Germany</b>		
Reimbursement of expenses received	0.6	1.9
<b>Hyacinths Pharma Private Limited, India</b>		
Equity contribution	175.5	44.1
Sale of products	0.0	-
Sale of property, plant and equipment	-	2.0
<b>Aurovitas Pharma Polska, Poland</b>		
Reimbursement of expenses	188.2	75.3
<b>Generis Farmaceutica SA, Portugal</b>		
Sale of products	354.0	70.6
Reimbursement of expenses	0.5	-
Reimbursement of expenses received	2.0	-
<b>Helix Healthcare B.V., The Netherlands</b>		
Equity contribution	2,745.0	584.8
Corporate guarantee given	4,000.1	9,171.7
Corporate guarantee fee received	16.9	-
<b>Agile Pharma BV, The Netherlands</b>		
Corporate guarantee given	4,000.1	4,161.6
Corporate guarantee fee received	5.2	-
<b>Auro Pharma India Private Limited, India</b>		
Equity contribution	-	1.0
<b>Raidurgam Developers Limited, India (Subsidiary upto 29 November 2017)</b>		
Sale of land	-	1,681.2
Equity contribution	-	31.0
Investment in optionally convertible debentures	-	600.0



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>c. Sale/purchase of goods, services and other transactions</b>		
<b>Transactions with Joint Venture</b>		
<b>Novagen Pharma (Pty) Limited, South Africa</b>		
Sale of products	290.4	209.7
<b>Raidurgam Developers Limited, India (Joint Venture from 30 November 2017)</b>		
Reimbursement of expenses received	-	152.1
Investment in optionally convertible debentures	134.6	110.9
Interest accrued	14.4	1.8
<b>Eugia Pharma Specialities Limited, India</b>		
Sale of products	47.3	10.2
Purchases	0.1	0.5
Purchase of property, plant and equipment	0.4	-
Reimbursement of expenses received	-	3.4
<b>Tergene Biotech Private Limited, India</b>		
Equity contribution	15.4	41.1
Investment in 10.5% Cumulative Redeemable Preference shares	34.5	5.0
<b>d. Transactions with enterprises over which key management personnel or their relatives exercise significant influence</b>		
<b>Pravesha Industries Private Limited, India</b>		
Sale of products	0.3	0.3
Purchases	2,766.1	2,155.8
<b>Sri Sai Packaging, India</b>		
Sale of products	0.4	0.5
Purchases	239.4	210.5
<b>Axis Clinicals Limited, India</b>		
Purchase of services	759.3	830.7
<b>Axis Clinicals Latina SA DE CV, Mexico</b>		
Purchase of services	6.4	11.9
<b>Trident Chemphar Limited, India</b>		
Purchases	1,037.2	757.7
Purchase of services	131.1	-
<b>Auropro Soft Systems Private Limited, India</b>		
Purchase of services	-	0.2
<b>Pranit Packaging Private Limited, India</b>		
Purchases	204.3	198.9
<b>SGD Pharma India Limited (formerly Cogent Glass Limited )</b>		
Purchases	1,055.8	919.1
<b>Orem Access Bio Inc, India</b>		
Purchases	274.8	201.1
<b>Veritaz Healthcare Limited, India</b>		
Sale of products	216.8	127.3
Rent received	0.3	0.3
<b>Alex Merchants DMCC, Dubai</b>		
Purchases	242.4	677.6
<b>Crest Cellulose Private limited, India</b>		
Purchases	441.9	255.8
Sale of property, plant and equipment	0.9	-
<b>East Pharma Technologies, India</b>		
Purchases	55.1	57.0
<b>Viwyn Pharma Private Limited, India</b>		

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Purchase of services	63.0	58.1
Reimbursement of expenses received	-	0.7
<b>Gelcaps Industries, India</b>		
Purchases	289.5	130.0
<b>Aurobindo Foundation, India</b>		
Contribution towards CSR activities	466.0	200.0
<b>e. Transactions with key managerial personnel or their relatives</b>		
<b>Mr. K Nithyananda Reddy</b>		
Managerial remuneration	15.1	15.1
Rent expense	2.6	2.4
<b>Dr. M Sivakumaran</b>		
Managerial remuneration	15.1	15.1
<b>Mr. M Madan Mohan Reddy</b>		
Managerial remuneration	26.7	26.7
<b>Mr. P Sarath Chandra Reddy</b>		
Managerial remuneration	8.6	8.3
<b>Mr. Vishnu M Sriram</b>		
Remuneration	5.8	5.4
<b>Mr. N Govindarajan</b>		
Managerial Remuneration	146.3	146.3
<b>Mr. Santhanam Subramanian</b>		
Remuneration	18.7	14.3
<b>Mr. B. Adi Reddy</b>		
Remuneration	3.9	3.3
<b>Mr. P.Venkata Ramprasad Reddy</b>		
Director sitting fees	0.4	0.2
<b>Mr. K.Ragunathan, Non-executive Chairman and Independent Director</b>		
Director sitting fees	1.2	1.0
<b>Mr. M. Sitarama Murty, Independent Director</b>		
Director sitting fees	1.1	1.1
<b>Mrs. Avnit Bimal Singh, Independent Director</b>		
Director sitting fees	1.0	0.6
<b>Mr. Rangaswamy Rathakrishnan Iyer, Independent Director (upto 9 December 2017)</b>		
Director sitting fees	-	0.6
<b>Mrs.Savitha Mahajan, Independent Director</b>		
Director sitting fees	0.8	0.1

Note:

- Managerial remuneration does not include provision for gratuity and leave encashment, which is determined for the Company as a whole.
- All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for trade receivable, trade payable and other payables are unsecured, interest free and settlement occurs in cash. The Company has not recorded any impairment of balances relating to amounts owed by related parties during the year ended 31 March 2019 (31 March 2018), provision for bad and doubtful debts will be made on an aggregate basis i.e. not specific to party. The assessment is undertaken each financial year through evaluating the financial position of the related party and the market in which the related party operates.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## f. Loans to subsidiaries - Maximum amount outstanding

Name of the Companies	Closing Balance as at 31 March*		Maximum outstanding at any time during the year ended 31 March*	
	2019	2018	2019	2018
AuroZymes Limited, India	81.0	79.0	81.0	79.0
Silicon Life Sciences Private Limited, India	245.0	-	245.0	311.0
Auronext Pharma Private Limited, India	130.0	-	130.0	210.0
APL Health Care Limited, India	590.0	-	590.0	-
Hyacinths Pharma Private Limited, India	102.0	-	102.0	-
Curepro Parenterals Limited, India	262.5	-	262.5	-
Raidurgam Developers Limited, India (Joint venture w.e.f.30 November 2017)	-	-	-	1,065.2

\* Excluding interest on loan

## g. Balances with Subsidiaries at the year end

Particulars	As at 31 March 2019	As at 31 March 2018
<b>APL Pharma Thai Limited, Thailand</b>		
Balance payable	8.5	3.7
<b>All Pharma (Shanghai) Trading Company Limited, China</b>		
Balance payable	21.8	19.0
<b>Helix Healthcare B.V., The Netherlands</b>		
Corporate guarantee for loans outstanding	9,505.2	7,676.7
Balance receivable	16.3	-
<b>Aurobindo Pharma Produtos Farmaceuticos Ltda, Brazil</b>		
Balance receivable	21.0	3.4
<b>APL Swift Services (Malta) Limited, Malta</b>		
Balance receivable	5,330.7	3,395.1
Balance payable	17.9	36.0
<b>Aurobindo Pharma USA Inc., USA</b>		
Balance receivable	17,847.8	15,736.0
Corporate guarantee for loans	11,064.8	-
<b>Aurobindo Pharma Industria Farmaceutica Ltda, Brazil</b>		
Balance receivable	156.1	213.9
<b>Auro Pharma Inc., Canada</b>		
Balance receivable	1,943.7	589.5
Balance payable	2.2	1.9
<b>Aurobindo Pharma (Pty) Limited, South Africa</b>		
Balance receivable	41.3	66.3
Balance payable	6.5	6.2
<b>Pharmacin B.V., The Netherlands (formerly Aurex B.V.)</b>		
Balance receivable	6.3	5.4
<b>Milpharm Limited, UK</b>		
Balance receivable	1,488.7	1,040.2
Balance payable	1.6	9.9
<b>Aurolife Pharma LLC, USA</b>		
Balance receivable	185.8	264.3
Balance payable	1.2	-
<b>Aurobindo Pharma Japan K.K., Japan</b>		
Balance receivable	129.6	11.7
Balance payable	2.8	2.7
<b>Aurobindo Pharma (Malta) Limited, Malta</b>		
Balance payable	0.1	0.1

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Auronext Pharma Private Limited, India</b>		
Balance receivable	379.3	691.5
<b>Laboratorios Aurobindo S.L, Spain</b>		
Balance receivable	-	0.3
Balance payable	0.7	-
<b>Auromedics Pharma LLC, USA</b>		
Balance receivable	4,221.8	3,083.7
Balance payable	382.7	0.6
<b>Auro Healthcare (Nigeria) Limited, Nigeria</b>		
Balance payable	-	0.4
<b>APL Healthcare Limited, India</b>		
Balance receivable	79.3	28.2
<b>Hyacinths Pharma Private Limited, India</b>		
Balance receivable	-	2.0
<b>Auro Peptides Limited, India</b>		
Balance receivable	35.8	37.4
<b>Silicon Life Sciences Private Limited, India</b>		
Balance receivable	223.3	425.6
<b>Aurovida Farmaceutica, SA DE CV, Mexico</b>		
Balance receivable	31.8	56.5
Balance payable	-	38.6
Aurobindo Pharma B.V.,The Netherlands		
Balance receivable	66.0	240.1
<b>Aurobindo Pharma (Portugal) Unipessoal Limitada, Portugal</b>		
Balance payable	-	0.2
<b>Aurobindo Pharma Colombia S.A.S., Colombia</b>		
Balance payable	4.1	2.1
Balance receivable	245.8	117.0
<b>Arrow Generiques S.A.S., France</b>		
Balance receivable	1.6	-
<b>Agile Pharma B.V. The Netherlands</b>		
Corporate guarantee for loans outstanding	3,068.1	2,383.8
Balance receivable	5.0	-
<b>Aurovitas Spain SA, Spain</b>		
Balance receivable	-	0.5
Balance payable	-	0.1
<b>Aurovitas Unipessol LDA, Portugal</b>		
Balance payable	-	0.0
<b>Aurobindo Pharma GmbH, Germany</b>		
Balance receivable	0.1	-
<b>Aurobindo Pharma (Italia) S.r.l, Italy</b>		
Balance receivable	94.2	20.8
Balance payable	0.3	0.1
<b>Puren Pharma GmbH &amp; Co., KG, Germany</b>		
Balance Receivable	-	0.1
<b>Auro Health LLC, USA</b>		
Balance receivable	407.0	361.0
<b>Generis Farmaceutica SA, Portugal</b>		
Balance receivable	134.6	44.0
Balance payable	0.0	-
<b>Aurovitas Pharma Polska, Poland</b>		
Balance payable	89.6	75.3

Note: For closing balance of investments and provision for diminution in value of investments, refer note 4.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>h) Balances with Joint venture at the year end</b>		
<b>Novagen Pharma (Pty) Limited, South Africa</b>		
Balance receivable	101.1	59.9
<b>Raidurgam Developers Limited, India</b>		
Balance receivable	8.2	152.1
<b>Eugia Pharma Specialities Limited, India</b>		
Balance receivable	39.6	4.8
<b>i) Balances with enterprises over which key management personnel or their relatives exercise significant influence at the year end.</b>		
<b>Pravesha Industries Private Limited, India</b>		
Balance payable	618.4	431.7
<b>Sri Sai Packaging, India</b>		
Balance payable	31.6	15.6
<b>Axis Clinicals Limited, India</b>		
Balance payable	0.2	77.1
<b>Trident Chemphar Limited, India</b>		
Balance receivable	29.3	-
Balance payable	-	153.7
<b>Pranit Packaging Private Limited, India</b>		
Balance payable	19.0	8.3
<b>SGD Pharma India Limited (formerly Cogent Glass Limited), India</b>		
Balance payable	220.6	295.4
<b>Veritaz Healthcare Limited, India</b>		
Balance receivable	85.8	36.5
<b>Alex Merchants DMCC, Dubai</b>		
Balance receivable	-	38.2
<b>Orem Access Bio Inc, India</b>		
Balance payable	44.7	39.6
<b>Crest Cellulose Private limited, India</b>		
Balance payable	68.6	35.9
<b>East Pharma Technologies, India</b>		
Balance payable	11.1	6.8
<b>Viwyn Pharma Private Limited, India</b>		
Balance receivable	-	2.0
<b>Gelcaps Industries, India</b>		
Balance payable	55.0	25.5
<b>Balances with key managerial personnel at the year end</b>		
<b>Mr. N Govindarajan</b>		
Balance payable	100.0	100.0
<b>Mr. K Nithyananda Reddy</b>		
Balance payable	0.2	-

## 40. HEDGING ACTIVITIES AND DERIVATIVES - DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

The Company uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one week to twelve months.)

## 41. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

## for the year ended 31 March 2019

## FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

## Particulars

Particulars	Notes	Carrying amount			Fair value			
		FVTPL	Amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Non-current investments in others*	4(A)	151.2	-	151.2	-	-	151.2	151.2
Non-current investments in government securities*	4(A)	0.2	-	0.2	-	-	0.2	0.2
Current investments*	4(B)	0.2	-	0.2	0.2	-	-	0.2
Derivatives - foreign currency forward contracts	7(B)	64.4	-	64.4	-	64.4	-	64.4
		216.0	-	216.0	0.2	64.4	151.4	216.0
Financial assets not measured at fair value								
Non-current investments in preference shares	4(A)	-	2,778.7	2,778.7				
Trade receivables	6(B)	-	52,320.7	52,320.7				
Loans	5(A)&5(B)	-	1,563.8	1,563.8				
Cash and bank balances	12(A)&12(B)	-	757.6	757.6				
Other financial assets	7(A)&7(B)	-	1,120.8	1,120.8				
		-	58,541.7	58,541.7				
Financial liabilities measured at fair value								
Derivatives - foreign currency forward contracts	18	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Borrowings (including current maturities of non-current borrowings)	15(A),15(B)&18	-	45,198.0	45,198.0				
Trade payables	17	-	18,413.9	18,413.9				
Other current financial liabilities	18		1,286.9	1,286.9				
		-	64,898.8	64,898.8				



# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 42 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

### A. Accounting classifications and fair values 31 March 2018

Particulars	Notes	Carrying amount		Fair value		
		FVTPL	Amortised cost	Level 1	Level 2	Level 3
			Total carrying amount			Total
<b>Financial assets measured at fair value</b>						
Non-current investments in others*	4(A)	1.2	-	-	-	1.2
Non-current investments in government securities*	4(A)	0.2	-	-	-	0.2
Current investments*	4(B)	0.2	-	0.2	-	0.2
Derivatives - foreign currency forward contracts	7(B)	-	-	-	-	-
		<b>1.6</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>1.6</b>
<b>Financial assets not measured at fair value</b>						
Non-current investments in preference shares	4(A)	-	2,622.2			2,622.2
Trade receivables	6(B)	-	44,682.3			44,682.3
Loans	5(A)&5(B)	-	214.9			214.9
Cash and bank balances	12(A)&12(B)	-	2,459.0			2,459.0
Other financial assets	7(A)&7(B)	-	1,045.5			1,045.5
		<b>-</b>	<b>51,023.9</b>			<b>51,023.9</b>
<b>Financial liabilities measured at fair value</b>						
Derivatives - foreign currency forward contracts	18	23.3	-	-	23.3	23.3
		<b>23.3</b>	<b>-</b>	<b>-</b>	<b>23.3</b>	<b>23.3</b>
<b>Financial liabilities not measured at fair value</b>						
Borrowings (including current maturities of non-current borrowings)	15(A), 15(B)&18	-	37,190.0			37,190.0
Trade payables	17	-	16,292.4			16,292.4
Other current financial liabilities	18	-	1,851.4			1,851.4
		<b>-</b>	<b>55,333.8</b>			<b>55,333.8</b>

\*These are for operational purposes and the Company estimates that the fair value of these investments are not materially different as compared to their cost.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## B. Measurement of fair values

### i. Valuation technique and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Derivative instruments	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable

### ii. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2018-19 and no transfers in either direction in 2017-18.

## C. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks being faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

The Company is exposed primarily to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The Company uses derivative financial instruments such as forwards to minimise any adverse effect on its financial performance.

### i. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of credit worthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and credit worthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, loans and other financial assets. The Company establishes an allowance for doubtful receivables and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

#### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Management also evaluates the factors that may influence the credit risk of its customer base, including the default risk and country in which the customers operate. The Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

offered. The Company's review includes external ratings, if available, financial statements, credit agency information, industry information and in some case bank references. Sales limits are established for each customer and reviewed quarterly. The Company's receivables turnover is quick and historically, there was no significant default on account of trade and other receivables. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Company assesses at each reporting date whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

## Other financial assets

The Company maintains exposure in cash and cash equivalents and derivative instruments with financial institutions. The Company has loan receivables outstanding from its wholly owned subsidiaries amounting to ₹ 1,410.5 (31 March 2018 : ₹7.9).

The Company's maximum exposure to credit risk as at 31 March 2019 and 31 March 2018 is the carrying value of each class of financial assets.

## ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The following are the remaining contractual maturities of financial liabilities at reporting date:

As at 31 March 2019	Carrying amount	Contractual cash flows			
		< 12 months	1 to 5 years	> 5 years	Total
<b>Non-derivative financial liabilities</b>					
Non-current borrowings	-	-	-	-	-
Current borrowings	45,198.0	45,523.8	-	-	45,523.8
Trade payables	18,413.9	18,413.9	-	-	18,413.9
Other current financial liabilities	1,286.9	1,286.9	-	-	1,286.9
<b>Derivative financial liabilities</b>					
Foreign exchange forward contracts	-	-	-	-	-

As at 31 March 2018	Carrying amount	Contractual cash flows			
		< 12 months	1 to 5 years	> 5 years	Total
<b>Non-derivative financial liabilities</b>					
Non-current borrowings	651.7	655.7	-	-	655.7
Current borrowings	36,538.3	36,735.8	-	-	36,735.8
Trade payables	16,292.4	16,292.4	-	-	16,292.4
Other current financial liabilities	1,851.4	1,851.5	-	-	1,851.5
<b>Derivative financial liabilities</b>					
Foreign exchange forward contracts	23.3	23.3	-	-	23.3

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk and interest rate risk.

## a) Foreign currency risk:

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company. The Company is subject to foreign exchange risk primarily due to its foreign currency revenues, expenses and borrowings. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro and GBP against the functional currency of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company has a treasury team which evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks and advises the Management of any material adverse effect on the Company. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on foreign exchange risk from derivative instruments and non derivative instruments is as follows:

The summary of quantitative data about the Company's exposure to currency risk (based on the notional amounts) as reported to the management is as follows:

## As at 31 March 2019

Particulars	Amount in ₹				
	USD	Euro	GBP	Others	Total
<b>Financial assets</b>					
Trade receivables	33,736.5	6,292.4	1,472.3	2,220.9	43,722.1
Cash and bank balances	242.6	52.6	24.1	3.3	322.6
<b>Total</b>	<b>33,979.1</b>	<b>6,345.0</b>	<b>1,496.4</b>	<b>2,224.2</b>	<b>44,044.7</b>
<b>Less:</b>					
Derivatives - foreign currency forward contracts	(0.0)	(1,786.5)	-	(1,025.9)	(2,812.4)
<b>Net exposure in financial assets</b>	<b>33,979.1</b>	<b>4,558.5</b>	<b>1,496.4</b>	<b>1,198.3</b>	<b>41,232.3</b>
<b>Financial liabilities</b>					
Borrowings including current maturities of non-current borrowings	37,016.9	5,116.8	1,267.3	-	43,401.0
Interest accrued but not due on borrowings	2.2	0.5	-	-	2.7
Trade payables (including capital creditors)	8,013.9	323.4	13.8	47.9	8,399.0
	<b>45,033.0</b>	<b>5,440.7</b>	<b>1,281.1</b>	<b>47.9</b>	<b>51,802.7</b>
<b>Less:</b>					
Derivatives - foreign currency forward contracts	(420.5)			-	(420.5)
<b>Net exposure in financial liabilities</b>	<b>44,612.5</b>	<b>5,440.7</b>	<b>1,281.1</b>	<b>47.9</b>	<b>51,382.2</b>
<b>Net exposure in respect of recognised (liabilities) / assets</b>	<b>(10,633.4)</b>	<b>(882.2)</b>	<b>215.3</b>	<b>1,150.4</b>	<b>(10,149.9)</b>

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## As at 31 March 2018

Particulars	Amount in ₹				
	USD	Euro	GBP	Others	Total
<b>Financial assets</b>					
Trade receivables	30,093.0	4,506.7	1,048.2	771.4	36,419.3
Cash and bank balances	1,205.3	395.0	294.7	5.4	1,900.4
<b>Total</b>	<b>31,298.3</b>	<b>4,901.7</b>	<b>1,342.9</b>	<b>776.8</b>	<b>38,319.7</b>
<b>Less:</b>					
Derivatives - foreign currency forward contracts	(2,038.3)	(767.7)	(645.9)	(288.8)	(3,740.7)
<b>Net exposure in financial assets</b>	<b>29,260.0</b>	<b>4,134.0</b>	<b>697.0</b>	<b>488.0</b>	<b>34,579.0</b>
<b>Financial liabilities</b>					
Borrowings including current maturities of non-current borrowings	32,946.9	3,128.6	1,074.1	-	37,149.6
Interest accrued but not due on borrowings	10.7	-	-	-	10.7
Trade payables (including capital creditors)	6,403.8	414.2	35.6	36.6	6,890.2
	<b>39,361.4</b>	<b>3,542.8</b>	<b>1,109.7</b>	<b>36.6</b>	<b>44,050.5</b>
<b>Less:</b>					
Derivatives - foreign currency forward contracts	(195.5)	(242.4)	(184.6)	-	(622.5)
<b>Net exposure in financial liabilities</b>	<b>39,165.9</b>	<b>3,300.4</b>	<b>925.1</b>	<b>36.6</b>	<b>43,428.0</b>
<b>Net exposure in respect of recognised (liabilities) / assets</b>	<b>(9,905.9)</b>	<b>833.6</b>	<b>(228.1)</b>	<b>451.4</b>	<b>(8,849.0)</b>

## Sensitivity analysis:

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at 31 March would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit or (loss)		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2019</b>				
USD (5% movement)	(531.7)	531.7	(414.0)	414.0
Euro (5% movement)	(44.1)	44.1	(34.3)	34.3
GBP (5% movement)	10.8	(10.8)	8.4	(8.4)
Others (5% movement)	57.5	(57.5)	44.8	(44.8)
<b>31 March 2018</b>				
USD (5% movement)	(495.3)	495.3	(389.6)	389.6
Euro (5% movement)	41.7	(41.7)	32.8	(32.8)
GBP (5% movement)	(11.4)	11.4	(9.0)	9.0
Others (5% movement)	22.6	(22.6)	17.8	(17.8)

## b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to risk of change in market interest rates because it borrows funds at both fixed and floating interest rates. The Company manages its interest rate risk by having a balances portfolio of fixed and variable rate loans and borrowings. As the company has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Particulars	31 March 2019	31 March 2018
Variable rate borrowings including current maturities	43,448.0	37,190.0
Fixed rate borrowings	1,750.0	-
<b>Total borrowings</b>	<b>45,198.0</b>	<b>37,190.0</b>

## Sensitivity analysis:

Particulars	Impact on profit and loss			
	31 March 2019		31 March 2018	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Variable rate instruments	(222.3)	222.3	(186.0)	186.0
Fixed rate instruments	(9.4)	9.4	(186.0)	186.0

## c) Commodity risk:

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchase of active pharmaceutical ingredients and other raw material components for its products. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's business are generally more volatile. Cost of raw materials forms the largest portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of 31 March 2019, the Company had not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

## 43 SEGMENT REPORTING

In accordance with Indian Accounting Standard (Ind AS) 108 on Operating segments, segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.

As per our Report of even date attached.

For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership No.049642

Place: Hyderabad  
Date: 28 May 2019

for and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

**N. Govindarajan**  
Managing Director  
DIN-00050482

**Santhanam Subramanian**  
Chief Financial Officer

Place: Hyderabad  
Date: 28 May 2019

**Dr. M. Sivakumaran**  
Director  
DIN-01284320

**B. Adi Reddy**  
Company Secretary  
Membership No.13709



# INDEPENDENT AUDITOR'S REPORT

## To the Members of Aurobindo Pharma Limited

### REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of Aurobindo Pharma Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures, which comprise the consolidated balance sheet as at 31 March 2019, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

of such subsidiaries and joint ventures as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and joint ventures as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

##### Impairment of Goodwill and intangible assets:

The carrying value of Intangible assets including goodwill aggregate to ₹ 27,812.0 million. These assets are evaluated for any impairment annually. Refer note 2.2 and 2.3(e) of group accounting policies in respect of impairment.

The Management performs the annual assessment of the intangible assets including goodwill at each cash generating unit (CGU) level, to identify any indicators of impairment. The recoverable amount of the CGUs which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future sales volumes, prices, operations costs, terminal value growth rates and the weighted average cost of capital (discount rate).

#### How the matter was addressed in our audit

- A) We performed the following key audit procedures:
- Testing design, implementation and operating effectiveness of key controls over the impairment review process including the review and approval of forecasts and review of valuation models;
  - Assessing the valuation methodology used by management and management review control around making this assessment and testing the mathematical accuracy of the impairment models;
  - Assessing management's identification of CGUs with reference to the guidance in the applicable accounting standards;
  - Evaluating the reasonableness of the valuation assumptions, such as discount rates, used by management through reference to external market data;
  - Involving our internal expert to assess the reasonableness of the valuation assumptions, such as discount rates, growth rate, used by management; and
  - Evaluating past performances where relevant and assessed historical accuracy of the forecast produced by management.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters	How the matter was addressed in our audit
	<p>B) In view of the significance of the matter, the auditor Aurobindo Pharma USA, Inc. has reported that the following audit procedures in this area were applied, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessing methodology: Assessing that the principles and integrity of the cash flow models are in accordance with the relevant group accounting policies;</li> <li>Challenging growth assumptions: Challenging management's assumptions and obtaining support such as management approved strategy plans and customer contracts for the growth initiatives used in the cash flow models;</li> <li>Sensitivity analysis: Performing breakeven analysis on the key assumptions noted above;</li> <li>Testing the key assumptions such as the future growth rate, the operating margins and the discount rate for reasonability;</li> <li>Historical comparisons: Evaluating the track record of the historical assumptions used against actual results achieved;</li> <li>Used our own valuation experts to challenge the methodology and key assumptions used in the cash flow model.</li> </ul>
<p><b>Capitalisation of in-process development expenditure - The matter relates to the audit of Aurobindo Pharma USA, Inc. (subsidiary of the Holding Company)</b></p> <p>Intangible assets under development as at 31 March 2019 includes amounts aggregating to ₹ 2,393.1 million (31 March 2018: ₹ 1,206.1 million) representing the product development cost capitalised by the Group during the year ended 31 March 2019 on its various molecules under development. The Group capitalises qualifying development expenditure on the basis of its products being generic alternatives to already proven and regulator approved, in-market original medical therapies. Where these criteria are not met, the Group expenses its research and development cost.</p> <p>The capitalisation of development expenditure was considered a key audit matter as development activities are subject to uncertainties and judgmental assumptions as to the probability of scientific success, the timing of regulatory approval processes, as well as the ongoing future market viability of the relevant products from project initiation date to approved product launch date.</p> <p>Capitalised development costs are amortised once the product is available for use; normally from when regulatory approval is obtained.</p>	<p>In view of the significance of the matter the auditor of Aurobindo Pharma USA, Inc. has reported that the following audit procedures in this area were applied, among others to obtain sufficient appropriate audit evidence:</p> <p>Tested the mathematical accuracy of the Group's capitalised development expenditure model and evaluated the key assumptions and methodologies used by the Group. Performed the following procedures in respect of the development expenditure capitalised:</p> <ul style="list-style-type: none"> <li>Assessed the nature and appropriateness of the costs incurred that have been assessed by Group as directly attributable to the development activities of the relevant projects, and tested the consistency of the capitalisation approach taken across the portfolio during the year and in previous periods;</li> <li>Agreed a sample of costs capitalised and assessed whether these met the capitalization criteria set out in accordance group accounting policies;</li> <li>Carried out a series of discussions with the Group's Quality and Product Development heads to understand the status of various products under development and to test the criteria applied by them for capitalisation of the costs incurred for consistency with the group accounting policies;</li> <li>In respect of projects that are no longer considered viable, determined whether any carrying amount had been appropriately written off.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters	How the matter was addressed in our audit
<b>Contingencies and litigations</b>	
<p>Refer to note 2.3(m) of the summary of significant accounting policies and note 33 in consolidated financial statements.</p>	<p>A) We performed the following key audit procedures:</p> <p>Evaluating the design and testing the operating effectiveness of controls in respect of the recognition and measurement of provisions towards litigation and claims;</p>
<p>The Group operates in multiple jurisdictions in the pharmaceutical industry which is heavily regulated, resulting in increased exposure to litigation risk. The Group is involved in a number of litigations/ legal actions.</p>	<p>Corroborating management's assessment by:</p>
<p>These provisions are based on judgements and accounting estimates made by management reflect in determining the likelihood and magnitude of an unfavorable outcome on the claims. Accordingly, unexpected adverse outcomes could significantly impact the Group's reported profit and balance sheet position.</p>	<ul style="list-style-type: none"> <li>• making enquiries with the in-house legal counsel of the Group;</li> <li>• verifying correspondence, orders and appeals in respect of open litigations;</li> <li>• Obtaining confirmations from internal legal counsel where relevant and/ or evaluating legal opinions obtained by the management;</li> <li>• Evaluating significant adjustments to legal provisions recorded during the year to determine if they were indicative of management bias; and</li> <li>• Evaluating adequacy of disclosures given in Note 33 to consolidated financial statements.</li> </ul> <p>B) In view of the significance of the matter the auditor of Aurobindo Pharma USA, Inc. has reported that the following audit procedures in this area were applied, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Reading external legal advice obtained by the management;</li> <li>• Discussing open matters and developments with the Group's in-house legal counsel;</li> <li>• Assessing and challenging management's conclusions through understanding precedents set in similar cases; and</li> <li>• Obtaining third party legal confirmations, together with follow up discussions.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters	How the matter was addressed in our audit
<p><b>Chargebacks, rebates, returns, supply penalties, other adjustments and related accruals ("gross to net sales adjustments") – The matter relates to the audit of Aurobindo Pharma USA, Inc. (subsidiary of the Holding Company) and its subsidiaries</b></p>	<p>In view of the significance of the matter the auditor of Aurobindo Pharma USA, Inc. has reported that the following audit procedures in this area were applied, among others to obtain sufficient appropriate audit evidence:</p>
<p>The Group makes sales to customers in the United States of America ('USA') that fall under certain commercial and governmental reimbursement schemes and mandated contracts of which the most significant are chargebacks, rebates, supply penalties, Medicaid and other related accruals (collectively known as 'gross-to-net' sales adjustments). The Group also provides a right of return to its customers for its products. These arrangements result in deductions to gross sales and give rise to obligations for the Group to provide customers with chargebacks, rebates, medicaid, allowances, supply penalties and right of return, which for unsettled amounts are recognised as an accrual.</p>	<ul style="list-style-type: none"> <li>• Obtained the calculations for accruals under applicable schemes and validated the assumptions used by reference to the Group's stated commercial policies, the terms of applicable contracts, stock lying at wholesalers and historical levels of product returns.</li> <li>• With respect to the contract management system that produced the underlying source data, agreed a sample of signed and authorized contracts to the details in the contract management system to confirm the integrity and accuracy of the data.</li> </ul>
<p>This area is focused because arrangements are complex and establishing an appropriate accrual requires significant judgement and estimation by management. This judgement is particularly complex in USA healthcare environment in which competitive pricing pressure and multi-layered product discounting are increasingly prevalent. The Group has accrued an amount of INR 25,428.2 million towards these arrangements.</p>	<p>For each significant accrual developed an independent expectation and agreed the material estimates, to underlying supporting documentation such as actual sales, settlements and/or reclassification between the elements of gross-to-net sales adjustments.</p> <ul style="list-style-type: none"> <li>• For each of the estimated accruals, tested the mathematical accuracy of the calculations and assessed the integrity of the data used in the calculations. Assessed the inputs used in the calculations including product returns, weighted average sales prices and inventory levels which remain unsold by the distributor, taking into account historical trends and specific circumstances at reporting date, to the underlying supporting documentation.</li> <li>• Based on the historical data and trends audit procedures included the following: <ul style="list-style-type: none"> <li>• Developing an expectation on expected gross to net accrual balances and comparing this to the recorded accrual balances;</li> <li>• Understood, evaluated the significant management judgements involved in estimating the provisions; - Analysed and assessed actual claims made in previous periods to evaluate the Group's historical accuracy in estimating the gross to net sales adjustments;</li> </ul> </li> </ul>

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters	How the matter was addressed in our audit
<p><b>Accounting for business acquisition - The matter relates to the audit of Aurobindo Pharma USA, Inc. (subsidiary of the Holding Company) and its subsidiaries</b></p>	<ul style="list-style-type: none"> <li>• Agreed a sample of transactions processed in the contract management system during the period to supporting documents such as signed customer contracts and claim details such as chargeback rates, product details, wholesaler details, customer allowances;</li> <li>• Assessed claims made subsequent to balance date and considered whether these were appropriately treated at reporting date;</li> <li>• Analysed credit notes and payments (on a sample basis) throughout the year and post year-end, and assessed the impact to accruals recorded during the period.</li> </ul>
<p>Refer note 2.2(i) for the Group Accounting Policies and note 39(i) and 39(ii) of the consolidated financial statements.</p>	<p>In view of the significance of the matter the auditor of Aurobindo Pharma USA, Inc. has reported that the following audit procedures in relation to the acquisition of Spectrum Pharmaceuticals Inc., and Advent Pharmaceuticals Pty Limited were applied, among others to obtain sufficient appropriate audit evidence:</p>
<p>During the year ended 31 March 2019, the Group had made two acquisitions through its subsidiary Aurobindo Pharma USA, Inc., duly classified as business combination in accordance with the group accounting policies. The details of the assets and liabilities acquired along with their fair values, the resultant goodwill recognised and the consideration paid for the acquisitions have been disclosed in note 39(i) and 39(ii) to the consolidated financial statements.</p>	<ul style="list-style-type: none"> <li>• for all the acquisitions consummated, obtained and reviewed the key supporting documentation such as purchases agreements;</li> <li>• for each transaction, understood the nature of the transaction and assessed the proposed accounting treatment in relation to the Group's accounting policies and relevant Ind AS.</li> </ul>
<p>Accounting for business combinations can involve judgements in relation to the assessment of the fair values of assets and liabilities that are recognised on acquisition, particularly the allocation of purchase consideration to goodwill and separately identified intangibles assets. Any misstatement made in the identification and/or valuation of acquired intangibles gives rise to an equal, compensating misstatement in goodwill.</p>	<ul style="list-style-type: none"> <li>• Management relies on external valuation specialists to value significant intangibles acquired in business combinations, assessed the independence and competency of the experts and tested the results of their work, in so far as it relates to the valuation already completed;</li> </ul>
<p>Adjustments are made to the assets acquired and liabilities assumed during the allocation period to the extent that further information and knowledge come to light that more accurately reflect conditions at the acquisition date.</p>	<ul style="list-style-type: none"> <li>• In respect of the acquisition for which the allocation of the purchase price to various assets and liabilities is in progress as at the reporting date, tested the provisional allocation made by the management for its reasonability and verified the underlying supporting documentation such as draft allocation reports in this regard;</li> </ul>
<p>Future contingent elements of consideration, which may include development and launch milestones, revenue threshold milestones and revenue-based royalties, are fair valued at the date of acquisition using decision-tree analysis with key inputs including probability of success, consideration of potential delays and revenue projections based on the Group's internal forecasts. Basis the above factors mentioned, the same has been considered as key audit matter.</p>	<ul style="list-style-type: none"> <li>• Used valuation experts to challenge the methodology and key assumptions used in allocation of the purchase price to various assets and liabilities acquired and the resultant fair values arrived at.</li> <li>• Challenged the management estimate of the cash flows applied within the valuations models and the key assumptions such as the discount rates, growth rates, customer attrition and period for amortisation for reasonability.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon. The Holding Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and joint ventures are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and joint ventures is responsible for overseeing the financial reporting process of each Company.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (Company and subsidiaries) as well as joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

a) We did not audit the financial statements and other financial information of 66 subsidiaries, whose financial statements reflect total assets of ₹ 206,218.9 million as at 31 March 2019, total revenues of ₹ 151,023.0 million and net cash flows amounting to ₹ 8,444.5 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of ₹ 1.5 million for the year ended 31 March 2019, in respect of five joint ventures, whose financial statements and other financial information have not been audited by us. These financial statements and financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the audit reports of the other auditors.

Certain of these subsidiaries and joint ventures are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries and joint ventures located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and joint ventures located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and joint ventures as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act;
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint ventures incorporated in India, none of the directors of the Group companies and joint ventures incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and joint ventures, as noted in the 'Other Matters' paragraph:
    - i) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group and joint ventures. Refer Note 33 to the consolidated financial statements;
    - ii) The Group and its joint ventures did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and joint ventures incorporated in India during the year ended 31 March 2019; and

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- iv) The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these consolidated financial statements since they do not pertain to the financial year ended 31 March 2019.
2. With respect to the matter to be included in the Auditor's report under Section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and joint ventures incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and joint ventures to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by

the Holding Company, its subsidiary companies and joint ventures is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Associates LLP**  
Chartered Accountants

Firm's Registration Number: 116231W/W-100024

**Sriram Mahalingam**  
Partner  
Membership Number: 049642

Place: Hyderabad  
Date: 28 May 2019

## **ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AUROBINDO PHARMA LIMITED FOR THE PERIOD ENDED 31 MARCH 2019**

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph clause (f) of paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Aurobindo Pharma Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies and its joint venture companies (jointly controlled companies), as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and its joint venture companies (jointly controlled companies), have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed

under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies and joint venture companies (jointly controlled companies) in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

### **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A Company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles,

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AUROBINDO PHARMA LIMITED FOR THE PERIOD ENDED 31 MARCH 2019

and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and

- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 9 subsidiary companies, and 3 joint venture companies (jointly controlled companies), which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

### **For B S R & Associates LLP**

Chartered Accountants

Firm's Registration Number: 116231W/W-100024

### **Sriram Mahalingam**

Partner

Membership Number: 049642

Place: Hyderabad

Date: 28 May 2019

# CONSOLIDATED BALANCE SHEET

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Note	As at 31 March 2019	As at 31 March 2018
<b>I ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3	56,936.5	47,365.6
(b) Capital work-in-progress	3	13,419.4	13,995.4
(c) Goodwill	4	8,325.1	8,165.5
(d) Other intangible assets	5	19,486.9	9,675.7
(e) Intangible assets under development	5	3,265.2	1,835.0
(f) Investments accounted for using the equity method	6(A)	2,475.6	2,307.9
(g) Financial assets			
(i) Investments	6(B)	1,126.4	807.3
(ii) Loans	7(A)	64.6	54.4
(iii) Trade receivables	8(A)	11.9	-
(iv) Other financial assets	9(A)	893.8	868.3
(h) Deferred tax assets (net)	10(A)	1,832.9	1,588.0
(i) Non-current tax assets (net)	11(A)	1,381.1	825.9
(j) Other non-current assets	12(A)	1,679.2	1,739.8
<b>Total non-current assets</b>		<b>110,898.6</b>	<b>89,228.8</b>
<b>Current assets</b>			
(a) Inventories	13	72,456.0	58,584.1
(b) Financial assets			
(i) Investments	6(C)	0.2	0.2
(ii) Trade receivables	8(B)	34,137.8	30,802.0
(iii) Cash and cash equivalents	14(A)	18,837.0	12,140.0
(iv) Bank balances other than (iii) above	14(B)	734.8	482.5
(v) Loans	7(B)	102.6	86.6
(vi) Other financial assets	9(B)	13,634.6	7,942.0
(c) Current tax assets (net)	11(B)	345.6	645.5
(d) Other current assets	12(B)	13,396.5	11,098.7
<b>Total current assets</b>		<b>153,645.1</b>	<b>121,781.6</b>
<b>TOTAL ASSETS</b>		<b>264,543.7</b>	<b>211,010.4</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	15	585.9	585.9
(b) Other equity	16	138,321.9	116,218.3
<b>Equity attributable to owners of the Parent Company</b>		<b>138,907.8</b>	<b>116,804.2</b>
(c) Non-controlling interest		15.9	18.2
<b>Total equity</b>		<b>138,923.7</b>	<b>116,822.4</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
Borrowings	17(A)	1,799.5	4,512.0
(b) Provisions	18(A)	465.4	558.6
(c) Deferred tax liabilities (net)	10(B)	2,813.1	2,352.8
(d) Other non-current liabilities	21 (A)	113.0	105.7
<b>Total non-current liabilities</b>		<b>5,191.0</b>	<b>7,529.1</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17(B)	65,732.1	40,313.4
(ii) Trade payables	19		
(A) total outstanding dues of micro enterprises and small enterprises and		336.1	308.3
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		26,435.2	23,420.7
(iii) Other financial liabilities	20	16,614.6	15,045.2
(b) Other current liabilities	21 (B)	8,839.5	4,629.0
(c) Provisions	18(B)	1,808.8	1,972.8
(d) Current tax liabilities (net)	22	662.7	969.5
<b>Total current liabilities</b>		<b>120,429.0</b>	<b>86,658.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>264,543.7</b>	<b>211,010.4</b>
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.  
As per our Report of even date attached.

For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership No.049642

for and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

**N. Govindarajan**  
Managing Director  
DIN-00050482

**Santhanam Subramanian**  
Chief Financial Officer

**Dr. M. Sivakumaran**  
Director  
DIN-01284320

**B. Adi Reddy**  
Company Secretary  
Membership No.13709

Place: Hyderabad  
Date: 28 May 2019

Place: Hyderabad  
Date: 28 May 2019



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
<b>I INCOME</b>			
Revenue from operations	23	195,635.5	164,998.3
Other income	24	1,553.2	1,019.8
<b>TOTAL INCOME (I)</b>		<b>197,188.7</b>	<b>166,018.1</b>
<b>II EXPENSES</b>			
Cost of materials consumed	25	74,449.9	56,293.8
Purchases of stock-in-trade		19,432.0	16,058.8
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	(6,755.5)	(4,825.2)
Employee benefits expense	27	25,848.7	21,308.4
Finance costs	28	2,626.0	777.2
Depreciation and amortisation expense	29	6,679.5	5,579.7
Other expenses	30	43,141.0	38,445.0
<b>TOTAL EXPENSES (II)</b>		<b>165,421.6</b>	<b>133,637.7</b>
<b>III PROFIT BEFORE SHARE OF PROFIT OF JOINT VENTURES, EXCEPTIONAL ITEMS AND TAX (I-II)</b>		<b>31,767.1</b>	<b>32,380.4</b>
<b>IV Share of profit of joint ventures (net of tax)</b>		27.0	31.4
<b>V PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III+IV)</b>		<b>31,794.1</b>	<b>32,411.8</b>
<b>VI Exceptional items</b>	48	880.6	-
<b>VII PROFIT BEFORE TAX (V-VI)</b>		<b>30,913.5</b>	<b>32,411.8</b>
<b>VIII TAX EXPENSE</b>	31		
Current tax		7,120.7	7,123.0
Tax credit - Minimum Alternate Tax (MAT)		(510.0)	(433.2)
Deferred tax		657.8	1,492.9
<b>TOTAL TAX EXPENSE (VIII)</b>		<b>7,268.5</b>	<b>8,182.7</b>
<b>IX PROFIT FOR THE YEAR (VII-VIII)</b>		<b>23,645.0</b>	<b>24,229.1</b>
<b>X OTHER COMPREHENSIVE INCOME</b>			
(A) Items that will not to be reclassified subsequently to profit or loss:			
(i) Re-measurement of defined employee benefit liability		(26.1)	(36.7)
(ii) Income-tax relating to items that will not be reclassified to profit or loss		10.7	13.1
(B) Items that will be reclassified subsequently to profit or loss:			
(i) Exchange differences on translating the financial statements of foreign operations		(26.6)	1,519.1
(ii) Income-tax on items that will be reclassified subsequently to profit or loss		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX) (X)</b>		<b>(42.0)</b>	<b>1,495.5</b>
<b>XI TOTAL COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX) (IX+X)</b>		<b>23,603.0</b>	<b>25,724.6</b>
<b>Attributable to:</b>			
Owners of the Parent Company		23,605.3	25,727.2
Non-controlling interest		(2.3)	(2.6)
<b>OUT OF THE TOTAL COMPREHENSIVE INCOME ABOVE,</b>			
<b>Profit for the year attributable to:</b>			
Owners of the Parent Company		23,647.3	24,231.7
Non-controlling interest		(2.3)	(2.6)
<b>Other comprehensive income attributable to:</b>			
Owners of the Parent Company		(42.0)	1,495.5
Non-controlling interest		-	-
<b>XII EARNINGS PER EQUITY SHARE:</b>	34		
(i) Basic (in ₹)		40.36	41.36
(ii) Diluted (in ₹)		40.36	41.36
Nominal value per equity share		1.00	1.00
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.  
As per our Report of even date attached.

For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership No.049642

Place: Hyderabad  
Date: 28 May 2019

for and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

**N. Govindarajan**  
Managing Director  
DIN-00050482

**Santhanam Subramanian**  
Chief Financial Officer

Place: Hyderabad  
Date: 28 May 2019

**Dr. M. Sivakumaran**  
Director  
DIN-01284320

**B. Adi Reddy**  
Company Secretary  
Membership No.13709

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## (A) EQUITY SHARE CAPITAL (Refer Note 15)

	Number	Balance
As at 1 April 2017	585,882,409	585.9
Changes in equity share capital during the year		0.0
As at 31 March 2018	25,200	585.9
Changes in equity share capital during the year	8,000	0.0
<b>As at 31 March 2019</b>	<b>585,915,609</b>	<b>585.9</b>

## (B) OTHER EQUITY (Refer Note 16)

	Attributable to the owners of the Group						
	Reserves and surplus			Items of other Comprehensive income			
	Capital reserve	Capital redemption reserve	Employee stock options outstanding account	Securities premium	General reserve	Retained earnings	Re-measurements of net defined benefit plans
<b>Balance at 1 April 2017</b>	818.9	90.0	1.0	4,173.0	8,131.6	80,530.3	(136.8)
<b>Total comprehensive income for the year ended 31 March 2018</b>	-	-	-	-	-	-	(474.9)
Profit for the year	-	-	-	-	-	24,231.7	-
Other comprehensive income (net of tax)	-	-	-	-	-	-	1,519.1
<b>Total comprehensive income</b>	-	-	-	-	-	24,231.7	(23.6)
Issue of equity shares on exercise of employee stock options	-	-	-	2.3	-	-	(23.6)
Share based payments (refer note 35)	-	-	0.1	-	-	-	-
Exercise of share options	-	-	(0.4)	0.4	-	-	-
Dividend paid	-	-	-	-	-	(2,197.1)	-
Dividend distribution tax	-	-	-	-	-	(447.3)	-
<b>Balance at 31 March 2018</b>	<b>818.9</b>	<b>90.0</b>	<b>0.7</b>	<b>4,175.7</b>	<b>8,131.6</b>	<b>102,117.6</b>	<b>1,044.2</b>
							(160.4)
							20.8
							93,133.1
							20.8
							93,153.9
							24,229.1
							1,495.5
							(2.6)
							25,724.6
							2.3
							0.1
							-
							(2,197.1)
							(447.3)
							18.2
							116,236.5

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

[illegible]

Refer note 16B for nature and purpose of reserves  
As per our Report of even date attached.

**For BSR & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

**Sriram Mahalingam**

Partner

Membership No.049642

Place: Hyderabad

Date: 28 May 2019

for and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

**N. Govindarajan**

Managing Director

DIN-00050482

**Dr. M. Sivakumaran**

Director

DIN-01284320

**Santhanam Subramanian**

Chief Financial Officer

Place: Hyderabad

Date: 28 May 2019

**B. Adi Reddy**

Company Secretary

Membership No. 13709

# CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

		Year ended 31 March 2019	Year ended 31 March 2018
<b>1. CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Net profit before tax</b>		<b>30,913.5</b>	<b>32,411.8</b>
<i>Adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation expense		<b>6,679.5</b>	5,579.7
Allowance for doubtful receivables/(written back), net		<b>66.3</b>	(95.9)
Liabilities no longer required written back (net)		<b>(222.3)</b>	(371.4)
Bad debts/advances written off		<b>18.8</b>	-
Product destruction expenses / stock written off		<b>30.9</b>	109.4
Mark-to-market (gain)/loss on derivative financial instruments		<b>(64.4)</b>	23.3
Unrealised foreign exchange gain (net)		<b>(97.6)</b>	(867.9)
Loss on sale / write-off of property, plant and equipment (net)		<b>194.9</b>	163.5
Share of profit of joint ventures		<b>(27.0)</b>	(31.4)
Share based payment		-	0.1
Change in fair value of current investment		-	0.1
Finance costs		<b>1,507.8</b>	628.9
Interest income		<b>(137.8)</b>	(120.2)
Effect of exchange rate changes		<b>158.6</b>	332.0
<b>Operating profit before working capital changes</b>		<b>39,021.2</b>	<b>37,762.0</b>
<i>Movements in working capital:</i>			
Increase in inventories		<b>(8,860.4)</b>	(14,126.7)
Increase in trade receivables		<b>(176.1)</b>	(681.6)
Increase in other financial assets		<b>(5,885.3)</b>	(708.9)
Increase in other current / non-current assets		<b>(1,664.9)</b>	(2,945.4)
(Increase)/decrease in loans		<b>(26.3)</b>	25.0
(Decrease)/increase in trade payables		<b>(3,743.4)</b>	3,966.9
Decrease in provision for retirement benefits		<b>(341.2)</b>	(244.3)
Increase in other current/non-current liabilities		<b>3,039.2</b>	2,060.0
Increase in other financial liabilities		<b>2,555.8</b>	1,423.8
<b>Cash generated from operating activities</b>		<b>23,918.6</b>	<b>26,530.8</b>
Direct taxes paid (net of refunds)		<b>(7,698.3)</b>	(6,985.6)
<b>Net cash generated from operating activities</b>	A	<b>16,220.3</b>	<b>19,545.2</b>
<b>2. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment, including movement in capital work-in-progress, capital advances and capital creditors		<b>(14,256.8)</b>	(13,229.4)
Purchase of intangible assets and intangible assets under development		<b>(1,334.2)</b>	(2,069.8)
Proceeds from sale of property, plant and equipment		<b>222.0</b>	2,892.9
Acquisition of business		<b>(12,116.2)</b>	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired		<b>(1082.8)</b>	(6,355.3)
Purchase of non-current investments made in joint ventures (refer Note "c" below)		<b>(463.1)</b>	(677.6)
Loan given to joint venture		-	(1,065.2)
Loan repaid by joint venture (refer Note "c" below)		-	960.0
Interest received (refer Note "c" below)		<b>125.0</b>	115.1
Dividend received from joint venture		<b>137.8</b>	163.4
<b>Net cash used in investing activities</b>	B	<b>(28,768.3)</b>	<b>(19,265.9)</b>
<b>3. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of equity share capital		<b>0.6</b>	2.3
Proceeds from non-current borrowings (refer Note "d" below)		-	9,164.2
Repayment of non-current borrowings (refer Note "d" below)		<b>(3,938.3)</b>	(9,370.9)
Proceeds from current borrowings (net) (refer Note "d" below)		<b>26,242.2</b>	12,228.9
Finance costs paid		<b>(1,515.1)</b>	(741.7)
Dividends paid on equity shares		<b>(1,460.2)</b>	(2,194.0)
Tax paid on equity dividend		<b>(138.6)</b>	(447.3)
<b>Net cash generated from financing activities</b>	C	<b>19,190.6</b>	<b>8,641.5</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>6,642.6</b>	<b>8,920.8</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>12,099.4</b>	<b>3,180.3</b>
Effect of exchange differences on cash and cash equivalents	13.8	(1.7)
<b>Cash and cash equivalents at the end of the year</b>	<b>18,755.8</b>	<b>12,099.4</b>

## Notes:

- a) The above statement of cash flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS-7) "Statement of Cash Flows".
- b) Cash and cash equivalents comprise of:

	Year ended 31 March 2019	Year ended 31 March 2018
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on hand	3.4	3.3
Cheques on hand	282.7	191.9
Balance with banks		
- on current account	15,913.0	11,314.5
- on cash credit account	(34.2)	273.2
- on deposit account	2,590.9	316.5
<b>Cash and Cash equivalents considered for cash flows (refer note 14C)</b>	<b>18,755.8</b>	<b>12,099.4</b>

- c) The following items in the nature of non-cash transactions are not included in determining cash flow from investing activities:

Particulars	31 March 2019	31 March 2018
(i) Loans converted into optionally convertible debentures of joint venture	-	105.2
(ii) Interest converted into optionally convertible debentures of joint venture	-	5.7
(iii) Receivables converted into optionally convertible debentures of joint venture	134.6	-
<b>Total</b>	<b>134.6</b>	<b>110.9</b>

- d) Reconciliation between the opening and closing balances in balance sheet for financial liabilities arising from financing activities are given below:

Particulars	As at 31 March 2018	Borrowings taken over upon business combination	Cash flows	Non-cash transactions Foreign exchange loss	As at 31 March 2019
Non-current borrowings	7,385.9	487.8	(3,938.3)	-	3,935.5
Current borrowings	40,272.8	-	26,242.2	(864.0)	65,650.9
Summary of significant accounting policies (Refer note 2.3)					

As per our Report of even date attached.

For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership No.049642

Place: Hyderabad  
Date: 28 May 2019

for and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

**N. Govindarajan**  
Managing Director  
DIN-00050482

**Santhanam Subramanian**  
Chief Financial Officer

Place: Hyderabad  
Date: 28 May 2019

**Dr. M. Sivakumaran**  
Director  
DIN-01284320

**B. Adi Reddy**  
Company Secretary  
Membership No.13709

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 1. CORPORATE INFORMATION

The consolidated financial statements comprise financial statements of Aurobindo Pharma Limited ("APL" or "the Parent Company" or "Holding Company" or "the Company") together with its subsidiaries (collectively termed as "the Group") and joint ventures (collectively termed as "the Consolidated Entities") for the year ended 31 March 2019. Aurobindo Pharma Limited is a public company domiciled in India and was incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Plot No.2, Maithrivi, Ameerpet, Hyderabad - 500038, India and the Corporate office is located at The Water Mark Building, Plot No. 11, Survey No. 9, Hi-tech City, Hyderabad - 500084, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

The Group is principally engaged in manufacturing and marketing of active pharmaceutical ingredients, generic pharmaceuticals and related services. The consolidated financial statements for the year ended 31 March 2019 were approved by the Board of Directors and authorised for issue on 28 May 2019.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of preparation

#### a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the "Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

These consolidated financial statements comprise the Consolidated Balance Sheets as at 31 March 2019 and 31 March 2018, the Consolidated Statements of Profit and Loss, Statements of Changes in Equity and the Consolidated Statements of Cash Flows for the year ended 31 March 2019 and for the year ended 31 March 2018, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Consolidated Financial Statements" or "Financial Statements").

These consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in these consolidated financial statements.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and

the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The consolidated statement of cash flows have been prepared under indirect method.

#### b) Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (₹), which is also the functional currency of the Parent Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated. Transactions and balances with values below ₹ one lac have been reflected as "0.0" in the financial statements.

#### c) Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following;

- certain financial assets and liabilities (including derivative instruments) are measured at fair value or amortised cost.
- employee defined benefit assets / liability recognised as the net total of the fair value of plan assets, and actuarial losses/gains, and the present value of defined benefit obligation.
- Investment in joint venture which are accounted for using the equity method.

#### d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

#### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 32 (A) - leases: whether an arrangement contains a lease; lease classification.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

- Note 33 - contingent liabilities: Measurement and likelihood of occurrence of provisions and contingencies.
- Note 2.3(q) and 44: Financial instruments
- Note 2.3(j), 10, 11 and 31: Provision for income taxes, related tax contingencies and evaluation of recoverability of deferred tax assets.
- Note 2.3(d), 2.3(e): Useful lives of property, plant and equipment and intangible assets
- Note 35: Share based payments
- Note 36: Assets and obligations relating to employee benefits

## Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### (i) Share-based payments

The grant date fair value of employee stock options granted is recognised as an employee expense over the period that the employee becomes unconditionally entitled to the options. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimation requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Black Scholes valuation model has been used by the Management for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 35.

### (ii) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and other accumulated leave entitlement and the present value of the gratuity obligation and accumulated leave obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive

to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 36.

### (iii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See notes 43 and 44 for further disclosures.

### (iv) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis based on the useful lives estimated by the management. Considering the applicability of Schedule II of Companies Act, 2013, the management has re-estimated useful lives and residual values of all its property, plant and equipment. The management believes that useful lives currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

### (v) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

## (vi) Impairment of investments

The Group reviews its carrying value of investments annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

## (vii) Intangible assets under development

The Group capitalises acquired intangible asset under development for a project in accordance with the accounting policy. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The innovative nature of the product gives rise to some uncertainty as to whether the final approval for the products will be obtained.

## (viii) Inventories

The Group estimates the net realisable value (NRV) of its inventories by taking into account their estimated selling price, estimated cost of completion, estimated costs necessary to make the sale, obsolescence by applying certain percentages over different age category of such inventories, expected loss rate considering the past trend and future outlook. Inventories are written down to NRV where such NRV is lower than their cost.

## (ix) Recognition and measurement of other provisions:

The recognition and measurement of other provisions is based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the closing date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

## 2.2. Basis of consolidation

### (i) Business combinations

Business combinations are accounted for using the Acquisition method. The acquisition date is the date on which control is transferred to the acquirer. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are at their acquisition date fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits

is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

## (ii) Subsidiaries

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March.

### Consolidation procedures:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

## (iii) Investment in joint ventures (accounted under equity method)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining whether joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The consolidated statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit and loss. The financial statements of the joint venture are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the consolidated statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

## Group information:

The Consolidated Financial Statements have been prepared on the basis of the financial statements of the following subsidiaries and joint ventures:

S. No.	Name of the Consolidated Entities	Country of Incorporation	Nature of Interest	% of Interest as at	
				31 March 2019	31 March 2018
1	Agile Pharma B.V.	The Netherlands	Subsidiary	100%	100%
2	All Pharma (Shanghai) Trading Company Limited	China	Subsidiary	100%	100%
3	APL Healthcare Limited	India	Subsidiary	100%	100%
4	APL Pharma Thai Limited	Thailand	Subsidiary	97.9%	97.9%
5	APL Research Centre Limited	India	Subsidiary	100%	100%
6	APL Swift Services (Malta) Limited	Malta	Subsidiary	100%	100%
7	Arrow Generiques SAS	France	Subsidiary	100%	100%
8	Aurex B.V. (formerly Pharmacin B.V.)	The Netherlands	Subsidiary	100%	100%
9	Auro AR LLC	USA	Subsidiary	100%	100%
10	Auro Health LLC	USA	Subsidiary	100%	100%
11	Auro Healthcare (Nigeria) Limited <sup>10</sup>	Nigeria	Subsidiary	100%	100%
12	Auromedics Pharma LLC	USA	Subsidiary	100%	100%
13	Auro Peptides Limited	India	Subsidiary	95%	95%
14	Auro Pharma Inc.	Canada	Subsidiary	100%	100%
15	Auro Vaccines LLC	USA	Subsidiary	100%	100%
16	Raidurgam Developers Limited (Formerly Aurobindo Antibiotics Ltd) <sup>5</sup>	India	Joint Venture	40%	40%
17	Aurobindo ILAC Sanayi ve Ticaret Limited Sirketi <sup>2</sup>	Turkey	Subsidiary	-	-
18	Aurobindo Pharma (Italia) S.r.l	Italy	Subsidiary	100%	100%
19	Aurobindo Pharma (Malta) Limited	Malta	Subsidiary	100%	100%
20	Aurobindo Pharma (Portugal) Unipessoal Limitada <sup>9</sup>	Portugal	Subsidiary	100%	100%
21	Aurobindo Pharma (Pty) Limited	South Africa	Subsidiary	100%	100%
22	Aurobindo Pharma (Romania) s.r.l	Romania	Subsidiary	100%	100%
23	Aurobindo Pharma B.V. (formerly Actavis B.V.)	The Netherlands	Subsidiary	100%	100%
24	Aurobindo Pharma Colombia S.A.S.	Colombia	Subsidiary	100%	100%
25	Aurobindo Pharma GmbH	Germany	Subsidiary	100%	100%
26	Aurobindo Pharma Industria Farmaceutica Ltda	Brazil	Subsidiary	99.97%	99.97%
27	Aurobindo Pharma Japan K.K.	Japan	Subsidiary	100%	100%
28	Aurobindo Pharma Produtos Farmaceuticos Limitada	Brazil	Subsidiary	100%	100%
29	Aurobindo Pharma USA Inc.	USA	Subsidiary	100%	100%
30	Aurobindo Pharma USA LLC <sup>7</sup>	USA	Subsidiary	100%	100%
31	Aurogen South Africa (Pty) Ltd	South Africa	Subsidiary	100%	100%
32	Aurolife Pharma LLC	USA	Subsidiary	100%	100%
33	Auronext Pharma Private Limited	India	Subsidiary	100%	100%
34	Aurovida Farmaceutica SA DE CV	Mexico	Subsidiary	100%	100%
35	Aurovitas Pharma Polska	Poland	Subsidiary	100%	100%
36	Aurovitas Spain SA (formerly Actavis Spain S.A.)	Spain	Subsidiary	100%	100%
37	Aurovitas Unipessoal LDA <sup>9</sup>	Portugal	Subsidiary	100%	100%
38	AuroZymes Limited	India	Subsidiary	100%	100%
39	Curepro Parenterals Limited	India	Subsidiary	100%	100%
40	Eugia Pharma Specialities Limited	India	Joint Venture	67.82%	67.82%
41	Helix Healthcare B.V.	The Netherlands	Subsidiary	100%	100%
42	Hyacinths Pharma Private Limited	India	Subsidiary	100%	100%
43	Laboratorios Aurobindo, S.L.	Spain	Subsidiary	100%	100%
44	Milpharm Limited	UK	Subsidiary	100%	100%
45	Natrol LLC	USA	Subsidiary	100%	100%
46	Novagen Pharma (Pty) Limited	South Africa	Joint Venture	50%	50%
47	Pharmacin B.V. (formerly Aurex B.V.)	The Netherlands	Subsidiary	100%	100%
48	Puren Pharma GmbH & Co., KG (formerly Actavis Deutschland GmbH & Co., KG)	Germany	Subsidiary	100%	100%
49	Silicon Life Sciences Private Limited	India	Subsidiary	100%	100%



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

S. No.	Name of the Consolidated Entities	Country of Incorporation	Nature of Interest	% of Interest as at	
				31 March 2019	31 March 2018
50	Tergene Biotech Private Limited <sup>6</sup>	India	Joint Venture	80%	76.84%
51	1980 Puren Pharma GmbH (formerly Actavis Management GmbH)	Germany	Subsidiary	100%	100%
52	Aurovitas Pharma Ceska republika s.r.o (w.e.f. 23 December 2017) <sup>1</sup>	Czech Republic	Subsidiary	100%	100%
53	Generis Farmaceutica S.A. ( w.e.f. 1 May 2017) <sup>1</sup>	Portugal	Subsidiary	100%	100%
54	Mer Medicamentos, Lda. (w.e.f. 1 May 2017) <sup>1 &amp; 9</sup>	Portugal	Subsidiary	100%	100%
55	Generis Phar, Unipessoal Lda. (w.e.f. 1 May 2017) <sup>1</sup>	Portugal	Subsidiary	100%	100%
56	Farma APS - Promocao de Medicamentos, Unipessoal Lda., (w.e.f. 01 May 2017 and closed w.e.f. 25 January 2018) <sup>1 &amp; 3</sup>	Portugal	Subsidiary	-	-
57	Generis MZ, Lda., (w.e.f. 1 May 2017 and closed w.e.f. 19 March 2018) <sup>1 &amp; 4</sup>	Mozambique	Subsidiary	-	-
58	Aurobindo Pharma Saudi Arabia Limited Company (w.e.f. 8 May 2017) <sup>1</sup>	Saudi Arabia	Subsidiary	100%	100%
59	Aurovitas Pharma (Taizhou) Ltd (w.e.f. 29 January, 2018) <sup>1</sup>	China	Subsidiary	100%	100%
60	Auro Logistics LLC (w.e.f 28 April 2017) <sup>1</sup>	USA	Subsidiary	100%	100%
61	Acrotech Biopharma LLC (w.e.f. 5 January 2018) <sup>1</sup>	USA	Subsidiary	100%	100%
62	Auro Pharma India Private Limited (w.e.f 20 December 2017) <sup>1</sup>	India	Subsidiary	100%	100%
63	Purple BellFlower (Pty) Ltd (w.e.f 23 August 2018) <sup>8</sup>	South Africa	Joint Venture	48%	-
64	Aurobindo Pharma FZ LLC (w.e.f. 6 January 2019) <sup>8</sup>	UAE	Subsidiary	100%	-
65	CurateQ Biologics GmbH (w.e.f. 20 March 2019) <sup>8</sup>	Switzerland	Subsidiary	100%	-
66	Auroscience (pty) Ltd (w.e.f. 25 September 2018) <sup>8</sup>	Australia	Subsidiary	100%	-
67	Auro Science LLC, (w.e.f 28 March 2019) <sup>8</sup>	USA	Subsidiary	100%	-
68	Apotex Espana SL (w.e.f. 8 February 2019) <sup>8</sup>	Spain	Subsidiary	100%	-
69	Apotex Europe B.V. (w.e.f. 8 February 2019) <sup>8</sup>	The Netherlands	Subsidiary	100%	-
70	Apotex Polska sp.z.o.o. (w.e.f. 8 February 2019) <sup>8</sup>	Poland	Subsidiary	100%	-
71	Apotex (CR) Spol s.r.o. (w.e.f. 8 February 2019) <sup>8</sup>	Czech Republic	Subsidiary	100%	-
72	Apotex N.V. (w.e.f. 8 February 2019) <sup>8</sup>	Belgium	Subsidiary	100%	-
73	Apotex Nederland B.V. (w.e.f. 8 February 2019) <sup>8</sup>	The Netherlands	Subsidiary	100%	-
74	Sameko Farma B.V. (w.e.f. 8 February 2019) <sup>8</sup>	The Netherlands	Subsidiary	100%	-
75	Leidapharm B.V. (w.e.f. 8 February 2019) <sup>8</sup>	The Netherlands	Subsidiary	100%	-
76	Marel B.V. (w.e.f. 8 February 2019) <sup>8</sup>	The Netherlands	Subsidiary	100%	-
77	Pharma Dossier B.V.(w.e.f. 8 February 2019) <sup>8</sup>	The Netherlands	Subsidiary	100%	-

## Notes:

- Incorporated / Acquired during the financial year 2017-18.
  - Aurobindo ILAC Sanayi ve Ticaret Limited Sirketi liquidated w.e.f. 31 October 2017.
  - Farma APS - Promocao de Medicamentos, Unipessoal Lda., closed w.e.f. 25 January 2018.
  - Generis MZ, Lda., closed w.e.f. 19 March 2018.
  - With effect from 30 November 2017 ceased to be a subsidiary of Parent Company, resulting in share holding of 40% w.e.f. 30 November 2017.
  - During the financial year 2018-19 and 2017-18 Parent Company share holding increased from 76.84% to 80% and 60% to 76.84% respectively.
  - Aurobindo Pharma USA LLC was closed on 31 March 2018 and revived w.e.f 6 June 2018.
  - Incorporated / Acquired during the financial year 2018-19.
  - Merged with Generis Farmaceutica S.A. w.e.f. 1 April 2018.
  - Auro Healthcare (Nigeria) Limited Liquidated w.e.f. 20 March 2019
- The figures for the subsidiaries have been considered from the date of acquisition/incorporation/and upto the date of disposal/liquidation as applicable.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 2.3. Significant accounting policies

### a. Foreign exchange transactions

The Group's consolidated financial statements are presented in Indian rupees, which is the functional currency of the Parent Company. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### Initial recognition

Foreign currency transactions are recorded by the Group's entities at their respective functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and foreign currency at the date of the transaction.

#### Conversion

Foreign currency monetary items are reported at functional currency spot rate of exchange at reporting date. 'Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

#### Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Indian rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill / capital reserve arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill / capital reserve or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (01 April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., 01 April 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

### b. Fair value measurement

The Group / Consolidated entities measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, In the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group / Consolidated entities. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group / Consolidated entities uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group / Consolidated entities determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's CFO determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group / Consolidated entities has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## c. Revenue recognition

Effective 1 April 2018, the Group has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Group is insignificant.

The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised:

- i) Sale of goods: Revenue from sale of goods is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised is based on the consideration expected to be received in exchange for goods, excluding trade discounts, volume discounts, sales returns, chargeback, medicare payments, rebates, shelf stock adjustments, where applicable and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and services tax, etc., where applicable. However, it includes excise duty upto 30 June 2017. Any additional amounts based on the terms of agreements entered into with customers, is recognised in the period when the collectability becomes probable and reliable measure of the same is available.
- ii) Rendering of services: Revenue from sale of dossiers/licenses/services, includes in certain instances, certain performance obligations and based on evaluation of whether or not these obligations are inconsequential or perfunctory, revenue is recognised in accordance with the terms of the contracts with the customers when the related performance obligation is completed at point in time or spread over a period of time, as applicable.
- iii) Interest income: Interest income is recognised with reference to the Effective Interest Rate (EIR) method.
- iv) Dividend income: Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.
- v) Export benefits, incentives and licenses: Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## d. Property, plant and equipment

Freehold land and buildings (property) held for use in the production or supply of goods or services, or administrative purposes are stated at cost less accumulated depreciation and accumulated impairment. Freehold land is not depreciated.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period upto commencement of commercial production are treated as part of the project costs and are capitalized.

Depreciation is provided on the straight-line method, based on the useful life of the assets as estimated by the Management.

The Group / Consolidated entities, based on technical assessment and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Group has estimated the following useful lives to provide depreciation on its fixed assets.

Nature of the assets	Useful life as estimated by the management (in years)	Useful life as stated in the Companies Act, 2013 (in years)
Leasehold land	10	-
Leasehold buildings	20	10 - 60
Freehold land - development expenditure	25	-
Freehold buildings	5 - 60	10 - 60
Plant and equipment	3 - 20	3 - 40
Furniture and fixtures	5 - 10	10
Vehicles	4 - 8	8
Office equipment	3 - 10	5

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period/year end and adjusted prospectively, if appropriate.

## e. Intangibles

Intangible assets consists of goodwill, licenses, patents, brands and product development costs.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary companies as on the date of investment. Goodwill on consolidation and acquisition is not amortised but is tested for impairment on a periodic basis and impairment losses are recognised where applicable.

The management has estimated following useful life to amortise intangible assets.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

Nature of the assets	Useful life as estimated by the management (in years)
Product development cost	10
Licenses and patents	5 - 10
Brands	10

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

## Research and development costs:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and use or sell the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

The expenditure to be capitalised include the cost of materials and other costs directly attributable to preparing the assets for its intended use. Other development expenditure are recognised as an expense in the consolidated statement of profit and loss.

Payments to third parties that generally take the form of upfront/milestone payments are capitalised as per the guidance in Ind AS 38.

Acquired research and development intangible assets that are under development are recognised as Intangible assets under development. These assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment is recognised as an expense in the consolidated statement of profit and loss.

Subsequent expenditure on in process research and development project acquired separately and recognised as an intangible asset is

- recognised as an expense, if it is research expenditure.
- recognised as an expense, if its development expenditure that does not satisfy the criteria for recognition as an Intangible asset; and
- added to the carrying amount of acquired in process research and development project, if it is development expenditure that satisfies the recognition criteria.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the estimated useful lives of the assets or any other basis that reflect the period of expected future benefit. Amortisation expense is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset. The amortisation period and method are reviewed at each reporting date.

Intangible assets relating to products in development and other intangible assets not available for use is tested for impairment annually. The same are derecognised either on disposal or when no future economic benefits are expected. Losses on derecognition are recorded in the consolidated statement of profit and loss, and are measured as difference between the net disposal proceeds and the carrying amount of respective assets.

## f. Government grants and subsidies

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is deducted from the related expense. When the grant relates to an asset, it is recognised as deferred income and amortised over the useful life of such assets.

## g. Inventories

Inventories are valued at lower of cost, calculated on "Weighted average" basis and net realisable value. Cost incurred in bringing each product to its present location and condition are accounted as follows:

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work-in-progress: cost includes direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity, but excludes borrowing costs.

Trading goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

## h. Retirement and other employee benefits

### Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group / Consolidated entities has no obligation, other than the contribution payable to the provident fund. The Group / Consolidated entities recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group's / Consolidated Entities contribution towards defined contribution benefit plan is accrued in compliance with the requirements of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are due.

### Gratuity

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to consolidated profit or loss in subsequent periods.

Short term compensated absences are provided for based on estimates. The Group / Consolidated entities treats accumulated leave, as a long-term employee benefit for measurement purposes. Such accumulated leaves are provided for based on an actuarial valuation using the projected unit credit method at the period-end/ year-end.

The Group / Consolidated entities presents the entire liability in respect of leave as a current liability in the consolidated balance sheet, since it does not have an unconditional right to defer its settlement beyond twelve months after the reporting date.

Past service costs are recognised in consolidated profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Consolidated Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

### Compensated absences

Short term compensated absences are provided for based on estimates. The Group treats accumulated leave, as a long-term employee benefit for measurement purposes. Such accumulated leaves are provided for based on an actuarial valuation using the projected unit credit method at the period-end/ year-end. The Group presents the entire liability in respect of leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond twelve months after the reporting date.

## i. Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in employee stock options reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. Service and non-market based performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

assessed as part of the Parent Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## j. Taxes

Income tax expense comprises of current and deferred tax. Current income tax assets and liabilities is measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group / Consolidated entities operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate. The tax rate and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except :-

- (i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:-

- (i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period/year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside Consolidated profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

### **Taxes paid on acquisition of assets or on incurring expenses which are not subsequently recoverable :**

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- (i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- (ii) When receivables and payables are stated with the amount of tax included



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

## k. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### Where the Group/Consolidated entities are lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group / Consolidated entities is classified as a finance lease and a lease which is not classified as an operating lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Consolidated statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group / Consolidated will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are generally recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### Where the Group/Consolidated entities are lessor

Leases in which the Group / Consolidated does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group/Consolidated entities to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## l. Earnings Per Share

Basic earnings per share is calculated by dividing the net consolidated profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for events such as bonus issue that have changed the number of shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net consolidated profit for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## m. Provision and contingent liabilities

Provisions are recognised when the Group/Consolidated entities has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group/ Consolidated entities expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost."

### Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

## Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

## n. Cash and cash equivalents

Cash and cash equivalent in the consolidated balance sheet comprise cheques, cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Groups/consolidated entities cash management.

## o. Borrowing cost

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale or capitalised as part of cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## p. Impairment of non-financial assets

The Group/Consolidated entities assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group/Consolidated entities estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group/Consolidated entities bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group/Consolidated entities CGUs to which the individual assets are allocated. The budgets and forecast generally cover a period of five years. Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group/Consolidated entities estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods/ years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

## q. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through consolidated profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group/Consolidated entities commits to purchase or sell the asset.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

## Subsequent measurement

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This category is the most relevant to the Group/Consolidated entities. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated profit or loss. The losses arising from impairment are recognised in the consolidated profit or loss. This category generally applies to trade and other receivables.

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (i) The objective of the business model is achieved both by collecting contractual cashflows and selling the financial assets, and
- (ii) The assets contractual cashflows represents SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the consolidated statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to consolidated statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL. Debt

instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.

## Equity investments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity investments which are held for trading are classified as FVTPL. For all other equity investments, the Group/Consolidated entities may make an irrevocable election to present in OCI subsequent changes in fair value. The Group/Consolidated entities makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group/Consolidated entities decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of amounts from OCI to Consolidated Profit and loss, even on sale of investment. However, the Group/Consolidated entities may transfer the cumulative gain/loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the consolidated profit and loss.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group/Consolidated entities Consolidated balance sheet) when:

- (i) the rights to receive cash flows from the asset have expired, or
- (ii) the Group/Consolidated entities has transferred its rights to receive cash flows from the asset, and the Group/Consolidated entities has transferred substantially all the risks and rewards of the asset, or the Group/Consolidated entities has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## Impairment of financial assets

In accordance with Ind AS 109, the Group/Consolidated entities applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

- (i) Financial assets that are debt instruments, and are measured at amortised cost, e.g. loans, deposits, debt securities, etc.
- (ii) Trade receivables that result from transactions that are within the scope of Ind AS 115 - Revenue Recognition."

The Group/Consolidated entities follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Group/Consolidated entities to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group/Consolidated entities determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group/Consolidated entities in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- (i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated

reliably, then the entity is required to use the remaining contractual term of the financial instrument

- (ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group/Consolidated entities uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed."

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Consolidated statement of profit and loss. This amount is reflected under the head other expenses / other income in the consolidated statement of profit and loss. ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Consolidated balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group/Consolidated entities does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group/Consolidated entities combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Group/Consolidated entities does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group/ Consolidated entities financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

## Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to consolidated statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Consolidated statement of profit or loss. The Group/Consolidated entities has not designated any financial liability as at fair value through profit and loss."

## Loans and borrowings

This is the category most relevant to the Group/Consolidated entities. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

## Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

## Reclassification of financial assets

The Group/Consolidated entities determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are

evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group/ Consolidated entities reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group/ Consolidated entities does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in consolidated statement of profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to consolidated statement of profit and loss at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## r. Derivative financial instruments

The Group / Consolidated entities uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The forward contracts that meet the definition of a derivative under Ind AS 109 are recognised in the consolidated statement of profit and loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to consolidated profit or loss.

## s. Cash dividend and non cash distribution to equity holders

The Group recognises a liability to make cash and non cash distribution to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Corporate laws in India, a final dividend distribution is authorised when it is approved by the shareholders whereas for interim dividend when authorised by board. A corresponding amount is recognised directly in equity. Non cash distribution are measured at fair value of the assets distributed with fair value re-measurement recognised directly in equity.

## t. Non-current assets held for sale

The Group classifies non-current assets and disposal Groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal Group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal Groups), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale/ distribution of the asset or disposal Group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal Group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal Group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Assets held for sale are presented separately in the balance sheet. Property Plant and Equipment and Intangible Assets once classified as held for sale are not depreciated or amortised.

## u. Recent accounting pronouncements

**Standards issued but not yet effective & not early adopted by the Group:**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from 1 April 2019:

### Ind AS - 116

Ind AS-116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles of the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Group is in the process of evaluating the impact of the New Lease Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

### Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

## **Ind AS 109 - Prepayment Features with Negative Compensation**

The amendment relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its financial statements.

## **Ind AS 19 - Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for period after the re-measurement are determined using the assumption used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

## **Ind AS 23 - Borrowing Costs**

The amendment clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

## **Ind AS 28 - Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not expect any impact from this amendment.

## **Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Group does not expect any impact from this amendment.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

### 3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Leasehold buildings	Freehold buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
<b>Gross Carrying value (at cost)</b>									
As at 1 April 2017	158.3	4,381.4	320.7	10,917.7	30,676.5	983.3	228.9	331.3	<b>47,998.1</b>
Additions	2.0	5.6	44.2	4,006.8	7,704.7	294.4	41.7	123.0	<b>12,222.4</b>
Disposals / adjustments	-	2,508.6	0.4	-	103.9	9.1	10.2	13.7	<b>2,645.9</b>
Acquisition through business combination*	-	290.4	-	658.8	380.5	-	-	21.0	<b>1,350.7</b>
Other adjustments	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	33.8	30.2	82.8	120.5	6.0	-	9.7	<b>283.0</b>
<b>As at 31 March 2018</b>	<b>160.3</b>	<b>2,202.6</b>	<b>394.7</b>	<b>15,666.1</b>	<b>38,778.3</b>	<b>1,274.6</b>	<b>260.4</b>	<b>471.3</b>	<b>59,208.3</b>
Additions	9.0	162.8	18.5	3,322.6	10,457.9	330.3	27.9	160.9	<b>14,489.9</b>
Disposals / adjustments	-	-	9.7	93.3	331.6	3.6	22.4	(9.8)	<b>450.8</b>
Acquisition through business combination*	-	-	6.4	-	207.0	30.7	245.0	65.6	<b>554.7</b>
Other adjustments	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	41.6	(7.5)	285.9	159.5	7.2	(8.6)	3.1	<b>481.2</b>
<b>As at 31 March 2019</b>	<b>169.3</b>	<b>2,407.0</b>	<b>402.4</b>	<b>19,181.3</b>	<b>49,271.1</b>	<b>1,639.2</b>	<b>502.3</b>	<b>710.7</b>	<b>74,283.3</b>
<b>Accumulated depreciation</b>									
As at 1 April 2017	13.4	1.7	23.2	758.0	5,960.2	212.0	64.5	134.6	<b>7,167.6</b>
Charge for the year	4.9	1.1	15.9	562.3	3,807.0	143.4	57.4	82.5	<b>4,674.5</b>
Disposals / adjustments	-	-	0.1	-	39.6	6.7	4.6	13.7	<b>64.7</b>
Other adjustments	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	-	2.7	7.6	47.8	2.6	-	4.6	<b>65.3</b>
<b>As at 31 March 2018</b>	<b>18.3</b>	<b>2.8</b>	<b>41.7</b>	<b>1,327.9</b>	<b>9,775.4</b>	<b>351.3</b>	<b>117.3</b>	<b>208.0</b>	<b>11,842.7</b>
Charge for the year	5.1	1.1	17.6	759.7	4,544.4	169.7	68.8	120.2	<b>5,686.6</b>
Disposals / adjustments	-	-	5.6	39.2	187.4	2.2	12.7	(8.2)	<b>238.9</b>
Other adjustments	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	0.2	(1.0)	9.9	44.9	2.4	(0.4)	0.4	<b>56.4</b>
<b>As at 31 March 2019</b>	<b>23.4</b>	<b>4.1</b>	<b>52.7</b>	<b>2,058.3</b>	<b>14,177.3</b>	<b>521.2</b>	<b>173.0</b>	<b>336.8</b>	<b>17,346.8</b>
<b>Net carrying value</b>									
As at 31 March 2018	142.0	2,199.8	353.0	14,338.2	29,002.9	923.3	143.1	263.3	<b>47,365.6</b>
<b>As at 31 March 2019</b>	<b>145.9</b>	<b>2,402.9</b>	<b>349.7</b>	<b>17,123.0</b>	<b>35,093.8</b>	<b>1,118.0</b>	<b>329.3</b>	<b>373.9</b>	<b>56,936.5</b>
<b>Capital work-in-progress ₹13,419.4</b> (31 March 2018: ₹13,995.4) (including expenditure during construction period) (refer note 37) relates to manufacturing facilities under construction.									

#### Notes:

- The title deeds of land and buildings aggregating to **₹166.5** (31 March 2018: ₹166.5) are pending transfer to the Parent Company's name.
  - Depreciation for the year include **₹1.3** (31 March 2018: ₹ 3.1) taken as pre-operative capital expenditure on capital projects pending capitalisation.
  - Refer note 32(A)(b) for details of finance lease.
  - Refer note 41 for details of capital research and development expenditure.
  - Refer note 17(D) for details of property, plant and equipment subject to charge on secured borrowings.
  - Refer note 37 for details of expenditure during construction period transferred from capital work-in-progress to property, plant and equipment.
  - Land of one of the subsidiaries to the extent of 100.44 acres amounting to **₹ 99.0** (31 March 2018 ₹ 99.0) which was attached by the Directorate of Enforcement during the financial year 2012-13 in a legal case pertaining to the Parent Company has been released during the year pursuant to the order of the Honourable Appellate Tribunal established under Prevention of Money Laundering Act, 2002.
- \* Excludes capital work in progress of **₹23.0** (31 March 2018: ₹7.5) acquired through business combination.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 4. GOODWILL

	Amount
<b>Gross Carrying value (at cost)</b>	
As at 1 April 2017	4,063.0
Additions	-
Disposals / adjustments	-
Acquisition through business combination	3,740.9
Other adjustments	
Foreign currency translation adjustments	361.6
<b>As at 31 March 2018</b>	<b>8,165.5</b>
Additions	-
Disposals / adjustments	-
Acquisition through business combination	329.7
Other adjustments	
Foreign currency translation adjustments	(170.1)
<b>As at 31 March 2019</b>	<b>8,325.1</b>

## 5. INTANGIBLE ASSETS

	Brands	Product development cost	Licences and patents	Total
<b>Gross Carrying value (at cost)</b>				
As at 1 April 2017	2,000.2	124.9	2,168.7	<b>4,293.8</b>
Additions	2.2	22.3	2,430.0	<b>2,454.5</b>
Disposals / adjustments	-	47.7	390.3	<b>438.0</b>
Acquisition through business combination *	3,149.5	-	1,403.0	<b>4,552.5</b>
Other adjustments				
Foreign currency translation adjustments	314.5	3.4	393.3	<b>711.2</b>
<b>As at 31 March 2018</b>	<b>5,466.4</b>	<b>102.9</b>	<b>6,004.7</b>	<b>11,574.0</b>
Additions	-	21.5	584.4	<b>605.9</b>
Disposals / adjustments	-	-	197.8	<b>197.8</b>
Acquisition through business combination *	10,837.7	-	8.3	<b>10,846.0</b>
Other adjustments				
Foreign currency translation adjustments	(270.3)	3.1	(193.1)	<b>(460.3)</b>
<b>As at 31 March 2019</b>	<b>16,033.8</b>	<b>127.5</b>	<b>6,206.5</b>	<b>22,367.8</b>
<b>Accumulated amortization</b>				
As at 1 April 2017	412.4	50.8	386.3	<b>849.5</b>
Charge for the year	212.3	31.0	665.0	<b>908.3</b>
Disposals / adjustments	-	-	(37.1)	<b>(37.1)</b>
Other adjustments				
Foreign currency translation adjustments	5.0	2.1	96.3	<b>103.4</b>
<b>As at 31 March 2018</b>	<b>629.7</b>	<b>83.9</b>	<b>1,184.7</b>	<b>1,898.3</b>
Charge for the year	317.8	2.3	674.1	<b>994.2</b>
Disposals / adjustments	-	-	(7.3)	<b>(7.3)</b>
Other adjustments				
Foreign currency translation adjustments	34.6	3.7	(57.2)	<b>(18.9)</b>
<b>As at 31 March 2019</b>	<b>982.1</b>	<b>89.9</b>	<b>1,808.9</b>	<b>2,880.9</b>
<b>Net carrying value</b>				
As at 31 March 2018	<b>4,836.7</b>	<b>19.0</b>	<b>4,820.0</b>	<b>9,675.7</b>
<b>As at 31 March 2019</b>	<b>15,051.7</b>	<b>37.6</b>	<b>4,397.6</b>	<b>19,486.9</b>

**Intangible assets under development ₹3,265.2** (31 March 2018: ₹ 1,835.0)

1. Refer note 41 for details of capital research and development expenditure.

\* Excludes intangibles under development of ₹ 702.0 ( 31 March 2018: ₹12.5) acquired through business combination.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 6. INVESTMENTS

### (A) Investments accounted for using the equity method

	Face value	As at 31 March 2019		As at 31 March 2018	
		Quantity	Amount	Quantity	Amount
<b>Investments in unquoted equity shares (fully paid, carried at cost, unless stated otherwise)</b>					
<b>In joint ventures</b>					
Novagen Pharma (Pty) Limited, South Africa	-	927,236	247.3	927,236	320.9
Eugia Pharma Specialities Limited, India	₹10	225,221,538	2,199.0	198,901,611	1,956.7
Tergene Biotech Private Limited, India	₹10	9,040,000	-	7,500,000	-
Raidurgam Developers Limited, India (formerly Aurobindo Antibiotics Limited, India)	₹10	4,000,000	29.3	4,000,000	30.3
			2,475.6		2,307.9
<b>(B) Non-current investments</b>					
<b>Investments in unquoted equity shares (fully paid, carried at cost, unless stated otherwise)</b>					
<b>In others (carried at fair value through profit and loss)</b>					
Jeedimetla Effluent Treatment Limited, India	₹100	753	0.1	753	0.1
Patancheru Envirotech Limited, India	₹ 10	103,709	1.0	103,709	1.0
Progressive Effluent Treatment Limited, India	₹ 100	1,000	0.1	1,000	0.1
Synergy Remedies Private Limited	₹ 10	10,489,500	150.0	-	-
		A	151.2		1.2
<b>Investments in unquoted preference shares (fully paid, carried at amortised cost, unless stated otherwise)</b>					
<b>In joint ventures</b>					
Tergene Biotech Private Limited, India (10.5% Cumulative Preference shares redeemable at par within six years from the date of issue)	₹ 100	1,295,000	129.5	950,000	95.0
		B	129.5		95.0
<b>Investments in unquoted optionally convertible debentures (fully paid, carried at cost, unless stated otherwise)</b>					
<b>In joint ventures</b>					
Raidurgam Developers Limited, India (formerly Aurobindo Antibiotics Limited, India) (1.5% to 9.5% over a period of ten years redeemable at par within ten years from date of issue, convertible into 100 equity shares per debenture at any time after one year)	₹ 1,000	845,500	845.5	710,933	710.9
		C	845.5		710.9
<b>Unquoted investment in government securities (Carried at fair value through profit and loss)</b>					
National Savings Certificate (includes held by Income tax authorities ₹ 0.1 (31 March 2018: ₹0.1))			0.2		0.2
		D	0.2		0.2
		A+B+C+D	1,126.4		807.3
Aggregate value of unquoted investments			1,126.4		807.3

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Face value	As at 31 March 2019		As at 31 March 2018	
		Quantity	Amount	Quantity	Amount
<b>(C) Current investments</b>					
<b>Investments in unquoted equity shares (fully paid, carried at fair value through profit and loss)</b>					
Citadel Aurobindo Biotech Limited, India	₹ 100	70,000	-	70,000	-
(At cost less impairment of ₹7.0 (31 March 2018: ₹7.0))					
<b>Investments in quoted equity shares (fully paid, carried at fair value through profit and loss)</b>					
Andhra Bank	₹ 10	4,520	0.2	4,520	0.2
			0.2		0.2
Aggregate value of unquoted investments			-		-
Aggregate value of quoted investments			0.2		0.2
Market value of quoted investments			0.2		0.2
Aggregate amount of impairment in value of investments			7.0		7.0

## 7. LOANS

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non current</b>		
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured		
Loans to employees	64.6	54.4
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
	64.6	54.4
<b>(B) Current</b>		
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured		
Loans to employees	102.6	86.6
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
	102.6	86.6

No loans are due from directors or other officers of the Company either severally or jointly with any other person.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 8. TRADE RECEIVABLES

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non current</b>		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	11.9	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	175.6	175.6
	<b>187.5</b>	<b>175.6</b>
Less: loss allowance for doubtful receivables	175.6	175.6
	<b>11.9</b>	<b>-</b>
<b>(B) Current</b>		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	34,137.8	30,802.0
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	813.0	777.0
	<b>34,950.8</b>	<b>31,579.0</b>
Less: loss allowance for doubtful receivables	813.0	777.0
	<b>34,137.8</b>	<b>30,802.0</b>

No trade receivables are due from directors or other officers of the Parent Company either severally or jointly with any other person.

Refer note 40 (iii) for dues from related parties.

Refer Note 44 (c) (i) for the Group's credit risk management process.

## 9. OTHER FINANCIAL ASSETS

(Unsecured, considered good unless stated otherwise)

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non-current</b>		
<b>Security deposits</b>		
Considered good *	874.8	854.7
Doubtful	0.4	0.4
	<b>875.2</b>	<b>855.1</b>
Provision for doubtful deposits	0.4	0.4
	<b>874.8</b>	<b>854.7</b>
Other non-current bank balances (Refer note 14(B)) **	19.0	13.6
	<b>893.8</b>	<b>868.3</b>
* Non-current deposits include restricted deposits pledged with Enforcement Directorate ₹ 131.6 (31 March 2018: ₹131.6)		
** Margin money deposits given against bank guarantees or performance guarantees		
<b>(B) Current</b>		
Security deposits	11.6	31.1
Derivatives - foreign currency forward contracts	64.4	-
Interest accrued on deposits	38.1	33.4
Interest accrued on investments in OCDs	8.2	-
Escrow account receivable	326.1	-
Other Receivables- From bank*	13,186.2	7,877.5
	<b>13,634.6</b>	<b>7,942.0</b>

\* Pursuant to the terms of Accounts Receivable Securitisation Agreement between a wholly owned subsidiary and a banker, the Group, sells on an ongoing basis and without recourse, its eligible accounts receivable to the banker, who is conveyed the right to the proceeds of subsequent collection from such customers. Under this arrangement, the Group has transferred substantially all the risks and rewards of ownership over such receivables. These receivables are unavailable to the Group or its creditors in case of insolvency and all rights ensuing from the sale of securitised receivables, including the right to pledge or exchange the assets are with the banker. Accordingly, the receivables sold pursuant to the said arrangement have been derecognised from its balance sheet. The balance of these receivables which have been contractually sold but not yet funded by banker have been fair valued and presented under other financial assets.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 10. DEFERRED TAX ASSETS AND LIABILITIES (NET)

	As at 31 March 2019	As at 31 March 2018
<b>(A) Deferred tax assets (net)</b>		
Business loss and unabsorbed depreciation carried forward	95.6	96.8
Provisions	3.7	1.2
Unused tax credits (MAT)	30.1	30.1
Receivables, financial assets at amortised cost	2.3	-
Property plant and equipment	(25.5)	(26.3)
Inventories	1,722.4	1,486.2
Others	4.3	-
	<b>1,832.9</b>	<b>1,588.0</b>
<b>(B) Deferred tax liabilities (net)</b>		
Property plant and equipment	5,478.1	4,796.3
Business loss and unabsorbed depreciation carried forward	(1.3)	(2.1)
Receivables, financial assets at amortised cost	(160.5)	(145.1)
Provisions	(329.3)	(360.7)
Unused tax credits (MAT)	(3,779.5)	(3,269.5)
Inventories	309.6	73.1
Others	1,296.0	1,260.8
	<b>2,813.1</b>	<b>2,352.8</b>

### Movement in deferred tax assets/deferred tax liabilities

	As at 1 April 2018	Recognised in statement of profit and loss	Recognised in OCI	On account of business combination	Foreign currency translation adjustment	As at 31 March 2019
<b>Deferred tax assets</b>						
Business loss and unabsorbed depreciation carried forward	96.8	(0.9)	-	-	(0.3)	95.6
Provisions	1.2	(1.2)	3.7	-	-	3.7
Unused tax credits (MAT)	30.1	-	-	-	-	30.1
Receivables, financial assets at amortised cost	-	2.5	-	-	(0.2)	2.3
Property plant and equipment	(26.3)	0.9	-	-	(0.1)	(25.5)
Inventories	1,486.2	236.2	-	-	-	1,722.4
Others	-	4.5	-	-	(0.2)	4.3
	<b>1,588.0</b>	<b>242.0</b>	<b>3.7</b>	<b>-</b>	<b>(0.8)</b>	<b>1,832.9</b>
<b>Deferred tax liabilities</b>						
Property plant and equipment	4,796.3	636.9	-	-	44.9	5,478.1
Business loss and unabsorbed depreciation carried forward	(2.1)	0.8	-	-	-	(1.3)
Receivables, financial assets at amortised cost	(145.1)	(15.4)	-	-	-	(160.5)
Provisions	(360.7)	(30.8)	(7.0)	70.7	(1.5)	(329.3)
Unused tax credits (MAT)	(3,269.5)	(510.0)	-	-	-	(3,779.5)
Inventories	73.1	252.5	-	(18.6)	2.6	309.6
Others	1,260.8	55.8	-	-	(20.6)	1,296.0
	<b>2,352.8</b>	<b>389.8</b>	<b>(7.0)</b>	<b>52.1</b>	<b>25.4</b>	<b>2,813.1</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	As at 1 April 2017	Recognised in statement of profit and loss	Recognised in OCI	On account of business combination	Foreign currency translation adjustment	As at 31 March 2018
<b>Deferred tax assets</b>						
Business loss and unabsorbed depreciation carried forward	101.6	(10.8)	-	-	6.0	96.8
Provisions	0.7	0.5	0.4	-	(0.4)	1.2
Unused tax credits (MAT)	30.1	-	-	-	-	30.1
Receivables, financial assets at amortised cost	-	-	-	-	-	-
Property plant and equipment	(21.2)	(5.1)	-	-	-	(26.3)
Inventories	1,566.4	(80.2)	-	-	-	1,486.2
Others	-	-	-	-	-	-
	<b>1,677.6</b>	<b>(95.6)</b>	<b>0.4</b>	<b>-</b>	<b>5.6</b>	<b>1,588.0</b>
<b>Deferred tax liabilities</b>						
Property plant and equipment	3,792.8	997.4	-	-	6.1	4,796.3
Business loss and unabsorbed depreciation carried forward	-	(2.1)	-	-	-	(2.1)
Receivables, financial assets at amortised cost	(207.4)	62.3	-	-	-	(145.1)
Provisions	(275.7)	(72.3)	(12.7)	-	-	(360.7)
Unused tax credits (MAT)	(2,836.3)	(433.2)	-	-	-	(3,269.5)
Inventories	-	72.2	-	-	0.9	73.1
Others	19.6	339.8	-	836.1	65.3	1,260.8
	<b>493.0</b>	<b>964.1</b>	<b>(12.7)</b>	<b>836.1</b>	<b>72.3</b>	<b>2,352.8</b>

- (i) The Group has unused tax credits (Minimum Alternate Tax (MAT)) credit of ₹ 3,809.6 as on 31 March 2019 (31 March 2018: ₹ 3,299.6). The Group based on its business plan along with supporting convincing evidence including future projections of profit believes that the used tax credits would be utilized within the stipulated time period as per the Income-tax Act, 1961.
- (ii) The Group's tax jurisdictions are in various countries, primarily in India, USA and Europe. Significant judgements are involved in determining the provision for current tax, including amounts expected to be paid / recovered for uncertain tax positions.
- (iii) Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with the future tax planning strategies.

## 11. TAX ASSETS (net)

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non current</b>		
Advance income-tax (net of provision for taxation)	1,381.1	825.9
	<b>1,381.1</b>	<b>825.9</b>
<b>(B) Current</b>		
Advance income-tax (net of provision for taxation)	345.6	645.5
	<b>345.6</b>	<b>645.5</b>

Refer note 31 for details of income-tax expense

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 12. OTHER ASSETS

(Unsecured, considered good unless stated otherwise)

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non-current</b>		
Export incentives receivable		
Considered good	78.4	566.9
Doubtful	19.6	19.6
	<b>98.0</b>	<b>586.5</b>
Provision for doubtful receivables	19.6	19.6
	<b>78.4</b>	<b>566.9</b>
Export rebate claims receivable	288.8	288.8
Capital advances		
Considered good	1,064.4	728.4
Doubtful	0.8	0.8
	1,065.2	729.2
Provision for doubtful advances	0.8	0.8
	<b>1,064.4</b>	<b>728.4</b>
Advances other than capital advances		
Considered good	17.2	15.5
Doubtful	30.1	30.1
	<b>47.3</b>	<b>45.6</b>
Provision for doubtful advances	30.1	30.1
	<b>17.2</b>	<b>15.5</b>
Balances with government authorities		
Considered good	230.4	140.2
Doubtful	38.1	38.1
	<b>268.5</b>	<b>178.3</b>
Provision for doubtful receivables	38.1	38.1
	<b>230.4</b>	<b>140.2</b>
	<b>1,679.2</b>	<b>1,739.8</b>
<b>(B) Current</b>		
Export incentives receivable	3,301.1	2,497.2
Export rebate claims receivable	2,274.1	1,824.3
Advances other than capital advances		
Considered good	2,255.7	2,596.0
Doubtful	9.8	10.2
	<b>2,265.5</b>	<b>2,606.2</b>
Provision for doubtful advances	9.8	10.2
	<b>2,255.7</b>	<b>2,596.0</b>
Insurance claim receivable	-	0.8
Balances with government authorities	5,565.6	4,180.4
	<b>13,396.5</b>	<b>11,098.7</b>

## 13. INVENTORIES

(Valued at lower of cost and net realisable value)

	As at 31 March 2019	As at 31 March 2018
Raw materials	23,967.1	22,071.4
Packing materials	3,365.5	2,805.1
Work-in-progress	13,549.9	10,794.7
Finished goods	19,037.5	13,386.8
Stock-in-trade	10,861.5	8,097.1
Stores, spares and consumables	1,674.5	1,429.0
	<b>72,456.0</b>	<b>58,584.1</b>
Details of material in transit included in inventories above		
Raw materials	873.4	888.3
Finished goods	2,021.3	1,359.7

During the year, the Group recorded inventory write-downs to net realisable value of ₹493.4 (31 March 2018: ₹152.7). These adjustments were included in cost of material consumed and changes in inventories.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 14. CASH AND BANK BALANCES

	As at 31 March 2019	As at 31 March 2018
<b>(A) Cash and cash equivalents</b>		
Balance with banks:		
in current accounts	15,913.0	11,314.5
in cash credit accounts	47.0	313.8
in deposit accounts - with original maturity of less than 3 months	2,590.9	316.5
Cash on hand	3.4	3.3
Cheques on hand	282.7	191.9
	<b>18,837.0</b>	<b>12,140.0</b>
<b>(B) Bank balances other than cash and cash equivalents</b>		
Balances with banks - deposits with maturity less than 12 months	711.1	463.5
Earmarked balances with banks:		
in unpaid dividend account	23.7	19.0
Margin money deposits - given against bank guarantees/performance guarantees having maturity more than 12 months	19.0	13.6
	<b>753.8</b>	<b>496.1</b>
Amount disclosed under non-current financial assets (refer note 9(A))	<b>(19.0)</b>	<b>(13.6)</b>
	<b>734.8</b>	<b>482.5</b>
<b>(C) For the purpose of statement of cash flows, cash and cash equivalents comprise of following:</b>		
Cash and cash equivalents as above	18,837.0	12,140.0
Less: Cash credit (refer note 17(B))	(81.2)	(40.6)
	<b>18,755.8</b>	<b>12,099.4</b>

(D) The disclosure regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

## 15. EQUITY SHARE CAPITAL

	As at 31 March 2019	As at 31 March 2018
<b>(a) Authorised</b>		
660,000,000 (31 March 2018: 660,000,000) equity shares of ₹1 each	660.0	660.0
1,000,000 (31 March 2018: 1,000,000) preference shares of ₹100 each	100.0	100.0
	<b>760.0</b>	<b>760.0</b>
<b>(b) Issued, subscribed and fully paid-up equity shares</b>		
	<b>Equity Shares</b>	
	<b>Numbers</b>	<b>Value</b>
As at 1 April 2017	585,882,409	585.9
Issued during the year under Employee Stock Option Plan (ESOP) (refer note 35)	25,200	0.0
As at 31 March 2018	585,907,609	585.9
Issued during the year under Employee Stock Option Plan (ESOP) (refer note 35)	8,000	0.0
<b>As at 31 March 2019</b>	<b>585,915,609</b>	<b>585.9</b>

### c) Terms/rights attached to equity shares

The Parent Company has only one class of equity shares having a par values of ₹1 per share. Each holder of equity shares is entitled to one vote per share.

The Parent Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. For the year ended 31 March 2019, the amount of dividend per share declared as distribution to equity shareholders was ₹ 2.50 (31 March 2018: ₹ 2.50).

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## d) Details of shareholders holding more than 5% of total number of equity shares in the Parent Company

	As at 31 March 2018	
	Numbers	% holding
RPR Sons Advisors Private Limited and Mrs. P. Suneela Rani (Joint Holders) *	196,376,250	33.5%
HDFC Trustee Company Limited (through various mutual funds)	33,808,672	5.8%
	As at 31 March 2019	
	Numbers	% holding
RPR Sons Advisors Private Limited and Mrs. P. Suneela Rani (Joint Holders) *	196,376,250	33.5%
HDFC Trustee Company Limited (through various mutual funds)	35,566,536	6.1%

\* As per records of the Parent Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownerships of shares and the beneficial ownership is with RPR Enterprises, a partnership firm.

## e) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	Numbers
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	
Year ended 31 March 2019	-
Year ended 31 March 2018	-
Year ended 31 March 2017	-
Year ended 31 March 2016	291,982,275
Year ended 31 March 2015	-

## f) For details of shares reserved for issue under Employee stock option plan (ESOP) of the Parent Company, refer note 35

## 16. OTHER EQUITY

	As at 31 March 2019	As at 31 March 2018
<b>A. Summary of other equity balance</b>		
Capital reserve	920.0	818.9
Capital redemption reserve	90.0	90.0
Employee stock options outstanding account	0.6	0.7
Securities premium	4,176.4	4,175.7
General reserve	8,131.6	8,131.6
Retained earnings	124,161.5	102,117.6
Other Comprehensive Income (OCI)	841.8	883.8
	<b>138,321.9</b>	<b>116,218.3</b>

- a) For details of employee share based payments refer note 35.  
b) The disaggregation of changes in reserves and surplus and OCI are disclosed in statement of changes in equity.  
c) The details of distribution of dividend made and proposed are as under:

	As at 31 March 2019	As at 31 March 2018
<b>Cash dividends on equity shares declared and paid during the year</b>		
Interim dividend for the year ended 31 March 2019: ₹2.50 per share (31 March 2018: ₹3.75 per share)	1,464.8	2,197.1
Dividend distribution tax on interim dividend	138.5	447.3
	<b>1,603.3</b>	<b>2,644.4</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## B. Nature and purpose of reserves

(a) Capital Reserve :	Represents capital reserve balances of the acquired entities which are transferred to the Group upon mergers in the earlier years and those arising on acquisition.
(b) Capital redemption reserve :	The Parent Company has recognised capital redemption reserve on redemption of non-convertible preference shares. The amount in Capital Redemption Reserve is equal to nominal amount of the non-convertible preference shares redeemed. This reserve will be utilised in accordance with Section 69 of the Companies Act, 2013.
(c) Employee stock options outstanding account :	The fair value of the equity-settled share based payment transactions with employees is recognised in consolidated statement of profit and loss with corresponding credit to employee stock options outstanding account. This will be utilised for allotment of equity shares against outstanding employee stock options.
(d) Securities premium :	The amount received in excess of face value of the equity shares is recognised in securities premium reserve. In case of equity-settled share based payment transactions, the difference between fair value on the grant date and nominal value of share is accounted as securities premium reserve. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013.
(e) General reserve :	The Parent Company has transferred a portion of its net profit before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve also includes transferred cumulative translation differences arising from foreign operations forming part of foreign currency translation reserve which were deemed to be zero upon transition to Ind AS as at 1 April 2015.
(f) Retained Earnings :	Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distribution to shareholders.
(g) Other Comprehensive Income (OCI):	Other comprehensive income comprises of: <b>(i) Re-measurement of defined employee benefit plans:</b> Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments with in the plans, are recognised in other comprehensive income and subsequently not reclassified in to consolidated statement of profit and loss. <b>(ii) Exchange differences on translation of financial statements of foreign operations:</b> Represents exchange differences arising on account of conversion of foreign operations to Group's functional currency.
(h) Non-controlling interest:	Net profit/(loss) attributable to minority shareholders.

## 17. BORROWINGS

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non Current borrowings</b>		
<b>Term loans from Banks</b>		
Foreign currency term loans - unsecured (refer note (iii) below)	1,310.7	4,242.4
<b>From Others - Secured</b>		
Finance lease obligation (refer note (vi) below)	488.8	269.6
	<b>1,799.5</b>	<b>4,512.0</b>
<b>(B) Current borrowings</b>		
<b>Term loans from Banks</b>		
Current maturities of foreign currency term loans (secured) (refer note (i) and (ii) below)	-	651.7
Current maturities of foreign currency term loans (unsecured) (refer note (iii) below)	2,136.0	2,222.2
Foreign currency term loans (unsecured) (refer note (viii) below)	20,191.3	3,596.0
Finance lease obligation (refer note (vi) below)	157.2	-



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	As at 31 March 2019	As at 31 March 2018
<b>Loans repayable on demand from Banks - working capital loans</b>		
- Cash credit facilities (secured)	81.2	40.6
- Buyers credit (secured)	-	78.7
- Working capital demand loan (secured)	1,750.0	-
- Packing credit loans (secured) (refer note (v) below)	13,052.3	3,151.2
- Packing credit loans (unsecured) (refer note (v) below)	28,775.9	31,995.3
- Bill discounting facility (secured) (refer note (vii) below)	1,246.4	-
- Bill discounting facility (unsecured) (refer note (vii) below)	477.8	1,451.6
	67,868.1	43,187.3
Amount disclosed under the head "Other financial liabilities" (refer note 20)	(2,136.0)	(2,873.9)
	65,732.1	40,313.4
<b>(C) Details of secured and unsecured borrowings</b>		
Secured borrowings	16,775.9	4,191.8
Unsecured borrowings	52,891.7	43,507.5
	69,667.6	47,699.3

## (D) Terms of borrowings

- (i) Secured term loan in foreign currency of ₹ Nil (₹ 651.7) carries interest of LIBOR plus 1.2% (31 Mar 2018: LIBOR plus 1.2% to 1.5%). The term loan has been repaid in full during the current year (31 March 2018: repayable in one half yearly instalment of ₹ 651.7)
- (ii) Term loans are secured by first pari passu charge on all the present and future property, plant and equipment, both movable and immovable property of the Parent Company.
- (iii) Unsecured foreign currency term loan amounting to ₹ 3,446.7 (31 March 2018: ₹ 6,464.6) carrying interest rate of 0.91% (31 March 2018: 0.91%) and is payable in equal quarterly instalments and the last instalment is payable in March 2022.
- (iv) All secured cash credit and working capital demand loans are secured by first pari passu charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) of the Parent company and carry interest rate of respective MCLR + 0 bps to 35 bps and an interest rate of 8.20% respectively.
- (v) All secured packing credit foreign currency loans carry interest rate in the range of Respective LIBOR plus 20 to 60 basis points.(31 March 2018: Respective LIBOR plus 20 to 50 basis points) with maturity within 6 months. All unsecured packing credit foreign currency loans carry interest rate in the range of Respective LIBOR plus 00 to 65 basis points (31 March 2018: Respective LIBOR plus -20 to 50 basis points) with maturity within 6 months.
- (vi) Finance lease obligation amounting to ₹ 416.9 (31 March 2018: ₹ 269.6) is secured by the warehouse equipment of Aurobindo Pharma USA, Inc. acquired under finance lease. Finance lease obligation amounting to ₹229.1 (31 March 2018: Nil) is secured by the vehicles of Apotex Polska sp. Zoo., acquired under finance lease. See note 32(A) (b) for details.
- (vii) All secured bills discounted are secured by pari passu charge on the current assets of the Parent Company both present and future. Secured and Unsecured bills discounted carry interest rate in the range of Respective LIBOR plus 01 basis points to 50 basis points (31 March 2018: Respective LIBOR plus -15 to 15 basis points).
- (viii) Unsecured short-term foreign currency loans amounting to ₹ 9,126.5 (31 March 2018: ₹ 3,596.0) carry interest in the range of 0.83% to 1% (31 March 2018: 0.83% to 1%). Unsecured short term foreign currency loans amounting to ₹ 11,064.8 (31 March 2018: ₹ Nil) repayable by February 2020 carry interest in the range of 1 month LIBOR plus 0.65% to 0.85% (31 March 2018: ₹ Nil).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 18. PROVISIONS

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non current</b>		
<b>For employee benefits</b>		
Gratuity and other retirement benefits (refer note 36(b))	453.7	553.4
Compensated absences	11.7	5.2
	<b>465.4</b>	<b>558.6</b>
<b>(B) Current</b>		
<b>For employee benefits</b>		
Gratuity and other retirement benefits (refer note 36(b))	238.8	204.6
Compensated absences	895.3	660.1
Other provisions	674.7	1,108.1
	<b>1,808.8</b>	<b>1,972.8</b>

## 19. TRADE PAYABLES

	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises	336.1	308.3
Total outstanding dues of creditors other than micro enterprises and small enterprises	26,435.2	23,420.7
	<b>26,771.3</b>	<b>23,729.0</b>

Refer note 44(C)(ii) for the Group's liquidity risk management process

## 20. OTHER CURRENT FINANCIAL LIABILITIES

	As at 31 March 2019	As at 31 March 2018
Current maturities of non-current borrowings (Refer note 17(B))	2,136.0	2,873.9
Capital creditors	1,915.2	2,170.9
Security deposits	3.5	1.5
Unclaimed dividend *	23.6	19.0
Interest accrued but not due on borrowings	3.9	11.1
Derivatives - foreign currency forward contracts	-	23.3
Others	12,532.4	9,945.5
	<b>16,614.6</b>	<b>15,045.2</b>

\* In respect of the amounts mentioned under Section 125 of the Companies Act, 2013 there are no dues that are to be credited to the Investor Education and Protection Fund as at 31 March 2019 (31 March 2018: ₹ Nil).

## 21. OTHER LIABILITIES

	As at 31 March 2019	As at 31 March 2018
<b>(A) Non-current</b>		
Other payables	113.0	105.7
	<b>113.0</b>	<b>105.7</b>
<b>(B) Current</b>		
Advances from customers	1,671.0	671.7
Statutory liabilities	447.5	409.4
Employee payables	1,317.9	1,093.9
Other payables	5,403.1	2,454.0
	<b>8,839.5</b>	<b>4,629.0</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 22. CURRENT TAX LIABILITIES

	As at 31 March 2019	As at 31 March 2018
Provision for income-tax (net of advance tax)	662.7	969.5

## 23. REVENUE FROM OPERATIONS

	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of products (including excise duty) *	191,847.6	162,008.7
Sale of services	411.7	320.0
Other operating revenue		
Scrap sales	155.3	133.6
Export incentives	3,220.9	2,536.0
	195,635.5	164,998.3

\*The Group is liable to Goods and Services Tax (GST) with effect from 1 July 2017. The revenues for the year ended 31 March 2018 and 31 March 2019 is net of such GST. However, the revenues for the period ended upto 30 June 2017 are inclusive of excise duty. Effective 1 April 2018, revenues are disclosed net of delayed supply charges.

### (a) Reconciliation of revenue from sale of products with the contracted price:

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Revenue as per contracted price</b>	<b>404,302.3</b>	<b>336,270.7</b>
Adjusted for:		
Sales returns	(3,442.3)	(3,230.8)
Chargebacks, rebates and discounts	(201,902.3)	(165,260.0)
Others adjustments	(7,110.1)	(5,771.2)
<b>Total revenue from contracts with customers</b>	<b>191,847.6</b>	<b>162,008.7</b>

(b) For information on disaggregation of revenue by primary geographical markets, refer note 49

(c) Revenue from sale of products is recognised at point in time as the goods are transferred. Revenues from sale of services recognised over time is insignificant.

## 24. OTHER INCOME

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on financial assets (carried at amortised cost)		
Bank deposits	75.3	67.4
Other deposits and receivables	47.1	52.8
Investments in OCDs	15.4	-
Allowance for doubtful receivables written back	-	95.9
Liabilities no longer required written back (net)	222.3	371.4
Foreign exchange gain (net)	396.6	-
Commission income	83.5	57.9
Miscellaneous income	713.0	374.4
	1,553.2	1,019.8

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 25. COST OF MATERIALS CONSUMED

	For the year ended 31 March 2019	For the year ended 31 March 2018
Raw material consumed		
Opening stock *	22,280.3	15,422.1
Add: Purchases	67,695.2	56,273.5
	<b>89,975.5</b>	<b>71,695.6</b>
Less: Closing stock	23,967.1	22,071.4
Cost of raw material consumed	<b>66,008.4</b>	<b>49,624.2</b>
Adjustment for fluctuation in exchange rates	178.3	29.1
Packing materials consumed **	8,263.2	6,640.5
	<b>74,449.9</b>	<b>56,293.8</b>

\*Includes inventories on acquisition of subsidiaries ₹ 208.9 (31 March 2018 ₹ 221.1)

\*\*Includes inventories on acquisition of subsidiaries ₹ 104.2 (31 March 2018 ₹ 65.3)

## 26. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

		For the year ended 31 March 2019	For the year ended 31 March 2018
Inventories at the beginning of the year			
Stock-in-trade*		11,295.6	13,662.6
Work-in-progress**		11,250.5	8,640.6
Finished goods***		13,788.2	3,550.8
	A	<b>36,334.3</b>	<b>25,854.0</b>
Inventories at the end of the year			
Stock-in-trade		10,861.5	8,097.1
Work-in-progress		13,549.9	10,794.7
Finished goods		19,037.5	13,386.8
	B	<b>43,448.9</b>	<b>32,278.6</b>
	A - B	<b>(7,114.6)</b>	<b>(6,424.6)</b>
Transferred from capital work-in-progress****		(273.9)	-
On account of stock write off		30.9	109.4
Adjustment for fluctuation in exchange rates		(116.1)	(1,708.8)
		<b>(6,755.5)</b>	<b>(4,825.2)</b>

\*Includes inventories on acquisition of subsidiaries ₹ 3,198.5 (31 March 2018 ₹ 635.1)

\*\*Includes inventories on acquisition of subsidiaries ₹ 455.8 (31 March 2018 ₹ 13.9)

\*\*\*Includes inventories on acquisition of subsidiaries ₹ 401.4 (31 March 2018 ₹ 364.0)

\*\*\*\* Represents inventories of finished goods and work-in-progress identified on the date of capitalisation of under construction facility

## 27. EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	22,511.6	18,467.2
Contribution to provident and other funds (refer note 36(a))	1,085.0	881.5
Gratuity expense (refer note 36(b))	202.1	210.0
Compensated absences expense	288.8	204.9
Staff welfare expenses	1,761.2	1,544.7
Employee share-based payment expense - equity settled (refer note 35)	-	0.1
	<b>25,848.7</b>	<b>21,308.4</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 28. FINANCE COSTS

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on financial liabilities measured at amortised cost	1,507.8	628.9
Bank and other finance charges	118.8	146.8
Exchange differences regarded as an adjustment to borrowing costs	999.4	1.5
	<b>2,626.0</b>	<b>777.2</b>

## 29. DEPRECIATION AND AMMORTISATION EXPENSE

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 3)	5,685.3	4,671.4
Amortisation of intangible assets (refer note 5)	994.2	908.3
	<b>6,679.5</b>	<b>5,579.7</b>

## 30. OTHER EXPENSES

	For the year ended 31 March 2019	For the year ended 31 March 2018
Conversion charges	507.7	551.3
Consumption of stores and spares	1,914.2	1,588.5
Chemicals consumed	3,556.0	2,413.6
Power and fuel	5,567.9	4,709.5
Carriage inward	694.9	642.8
Factory maintenance	484.7	474.8
Effluent treatment expenses	266.2	219.2
Excise duty on sales	-	368.0
Excise duty on changes in inventories	-	(31.4)
Repairs and maintenance		
i) Plant and machinery	1,424.7	1,102.9
ii) Buildings	564.4	450.5
iii) Others	388.6	263.3
Rent (Refer note 32(A)(a))	1,540.4	1,105.4
Rates and taxes	842.5	645.3
Printing and stationery	295.6	186.6
Postage, telegrams and telephones	254.2	228.2
Insurance	424.9	389.6
Legal and professional charges	3,808.6	3,694.0
Directors sitting fees	4.4	3.5
Remuneration to auditors	14.4	13.3
Sales commission	1,249.3	1,168.9
Carriage outwards	6,176.4	5,224.3
Selling expenses	3,801.0	3,865.3
Delayed supply charges	-	2,193.6
Travelling and conveyance	669.8	584.1
Vehicle maintenance expenses	172.9	195.0
Analytical charges	1,385.7	1,276.6
Bad debts/advances written off	18.8	-
Allowance for doubtful receivables (net)	66.3	-
Registration, license and filing charges	2,020.0	1,506.7
Foreign exchange loss (net)	-	167.6
Product development expenses	756.3	292.2
Product destruction expenses / Stock written off	30.9	109.4

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Software license and implementation expenses	192.0	131.9
Loss on sale/write-off of property, plant and equipment (net)	194.9	163.5
Fair value of changes to current investments	-	0.1
Corporate Social Responsibility (CSR) expenditure (refer note below)	466.5	200.0
Miscellaneous expenses	3,385.9	2,346.9
	<b>43,141.0</b>	<b>38,445.0</b>

## Details of CSR expenditure

a) Gross amount required to be spent by the Parent Company during the year	449.8	424.9
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	in cash	Yet to be paid in cash	Total
b) Amount spent during the year ending on 31 March 2019:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	466.5	-	466.5
c) Amount spent during the year ending on 31 March 2018:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	200.0	-	200.0

## 31. INCOME TAX

	For the year ended 31 March 2019	For the year ended 31 March 2018
The major components of income tax expense for the year ended 31 March 2019 and 31 March 2018 are :		
<b>Statement of profit and loss</b>		
Current tax	7,120.7	7,123.0
Tax credit - Minimum Alternate Tax (MAT)	(510.0)	(433.2)
Deferred tax	657.8	1,492.9
	<b>7,268.5</b>	<b>8,182.7</b>
<b>Other comprehensive income</b>		
Deferred tax - net loss on remeasurements of defined benefit plans	10.7	13.1
	<b>10.7</b>	<b>13.1</b>
<b>Reconciliation of effective tax rate for the year ended 31 March 2019 and 31 March 2018:</b>		
<b>Profit before tax</b>	<b>30,913.5</b>	<b>32,411.8</b>
Enacted tax rate in India	34.944%	34.608%
Tax at statutory tax rate	10,802.4	11,217.0
<b>Effect of :</b>		
Tax holidays (Refer Note "a" below)	(1,647.1)	(2,132.1)
Weighted deduction allowed for research and development expenditure	(968.9)	(765.0)
Dividend received from foreign subsidiary charged at special rate of tax	138.2	-
Differences in tax rate	(1,028.0)	(715.6)
Effect of change in tax rate in USA (w.e.f 1 January 2018)	-	663.9
Others	(28.1)	(85.5)
<b>Total</b>	<b>(3,533.9)</b>	<b>(3,034.3)</b>
<b>Income tax expense</b>	<b>7,268.5</b>	<b>8,182.7</b>
Effective tax rate	<b>23.512%</b>	<b>25.246%</b>

Notes:

- (a) The Parent Company benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen years from the date of commencement of operations. Under the SEZ scheme,



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the unit which begins providing services on or after 1 April 2005 will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profit or gains for a further period of five years and 50% of such profits or gains for the balance period of five years subject to fulfilment of certain conditions. From 1 April 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

- (b) During the year ended 31 March 2019 and 31 March 2018, the Parent Company has paid dividend to share holders, this has resulted in payment of dividend distribution tax to the taxation authorities. The Parent Company believes that dividend distribution tax represents additional payment to tax authorities on behalf of share holders. Hence, dividend distribution tax paid is charged to equity.
- (c) Deferred taxes have not been recognised on undistributed earnings of subsidiaries and joint ventures, where it is expected that the profits of its subsidiaries and joint ventures will not be distributed in the foreseeable future. The Group reinvests the profits of its subsidiaries and joint ventures, and accordingly, has not recorded any deferred taxes for the same. Significant judgements are involved in determining provision for current tax and deferred tax on deductible temporary differences. Deferred tax is not recognised on deductible temporary differences, where the Group believes that availability of taxable profits against which such temporary differences can be utilised, is not probable.

## 32. COMMITMENTS

### A. Leases

#### a. Operating lease commitments - Group as lessee

- i) The Group has operating leases agreements, which are mainly in the nature of lease of office premises for a period up to five years, with no restrictions and are renewable/ cancellable at the option of either of the parties except for details in (ii) below. These leases include a general clause to enable upward revision of the rental charge on an annual basis according to the prevailing market conditions. There is no other escalation clause in the lease agreement. There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the consolidated statement of profit and loss is **₹1,540.4** (31 March 2018: ₹1,105.4). The Group has not recognised any contingent rent as expense in the consolidated statement of profit and loss.
- ii) The Group has entered into non cancellable leases for office premises in current year and previous year. These leases have remaining non cancellable period of 14 to 56 months (31 March 2018: 6 to 56 months). The lease includes an escalation clause in the lease agreement. Future minimum lease rentals under non cancellable operating leases are as follows:

	As at 31 March 2019	As at 31 March 2018
a) With in one year	473.8	111.6
b) After one year and not more than three years	848.7	230.3
c) After three years and not more than five years	517.5	42.8

#### b. Finance lease - Group as lessee

- i) Building includes factory buildings acquired on finance lease. The lease term is for major part of the economic life of the buildings and the agreement is silent on renewal terms and transfer of legal title at the end of lease term.
- ii) The lease agreement did not specify minimum lease payments over the future period.
- iii) The net carrying amount of the buildings obtained on finance lease as at 31 March 2019 is **₹349.7** (31 March 2018: ₹ 353.0).
- iv) The Group's property, plant and equipment include warehouse equipment acquired under finance lease arrangements. The future lease rents payable and other related information in respect of such assets are as follows:

	As at 31 March 2019	As at 31 March 2018
Net carrying amount of the assets under lease	668.0	269.6
Future minimum lease payments	720.1	289.9
Less: Interest included in the above	74.1	20.3
Present value of future minimum lease payments	646.0	269.6

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- v) Future Minimum lease payments and their present value at the Balance Sheet date for each of the following periods.

	Minimum Lease payments		Present value of future lease payments	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Not later than one year	179.6	-	157.2	-
Later than one year not later than 5 years	540.5	289.9	488.8	269.6
	720.1	289.9	646.0	269.6

## Lease commitments - the Group as lessor

The Group has entered into agreements in the nature of non-cancellable leases for office premises. The Group has identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term.

## Lease commitments - the Group as lessee

The Group has entered into leases for land and office premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the land and office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the land and the office premises and accounts for the contracts as operating leases.

## B. Capital and other commitments

	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	5,551.3	5,051.6

## 33. CONTINGENT LIABILITIES

	As at 31 March 2019	As at 31 March 2018
<b>(A) Claims against the Group not acknowledged as debt</b>		
Claims arising from disputes not acknowledged as debts - indirect taxes (excise duty and service tax)*	367.5	339.3
Claims arising from disputes not acknowledged as debts - direct taxes *	120.5	568.8
Claims against the Group not acknowledged as debts - other duties/ claims ^	150.3	150.3
<b>(B) Guarantees</b>		
Outstanding bank guarantees	698.8	1,059.5

\* in respect of above matters, future cash outflows in respect of contingent liabilities are determinable only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group. The Group is contesting these demands and the Management, including its advisors, believe that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the demands raised. The Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations.

^ The Group is involved in disputes, claims, Governmental and/or regulatory inspection, inquires, including patents and commercial matters that arise from time to time in the ordinary course of business. The same are subject to uncertain future events not wholly within the control of the Group. The management does not expect the same to have materially adverse effect on its financial position, as it believes the likely hood of any loss is not probable.

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## 34. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Earnings</b>		
Consolidated profit after tax attributable to the owners of the Parent Company considered for calculation of basic and diluted earnings per share	23,647.3	24,231.7
<b>Shares</b>		
Weighted average number of Equity Shares considered for calculation of basic earnings per share (a)	585,907,719	585,882,685
Effect of dilution on account of Employee Stock Options granted (b)	28,219	52,277
Weighted average number of Equity Shares considered for calculation of diluted earnings per share (a+b)	585,935,938	585,934,962
Earnings per share of face value ₹ 1/-		
- Basic	40.36	41.36
- Diluted	40.36	41.36

## 35 SHARE BASED PAYMENTS

### Employee Stock Option Plan "ESOP-2006"

The Parent Company instituted an Employee Stock Option Plan "ESOP-2006" for issue of shares to eligible employees of the Group as per the special resolution passed in the 19th Annual General Meeting held on 18 September 2006. The compensation committee of the Board of directors accordingly, granted 3,240,500 options under eight grants of 175,000, 25,000, 90,000, 1,205,000, 300,000, 500,000, 915,500 and 30,000 options to eligible employees on 30 October 2006, 31 July 2007, 31 October 2007, 16 December 2011, 19 June 2012, 09 January 2013, 28 January 2013 and 09 August 2013 respectively. The method of settlement under scheme is by issue of equity shares of the Parent Company and there are no cash settlement alternatives for the employees. Each option comprises of one underlying Equity Share of ₹1/- each. The said options vest on an annual basis at 10%, 15%, 25% and 50% over a period of four years and can be exercised over a period of six years from the date of grant of options. The options have been granted at the then prevailing market price of ₹ 120.70, ₹ 132.35, ₹ 114.50, ₹ 91.60, ₹ 106.05, ₹ 200.70, ₹ 187.40 and ₹ 161.30 per share respectively. The fair value of share options grants is estimated at the date of grant using Black-Scholes model, taking into account the terms and conditions upon which the share options were granted.

The details of ESOP 2006 Scheme are summarised below:

Grant	Grant date	Number of options granted*	Exercise price*	Weighted Average Fair value of option at grant date*
1st Grant	30 October 2006	175,000	60.35	73.10
2nd Grant	31 July 2007	25,000	66.18	78.82
3rd Grant	31 October 2007	90,000	57.25	68.18
4th Grant	16 December 2011	1,753,800	45.80	54.35
5th Grant	19 June 2012	300,000	53.03	57.42
6th Grant	09 January 2013	500,000	100.35	119.22
7th Grant	28 January 2013	1,483,170	93.70	111.32
8th Grant	09 August 2013	57,000	80.65	96.30

\*Adjusted for bonus issue.

The details of activity under the Scheme ESOP 2006 are summarised below :

	31 March 2019	31 March 2018
Options outstanding at the beginning of the year	31,019	56,219
Granted during the year	-	-
Vested / exercisable during the year	31,019	56,219
Exercised during the year	8,000	25,200
Forfeited during the year subject to reissue	19	-
Options outstanding at end of the year	23,000	31,019
Exercisable at the end of the year	23,000	31,019
Weighted average exercise price for all the above options (₹)	80.65	80.66
Weighted average fair value of options at the date of grant (₹)	97.00	96.30

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The details of share options outstanding are summarised below:

	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)
As at 31 March 2019	80.65	23,000	0.36
As at 31 March 2018	80 to 94	31,019	1.36

The following table lists the assumptions used for the plan:

	As at 31 March 2019			
	Dividend yield	Expected volatility	Risk-free interest rate	Expected life of options granted in years
Grant				
8th Grant	0.61%	0.31%	8%	4
	As at 31 March 2018			
	Dividend yield	Expected volatility	Risk-free interest rate	Expected life of options granted in years
Grant				
7th Grant	0.80%	0.31%	8%	4
8th Grant	0.61%	0.31%	8%	4

## 36 EMPLOYEE BENEFITS

### a) Disclosures related to defined contribution plan

In accordance with Indian law, all eligible employees of APL and its subsidiaries are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and employer (at a determined rate) contribute monthly. APL and its subsidiaries in India contribute as specified under the law to the Provident Fund:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Provident fund contribution recognised as expense in the consolidated statement of profit and loss *	436.1	322.1

\* Includes ₹4.0 (31 March 2018: ₹19.3) transferred to capital work in progress

### b) Disclosures related to defined benefit plan of the Parent Company

The Parent Company has a defined benefit gratuity plan governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to gratuity on departure at 15 days last drawn salary for each completed year of service or part thereof in excess of six months.

This defined benefit plan exposes the Parent Company to actuarial risk, such as longevity risk, interest rate risk and market (investment) risk.

The plan is funded with Life Insurance Corporation in the form of a qualifying insurance policy. The following tables summarise the components of net benefit expense recognised in the consolidated statement of profit and loss, the fund status and amounts recognised in the consolidated balance sheet:

#### Net employee benefit expense (included under employee benefit expenses)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	173.0	143.5
Past service cost	-	55.3
Interest on defined benefit liability	27.3	12.8
Net employee benefit expenses *	200.3	211.6

\* Includes ₹7.0 (31 March 2018: ₹ 8.2) transferred to capital work in progress

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## Details of the employee benefits obligations and plan assets are as follows:

	As at 31 March 2019	As at 31 March 2018
Present value of funded obligation	1,284.7	1,054.5
Fair value of plan assets	900.9	628.5
<b>Net defined benefit liability</b>	<b>383.8</b>	<b>426.0</b>

## Details of changes in present value of defined benefit obligation are as follows:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening defined benefit obligation	1,054.5	818.3
Current service cost	173.0	143.5
Past service cost	-	55.3
Interest on defined benefit obligation	75.7	59.0
Benefits paid	(43.7)	(49.9)
Remeasurement due to:		
Actuarial loss arising from changes in experience	18.6	43.8
Actuarial loss arising from changes in demographic assumptions	-	6.3
Actuarial (gain)/loss arising from changes in financial assumptions	6.6	(21.8)
<b>Closing defined benefit obligation</b>	<b>1,284.7</b>	<b>1,054.5</b>

## Details of changes in fair value of plan assets are as follows:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening fair value of plan assets	628.5	544.6
Interest on plan assets	48.4	46.1
Employer Contribution	264.1	93.9
Benefits paid	(43.7)	(49.9)
Remeasurement due to - actual return on plan assets less interest on plan assets	3.6	(6.2)
<b>Closing fair value of plan assets</b>	<b>900.9</b>	<b>628.5</b>

## Sensitivity analysis

	As at 31 March 2019	As at 31 March 2018
The sensitivity of over all plan obligations to changes in key assumptions are as follows:		
Defined benefit obligation without effect of projected salary growth rate	855.3	677.4
Add: effect of salary growth rate	429.5	377.1
Defined benefit obligation with effect of projected salary growth	1,284.8	1,054.5
Defined benefit obligation, using discount rate plus 50 basis points	1,244.5	1,019.8
Defined benefit obligation, using discount rate minus 50 basis points	1,327.4	1,091.3
Defined benefit obligation, using salary growth rate plus 50 basis points	1,325.9	1,089.9
Defined benefit obligation, using salary growth rate minus 50 basis points	1,245.4	1,020.8

## The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2019	31 March 2018
Funds managed by Insurers	100%	100%

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**The principal assumptions used in determining gratuity obligations for the Parent Company's plans are shown below:**

	As at 31 March 2019	As at 31 March 2018
<b>Financial assumptions</b>		
Discount rate (p.a.)	7.62%	7.70%
Expected salary increase (p.a.)		
Until 2 years	-	-
Beyond 2 years	-	-
Until 1 year	10.00%	10.00%
Beyond 1 year	7.00%	7.00%
<b>Demographic assumptions</b>		
Mortality rate as per Indian Assured Lives Mortality 2006-08 table	100%	100%

Attrition rate	As at 31 March 2019		As at 31 March 2018	
	Age (years)	Rates (p.a)	Age (years)	Rates (p.a)
	21 - 30	16%	21 - 30	16%
	31 - 40	12%	31 - 40	12%
	41 - 50	6%	41 - 50	6%
	51 - 57	23%	51 - 57	23%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.

**Salary escalation rate:** The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other related factors.

	As at 31 March 2019	As at 31 March 2018
<b>Maturity profile of the defined benefit obligation</b>		
Average expected future workings (Years)	8.02	6.77
Expected future cash flow of gratuity		
Within 12 months	157.4	143.2
Between 2 and 5 years	575.4	488.3
Beyond 5 years	1,644.3	1,383.9

Notes:

1. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
2. The Parent Company expects to contribute ₹157.4 (31 March 2018: ₹90.0) during the year ending 31 March 2020 to the qualifying insurance policy.
3. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period by varying one actuarial assumption, keeping all other actuarial assumptions constant.



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## 37 CAPITAL WORK-IN-PROGRESS INCLUDES EXPENDITURE DURING CONSTRUCTION PERIOD PENDING CAPITALISATION:

	As at 31 March 2019	As at 31 March 2018
<b>Balance brought forward</b>	<b>1,681.7</b>	<b>1,397.8</b>
Add: Incurred during the year		
Salaries, wages and bonus	<b>292.6</b>	356.1
Consumption of material for testing	<b>100.8</b>	173.5
Consumption of stores and spares	<b>144.9</b>	95.1
Carriage inward	<b>0.2</b>	1.5
Power and fuel	<b>161.0</b>	122.9
Conversion charges	<b>30.6</b>	39.2
Rates and taxes	<b>3.4</b>	9.0
Printing and stationery	<b>9.2</b>	5.7
Postage, telegram and telephones	<b>1.1</b>	2.0
Insurance	<b>1.8</b>	1.9
Legal and professional charges	<b>1.6</b>	9.2
Travelling and conveyance	<b>5.4</b>	7.8
Depreciation	<b>1.1</b>	3.1
Factory maintenance	<b>48.3</b>	42.4
Miscellaneous expenses	<b>29.4</b>	37.8
	<b>2,513.1</b>	<b>2,305.0</b>
Less: Capitalised to property, plant and equipment during the year	<b>1,823.1</b>	623.3
<b>Balance carried forward</b>	<b>690.0</b>	<b>1,681.7</b>

## 38 ACQUISITION OF SUBSIDIARY

- I Effective 1 May 2017, the Parent Company through its step-down subsidiary, Agile Pharma B.V. acquired 100% equity of Generis Farmacêutica S.A. ("acquired entity" or "Generis") which in turn had the following wholly owned subsidiaries on the date of acquisition.

- (i) Mer Medicamentos, Lda.
- (ii) Generis Phar, Unipessoal Lda.
- (iii) Farma APS - Promocao de Medicamentos, Unipessoal Lda.
- (iv) Generis MZ, Lda.

Generis Farmaceutica S.A., is engaged in the manufacture and sale of pharmaceutical products in Portugal. The acquisition includes the manufacturing facility in Amadora, Portugal.

Generis Farmacêutica S.A. is a generic pharmaceutical Company that focuses on both the retail and hospital segments apart from exports. Generis has a wide portfolio of products with share in the therapeutic areas of cardiovascular (CVS), Central Nervous System (CNS), anti-infectives and genitourinary system ailments.

Synergies are expected from Parent Company's vertical integration and pipeline breadth, improvement in Amadora plant capacity utilization by servicing both local and European markets, and operational advantages.

The purchase price of the acquired entity on 1 May 2017 had been allocated based on estimated fair values at the acquisition date, for various assets and liabilities acquired/ assumed under a Sale and Purchase Agreement. The Company determined fair values based on its then estimates and third party technical evaluation for various tangible and intangible assets acquired.

As at 31 March 2018, the consolidated balance sheet reflects the purchase price allocated to the assets acquired and liabilities assumed based on revised estimated fair values. The excess of the purchase consideration over the fair value of the net assets acquired has been allocated to Goodwill. The following table summarizes the allocation of purchase price consideration, for the fair values of the assets acquired and liabilities assumed and the determination of Goodwill.

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Particulars	Amount as on 1 May 2017
Purchase consideration	6,658.9
Net Debts taken over	3,103.8
<b>Total implied consideration [A]</b>	<b>9,762.7</b>
<b>Liabilities assumed:</b>	
Provisions	40.0
Trade payables	799.2
Current tax liabilities	15.7
Other financial liabilities	102.0
Other current liabilities	151.4
Deferred tax liabilities	811.5
<b>Total liabilities assumed [B]</b>	<b>1,919.8</b>
<b>Fair value of assets acquired</b>	
Property plant and equipment	1,358.2
Intangible assets	4,565.0
Inventories	1,261.4
Trade receivables	611.6
Current tax assets	61.3
Other current assets	84.1
<b>Total fair value of assets acquired [C]</b>	<b>7,941.6</b>
<b>Goodwill [A+B-C]</b>	<b>3,740.9</b>

The valuation techniques used for measuring the fair value of assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	Relief-from-Royalty method and multi-period excess earnings method: The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the licenses and trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by customer relationships, by excluding any cashflows related to contributory assets.
Inventories	Comparative sales method and replacement cost method: The comparative sales method estimates fair value from the actual or expected selling prices of inventory in the normal course of business less the cost of disposal, the holding costs. The replacement cost approach follows the general methodology that raw materials should be valued at current replacement cost for a market participant.

## a. Summary of post acquisition revenue and loss of the acquired entities included in the consolidated statement of profit and loss for the year ended 31 March 2018

Particulars	For the year ended 31 March 2018
Revenue	4,776.8
Net loss considered in the consolidated statement of profit and loss	526.1

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**b. The consolidated revenue and consolidated net profit of the Group for the reporting period had the acquisition taken place at the beginning of the accounting period.**

Particulars	For the year ended 31 March 2018
Consolidated revenue from operations	165,358.4
Consolidated profit for the year	24,199.3

**c. For acquired receivables:**

Particulars	As at 31 March 2018
The gross contractual amounts receivable	622.9
The best estimate at the acquisition date of the contractual cash flows not expected to be collected (provision)	11.3
Net value	<b>611.6</b>

- II Effective 8 February 2019, the Parent Company through its step-down subsidiary, Aurovitas Pharma Ceska Republica s.r.o., acquired 100% equity of Apotex (CR) Spol s.r.o. ("acquired entity" or "Apotex Czech"), Aurovitas Spain SA, acquired 100% equity of Apotex Espana SL, Aurovitas Pharma Polska acquired 100% equity in Apotex Polska sp. z.o.o., Agile Pharma B.V. acquired 100% equity in Apotex N.V., Aurobindo Pharma B.V. acquired 100% equity of Apotex Europe B.V. and Apotex Nederland B.V. which in turn had the following wholly owned subsidiaries on the date of acquisition.

- (i) Sameko Farma B.V.
- (ii) Leidapharm B.V.
- (iii) Marel B.V.
- (iv) Pharma Dossier B.V.

Apotex Group, is engaged in the manufacture of generic and over-the-counter pharmaceutical products and market these through pharmacies, wholesalers as well as food and drug channels in Netherlands, Poland, Spain and Czech Republic. The acquisition includes the productions facility in Netherland mainly producing for the Dutch market.

Synergies are expected from Parent Company's vertical integration and pipeline breadth, improvement in capacity utilization by servicing both local and European markets, and operational advantages.

The purchase price of the acquired entity on 8 February 2019 had been allocated provisionally based on estimated fair values at the acquisition date, for various assets and liabilities acquired/ assumed under a Sale and Purchase Agreement. The Company determined fair values based on its then estimates and third party technical evaluation for various tangible and intangible assets acquired.

As at 31 March 2019, the consolidated balance sheet reflects the purchase price allocated to the assets acquired and liabilities assumed based on revised estimated fair values. The excess of the fair value of the net assets acquired over the purchase consideration has been allocated to Capital Reserve. The following table summarizes the allocation of purchase price consideration, for the fair values of the assets acquired and liabilities assumed and the determination of Capital Reserve.

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(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Particulars	Amount as on 8 February 2019
Purchase consideration	2,671.3
Add: Amounts payable to the seller lying in the books of acquired entities	3,927.7
Add: Debts taken over	487.8
Less: Cash and cash equivalents	1,588.5
<b>Total [A]</b>	<b>5,498.3</b>
<b>Liabilities assumed:</b>	
Deferred tax liabilities	53.0
Trade payables	3,178.4
Other liabilities	879.9
Provisions current	58.0
Current tax liabilities	44.9
<b>Total liabilities assumed [B]</b>	<b>4,214.2</b>
<b>Fair value of assets acquired:</b>	
Property plant and equipment	456.6
Capital work-in-progress	1.0
Other intangible assets	474.1
Inventories	4,441.9
Trade receivables	4,233.1
Other financial assets	6.6
Current tax assets	4.2
Other assets	197.4
<b>Total fair value of assets acquired [C]</b>	<b>9,814.9</b>
<b>Capital Reserve [A+B-C]</b>	<b>102.4</b>

The valuation techniques used for measuring the fair value of assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Indexation method: The value of the property, plant and equipment has been determined under indexation method.
Intangible assets	Relief-from-Royalty method: The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the licenses and trademarks being owned.
Inventories	Comparative Sales method: Comparative Sales method estimates the expected sales price of the finished goods inventory in the normal course of business less all costs expected to be incurred in its completion or disposition and a profit on those costs. The value derived as per comparative sales method is adjusted for unsaleable inventory in accordance with future volume forecast.

**a. Summary of post acquisition revenue and loss of the acquired entities included in the consolidated statement of profit and loss for the year ended 31 March 2019**

Particulars	For the year ended 31 March 2019
Revenue	1,990.6
Net loss considered in the consolidated statement of profit and loss	252.2

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- b. **The consolidated revenue and consolidated net profit of the Group for the current reporting period had the acquisition taken place at the beginning of the accounting period.**

Particulars	For the year ended 31 March 2019
Consolidated revenue from operations	206,152.9
Consolidated profit for the year	23,265.2

- c. **For acquired receivables:**

Particulars	As at 31 March 2019
The gross contractual amounts receivable	4,233.1
The best estimate at the acquisition date of the contractual cash flows not expected to be collected (provision)	-
Net value	4,233.1

## 39 ACQUISITION OF BUSINESS

- (i) Effective 1 March 2019, Acrotech Biopharma LLC a subsidiary of Aurobindo Pharma USA Inc., acquired portfolio of seven branded oncology injectable products which are currently being marketed from Spectrum Pharmaceuticals Inc for an upfront purchase price of ₹11,241.6 in cash.

As at 31 March 2019, the consolidated balance sheet reflects the purchase price allocated to the assets acquired based on the fair values. The excess of the purchase consideration over fair value of the assets acquired has been allocated to Goodwill. The following table summarizes the allocation of purchase price consideration, for the fair values of the assets acquired and the determination of Goodwill.

Particulars	Amount as on 1 March 2019
Purchase consideration [A]	11,241.6
<b>Fair value of assets acquired</b>	
Intangible assets - Brands	10,371.9
Inventories	600.4
<b>Total fair value of assets acquired [B]</b>	10,972.3
<b>Goodwill [A - B]</b>	269.3

The valuation technique used for measuring the fair value of identified business was Multi Period Excess Earning Method:

Assets acquired	Valuation technique
Intangible assets	Income Approach - Multi Period Excess Earning Method
Inventories	Finished Goods are estimated selling price less the sum of cost of disposal and reasonable profit allowance for the selling efforts of the acquiring entity. WIP is valued at estimated selling price of Finished Goods less the sum to complete, cost of disposal and reasonable profit allowance for the selling efforts of the acquiring entity based on profit for similar entity.

- a. **Summary of post acquisition revenue and loss of the acquired entities included in the consolidated statement of profit and loss for the year ended 31 March 2019**

Particulars	For the year ended 31 March 2019
Revenue	561.3
Net loss considered in the consolidated statement of profit and loss	41.3

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

- b. The consolidated revenue and consolidated net profit of the Group for the current reporting period had the acquisition taken place at the beginning of the accounting period.**

Particulars	For the year ended 31 March 2019
Consolidated revenue from operations	196,196.8
Consolidated profit for the year	23,774.9

- (ii) Effective 7 December 2018, Auro Science PTY Ltd a subsidiary of Aurobindo Pharma USA Inc., acquired Process Research & Development Product and its related assets and liabilities from Advent Pharmaceuticals Pty. Ltd. for an upfront purchase price of ₹ 874.7.

Particulars	Amount as on 7 December 2018
<b>Purchase consideration [A]</b>	874.7
<b>Liabilities assumed:</b>	
Other financial liabilities *	9.9
<b>Total fair value of liabilities assumed [B]</b>	9.9
<b>Fair value of assets acquired</b>	
Tangible assets *	98.0
Capital work in progress *	23.0
Intangible assets under development *	702.0
Other financial assets (current) *	1.2
<b>Total fair value of assets acquired [C]</b>	824.2
<b>Goodwill [A + B - C]</b>	60.4

\* The fair value of assets and liabilities on the date of acquisition has been determined on a provisional basis by the management on the basis of its assessment of the nature of business and the underlying assets acquired. In view of the management, significant portion of the purchase price consideration would be allocated to intangible assets under development.

## Summary of post acquisition revenue and profit of the acquired entities included in the consolidated statement of profit and loss for the year ended 31 March 2019

Particulars	For the year ended 31 March 2019
Revenue	-
Net profit considered in the consolidated statement of profit and loss	4.0

## 40 RELATED PARTY DISCLOSURES

### i) Names of related parties and description of relationship

#### a) Joint ventures

Novagen Pharma (Pty) Limited, South Africa (Joint Venture of a step-down subsidiary, Aurogen South Africa (Pty) Ltd, South Africa)  
Eugia Pharma Specialities Limited, India  
Tergene Biotech Private Limited, India (w.e.f. 1 April 2015)  
Raidurgam Developers Limited, India (formerly known as Aurobindo Antibiotics limited, India)  
Purple Bellflower (Pty)Ltd, South Africa (w.e.f. 23 August 2018) (Joint Venture of a step-down subsidiary, Aurogen South Africa (Pty) Ltd, South Africa)

#### b) Enterprises over which key management personnel or their relatives exercise significant influence

Pravesha Industries Private Limited, India  
Sri Sai Packaging, India (Partnership firm)  
Trident Chemphar Limited, India  
Auropro Soft Systems Private Limited, India  
Axis Clinicals Limited, India  
Pranit Projects Private Limited, India  
Pranit Packaging Private Limited, India  
SGD Pharma India Limited (formerly Cogent Glass Limited), India  
Orem Access Bio Inc, India



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for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Veritaz Healthcare Limited, India  
 Alex Merchant PTE. LTD, Singapore  
 Trident Petrochemicals DMCC, Dubai  
 Axis Clinicals LLC, USA  
 Alex Merchant DMCC, Dubai  
 Crest Cellulose Private Limited, India  
 East Pharma Technologies, India (Partnership firm)  
 Axis Clinicals Latina SA DE CV, Mexico  
 Viwyn Pharma Private Limited, India  
 Gelcaps Industries, India  
 Aurobindo Foundation, India

## c) Key managerial personnel

Mr. K. Nithyananda Reddy, Whole-time Director  
 Dr. M. Sivakumaran, Whole-time Director  
 Mr. M. Madan Mohan Reddy, Whole-time Director  
 Mr. P. Sarath Chandra Reddy, Whole-time Director  
 Mr. N. Govindarajan, Managing Director  
 Mr. Santhanam Subramanian, Chief Financial Officer  
 Mr. B. Adi Reddy, Company Secretary  
 Mr. K. Ragunathan, Non-executive Chairman and Independent Director  
 Mr. M. Sitarama Murty, Independent Director  
 Dr. (Mrs.) Avnit Bimal Singh, Independent Director  
 Mr. Rangaswamy Radhakrishnan Iyer, Independent Director (Upto 9 December 2017)  
 Mr.P.Venkata Ramprasad Reddy, Non Executive promoter director  
 Mrs.Savitha Mahajan, Independent Director (w.e.f. 16 December 2017)

## d) Relatives to key managerial personnel

Mr. Vishnu M Sriram (Son in law of Dr. M. Sivakumaran, Wholetime Director)

## ii) Transactions with related parties

### a. Transactions with joint ventures

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Raidurgam Developers Limited (Joint Venture from 30 November 2017)</b>		
<b>Loans given and repayment thereof</b>		
Receipt/ converted into optionally convertible debentures against loan and interest	1.8	1,071.8
Interest accrued	-	8.3
Loan given	-	1,065.2
Balance receivable	-	1.8
<b>Other Transactions</b>		
Reimbursement of expenses received	-	152.1
Investment in optionally convertible debentures	134.6	110.9
Interest accrued	14.4	1.8
<b>Novagen Pharma (Pty) Limited, South Africa</b>		
Sale of products	290.4	209.7
Dividend received	142.1	161.3
Sale of services	40.4	38.1
<b>Eugia Pharma Specialities Ltd, India</b>		
Sale of products	50.3	10.2
Purchases	0.1	0.5
Purchase of property, plant and equipment	0.4	-
Sale of services	2.7	-
Sale of property, plant & equipment	0.1	-
Reimbursement of expenses received	-	3.4

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Tergene Biotech Pvt. Ltd, India</b>		
Equity contribution	15.4	41.1
Investment in 10.5% Cumulative Redeemable Preference shares	34.5	5.0

## b. Transactions with enterprises over which key management personnel or their relatives exercise significant influence

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Pravesha Industries Private Limited, India</b>		
Sale of products	0.3	0.3
Purchases	2,965.0	2,280.4
<b>Sri Sai Packaging, India</b>		
Sale of products	0.4	0.5
Purchases	240.4	211.2
<b>Axis Clinicals Limited, India</b>		
Purchase of services	976.0	830.7
Purchase of Fixed assets	57.2	-
<b>Axis Clinicals LLC, USA</b>		
Purchase of services	0.7	76.0
Purchase of Fixed Assets	180.6	-
<b>Axis Clinicals Latina SA DE CV, Mexico</b>		
Purchase of services	6.4	11.9
<b>Trident Chemphar Limited, India</b>		
Purchases	1,052.0	761.4
Purchase of services	131.1	-
<b>Auropro Soft Systems Private Limited, India</b>		
Purchase of services	-	0.2
<b>Pranit Packaging Private Limited, India</b>		
Purchases	204.3	199.1
<b>SGD Pharma India Limited (formerly Cogent Glass Limited), India</b>		
Purchases	1,162.0	973.8
<b>Orem Access Bio Inc, India</b>		
Purchases	275.3	201.1
<b>Veritaz Healthcare Limited, India</b>		
Sale of products	216.8	127.3
Rent received	0.3	0.3
<b>Alex Merchants DMCC, Dubai</b>		
Purchases	242.4	677.6
<b>Crest Cellulose Private limited, India</b>		
Purchases	442.1	255.9
Sale of property, plant and equipment	0.9	-
Sale of Services	-	0.1
<b>East Pharma Technologies, India</b>		
Purchases	63.0	57.0
<b>Viwyn Pharma Private Limited, India</b>		
Purchase of services	63.0	58.1
Reimbursement of expenses received	-	0.7
<b>Gelcaps Industries, India</b>		
Purchases	289.5	130.0
<b>Aurobindo Foundation, India</b>		
Contribution towards CSR activities	466.0	200.0

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## c. Transactions with key managerial personnel or their relatives

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Mr. K Nithyananda Reddy</b>		
Managerial remuneration	15.1	15.1
Rent expense	2.6	2.4
<b>Dr. M Sivakumaran</b>		
Managerial remuneration	15.1	15.1
<b>Mr. M Madan Mohan Reddy</b>		
Managerial remuneration	26.7	26.7
<b>Mr. P Sarath Chandra Reddy</b>		
Managerial remuneration	8.6	8.3
<b>Mr. Vishnu M Sriram</b>		
Remuneration	5.8	5.4
<b>Mr. N Govindarajan</b>		
Managerial Remuneration	146.3	146.3
<b>Mr. Santhanam Subramanian</b>		
Remuneration	18.7	14.3
<b>Mr. B. Adi Reddy</b>		
Remuneration	3.9	3.3
<b>Mr. P.Venkata Ramprasad Reddy</b>		
Director sitting fees	0.4	0.2
<b>Mr. K.Ragunathan, Non-executive Chairman and Independent Director</b>		
Director sitting fees	1.2	1.0
<b>Mr. M. Sitarama Murty, Independent Director</b>		
Director sitting fees	1.1	1.1
<b>Mrs. Avnit Bimal Singh, Independent Director</b>		
Director sitting fees	1.0	0.6
<b>Mr. Rangaswamy Rathakrishnan Iyer, Independent Director (upto 9 December 2017)</b>		
Director sitting fees	-	0.6
<b>Mrs. Savitha Mahajan, Independent Director</b>		
Director sitting fees	0.8	0.1

Note:

- i) Managerial remuneration does not include provision for gratuity and leave encashment, which is determined for the Company as a whole.
- ii) All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for trade receivable, trade payable and other payables are unsecured, interest free and settlement occurs in cash. The Group has not recorded any impairment of balances relating to amounts owed by related parties during the year ended 31 March 2019 (31 March 2018). Provisions for bad and doubtful debts will be made on an aggregate basis i.e, not specific to party. The assessment is undertaken each financial year through evaluating the financial position of the related party and the market in which the related party operates.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## iii) Closing balances of related parties

### a. Balances with Joint ventures at the year end

	As at 31 March 2019	As at 31 March 2018
<b>Novagen Pharma (Pty) Limited, South Africa</b>		
Balance receivable	117.0	64.5
<b>Raidurgam Developers Limited, India</b>		
Balance receivable	8.2	152.1
<b>Eugia Pharma Specialities Limited, India</b>		
Balance receivable	44.9	4.8

### b. Balances with enterprises over which key management personnel or their relatives exercise significant influence at the year end

	As at 31 March 2019	As at 31 March 2018
<b>Pravesha Industries Private Limited, India</b>		
Balance payable	678.7	486.0
<b>Sri Sai Packaging, India</b>		
Balance payable	31.7	15.6
<b>Axis Clinicals Limited, India</b>		
Balance payable	0.2	77.1
<b>Trident Chemphar Limited, India</b>		
Balance receivable	29.3	-
Balance payable	1.8	155.4
<b>Pranit Packaging Private Limited, India</b>		
Balance receivable	0.8	0.8
Balance payable	19.0	8.3
<b>SGD Pharma India Limited (formerly Cogent Glass Limited), India</b>		
Balance payable	236.7	305.9
<b>Veritaz Healthcare Limited, India</b>		
Balance receivable	85.8	36.5
<b>Alex Merchants DMCC, Dubai</b>		
Balance receivable	-	38.2
<b>Orem Access Bio Inc, India</b>		
Balance payable	45.0	39.6
<b>Crest Cellulose Private Limited, India</b>		
Balance receivable	-	0.1
Balance payable	68.6	35.9
<b>East Pharma Technologies, India</b>		
Balance payable	12.5	6.8
<b>Viwyn Pharma Private Limited, India</b>		
Balance receivable	-	2.0
<b>Gelcaps Industries, India</b>		
Balance receivable	1.7	3.6
Balance payable	55.0	25.5

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## c. Balances with Joint ventures at the year end

	As at 31 March 2019	As at 31 March 2018
<b>Mr. N Govindarajan</b>	<b>100.0</b>	100.0
Balance payable		
<b>Mr. K Nithyananda Reddy</b>	<b>0.2</b>	-
Balance payable		
<b>iv) Details of advances due from private companies in which Parent Company's director is a director.</b>		
Pranit Packaging Private Limited, India	<b>0.8</b>	0.8

- 41** The amount of research and development expenditure charged to consolidated statement of profit and loss is **₹8,682.6** (31 March 2018: ₹ 6,664.6). Further, the amount of capital expenditure incurred towards research and development during the year amounted to **₹1,126.3** (31 March 2018: ₹1,251.6)

## 42 INTEREST IN JOINT VENTURES

The Group has investment in two entities, Eugia Pharma Specialities Limited and Tergene Biotech Private Limited with a voting share of 67.82% and 80.00% respectively. As a result of a contractual arrangement with the third party partner, the Group has a majority representation on the entity's board of directors. However, the approval of directors represented by the third party partner is required for all major decisions with regard to operating and financing activities. As the Group does not control these entities and the other partners have significant participating rights, the Group's interest in these entities has been accounted under the equity method of accounting under Ind AS 111 - Joint Arrangements.

During the financial year 2018-19 the Group has invested in an entity, Purple BellFlower (Pty) Ltd with a voting share of 48%. As a result of contractual arrangement with third party partners, the Group does not have majority/equal representation on the entity's Board of Directors. However, the approval of directors represented by both the Group and the third party partners is required for all major decisions with regard to operating and financing activities. As the Group jointly controls the entity with the third party partners, the Group's interest in this entity has been accounted under the equity method of accounting under Ind AS 111 - Joint Arrangements.

During the previous year 2017-18 the Group has invested in one entity, Raidurgam Developers Limited (Formerly Aurobindo Antibiotics Ltd) with a voting share of 40%. As a result of a contractual arrangement with the third party partner, the Group does not have majority/equal representation on the entity's Board of Directors. However, the approval of directors represented by both the Group and the third party partner is required for all major decisions with regard to operating and financing activities. As the Group jointly controls the entity with the third party partner, the Group's interest in this entity has been accounted under the equity method of accounting under Ind AS 111 - Joint Arrangements.

The Group has interest in the following joint ventures;

	As at 31 March 2019	As at 31 March 2018
Novagen Pharma Pty Ltd, South Africa	<b>50.00%</b>	50.00%
Eugia Pharma Specialities Limited, India	<b>67.82%</b>	67.82%
Tergene Biotech Private Limited, India	<b>80.00%</b>	76.84%
Raidurgam Developers Limited (formerly Aurobindo Antibiotics Limited), India *	<b>40.00%</b>	40.00%
Purple BellFlower (Pty) Ltd, South Africa **	<b>48.00%</b>	-

\* Joint Venture w.e.f. 01 December 2017

\*\* Joint Venture w.e.f. 23 August 2018. The Joint venture is not considered material for the group and hence, disclosure as per para 21 of Ind-AS 112, "Disclosure of Interests in Other Entities" has not been provided.

These joint ventures are engaged in distribution of pharmaceuticals products except, Raidurgam Developers Limited, which is engaged in construction and infrastructure development. The Group's interest in these joint ventures is accounted using the equity method in the consolidated financial statements. Summarised financial information of the joint ventures, based on their financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## (a) Novagen Pharma Pty Ltd, South Africa

### (i) Summarised balance sheet

	As at 31 March 2019	As at 31 March 2018
Current Assets	430.1	587.3
Non-current Assets	147.7	185.2
	<b>577.8</b>	<b>772.5</b>
Current liabilities	239.2	209.0
Equity	338.6	563.5
	<b>577.8</b>	<b>772.5</b>

### (ii) Details of other financial information

	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents	-	111.7

### (iii) Summarised statement of profit and loss

	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue	1,192.8	1,331.2
Interest income	2.2	10.7
Interest expenses	0.8	1.0
Depreciation	10.9	10.3
Profit before tax	184.4	209.7
Income tax expense	(52.6)	(59.1)
Profit for the year	131.8	150.6
Total comprehensive income for the year	131.8	150.6

The Group's Share of Dividend received 137.8 163.4

The Group's share of profits for the year ended 31 March 2019 and 31 March 2018 was ₹ 64.3 and ₹ 89.5 respectively. The carrying value of the Group's investment in equity shares in the joint venture as at 31 March 2019 and 31 March 2018 was ₹247.3 and ₹ 320.9 respectively.

## (b) Eugia Pharma Specialities Limited, India

### (i) Summarised balance sheet

	As at 31 March 2019	As at 31 March 2018
Current Assets	462.5	117.7
Non-current Assets	8,170.9	5,174.3
	<b>8,633.4</b>	<b>5,292.0</b>
Current liabilities	596.5	270.5
Non-current liabilities	4,773.5	2,122.4
Equity	3,263.4	2,899.1
	<b>8,633.4</b>	<b>5,292.0</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## (ii) Details of other financial information

	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents	190.3	56.6
Non-current financial liabilities	4,769.5	2,118.3
Current financial liabilities	185.9	102.4
Capital Commitments (Group's Share)	436.4	443.2

## (iii) Summarised statement of profit and loss

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income	1.9	5.1
Profit before tax	(23.8)	(7.9)
Income tax expense	-	(1.3)
Profit for the year	(23.8)	(9.2)
Total comprehensive income for the year	(23.8)	(9.2)

The Group's share of loss for the year ended 31 March 2019 and 31 March 2018 was ₹20.9 and ₹ 15.8 respectively. The carrying value of the Group's investment in equity shares in the joint venture as at 31 March 2019 and 31 March 2018 was ₹2,199.0 and ₹ 1,956.7 respectively.

## (c) Tergene Biotech Pvt.Ltd, India

### (i) Summarised balance sheet

	As at 31 March 2019	As at 31 March 2018
Current Assets	21.3	7.3
Non-current Assets	44.6	43.7
	65.9	51.0
Current liabilities	41.6	22.1
Non-current liabilities	136.4	97.3
<b>Equity</b>	<b>(112.1)</b>	<b>(68.4)</b>
	65.9	51.0

### (ii) Details of other financial information

	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents	7.4	2.2
Non-current financial liabilities	130.0	96.5
Current financial liabilities	30.4	17.9
Capital Commitments (Groups Share)	1.5	-

### (iii) Summarised statement of profit and loss

	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue	-	-
Other Income	18.7	-
Interest income	-	-
Interest expenses	10.4	8.9
Depreciation	4.6	4.6
Profit before tax	(58.0)	(55.7)
Profit for the year	(58.0)	(55.7)
Total comprehensive income for the year	(59.1)	(56.1)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

The Group's share of loss for the year ended 31 March 2019 and 31 March 2018 was ₹15.4 and ₹41.1 respectively. The carrying value of the Group's investment in equity shares in the joint venture as at 31 March 2019 and 31 March 2018 was ₹Nil and ₹Nil respectively and investment in Preference shares in the joint venture as at 31 March 2019 and 31 March 2018 was ₹129.5 and ₹95.0 respectively.

## (d) Raidurgam Developers Limited (formerly Aurobindo Antibiotics Limited), India

### (i) Summarised balance sheet

	As at 31 March 2019	As at 31 March 2018
Current Assets	729.4	49.6
Non-current Assets	3,850.8	2,076.4
	<b>4,580.2</b>	<b>2,126.0</b>
Current liabilities	52.1	260.1
Non-current liabilities	4,442.1	1,777.3
Equity	86.0	88.6
	<b>4,580.2</b>	<b>2,126.0</b>

### (ii) Details of other financial information

	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents	511.2	2.4
Non-current financial liabilities	4,442.1	1,777.3
Current financial liabilities	46.1	245.6

### (iii) Summarised statement of profit and loss

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expenses	0.8	1.1
Depreciation	0.5	-
Profit before tax	(2.4)	(3.1)
Total comprehensive income for the period	<b>(2.4)</b>	<b>(3.1)</b>

The Group's share of loss for the year ended 31 March 2019 and 31 March 2018 is ₹1.0 and ₹1.2 respectively. The carrying value of the Group's investment in equity shares in the joint venture as at 31 March 2019 and 31 March 2018 is ₹29.3 and ₹30.3 respectively and investment in optionally convertible debentures in the joint venture as at 31 March 2019 and 31 March 2018 is ₹845.5 and ₹710.9 respectively.

## 43 HEDGING ACTIVITIES AND DERIVATIVES - DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

The Group uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one week to twelve months.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 44 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

### A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 March 2019

Particulars	Notes	Carrying amount		Fair value			Total
		FVTPL	Amortised cost	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Non-current investments in others*	6(B)	151.2	-	-	-	151.2	151.2
Non-current investments in government securities*	6(B)	0.2	-	-	-	0.2	0.2
Current investments*	6(C)	0.2	-	0.2	-	-	0.2
Financial asset - Receivable from bank*^	9(B)	13,186.2	-	-	-	13,186.2	13,186.2
Derivative assets	9(B)	64.4	-	-	64.4	-	64.4
		13,402.2	-	0.2	64.4	13,337.6	13,402.2
Financial assets not measured at fair value							
Non-current investments in preference shares	6(B)	-	129.5				129.5
Trade receivables	8(A)&8(B)	-	34,149.7				34,149.7
Loans	7(A)&7(B)	-	167.2				167.2
Cash and cash equivalents	14(A)&14(B)	-	19,571.8				19,571.8
Other financial assets	9(A)&9(B)	-	1,277.8				1,277.8
		-	55,296.0				55,296.0
Financial liabilities measured at fair value							
Derivative liabilities	20	-	-	-	-	-	-
		-	-	-	-	-	-
Financial liabilities not measured at fair value							
Borrowings	17(A), 17(B)&20	-	69,667.6				69,667.6
Trade payables	19	-	26,771.3				26,771.3
Other financial liabilities	20	-	14,478.6				14,478.6
		-	110,917.5				110,917.5

## for the year ended 31 March 2019

**44 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED.)**

31 March 2018

Particulars	Notes	Carrying amount		Fair value			Total	
		FVTPL	Amortised cost	Total carrying amount	Level 1	Level 2		Level 3
<b>Financial assets measured at fair value</b>		1.2	-	1.2	-	-	1.2	1.2
Non-current investments in others*	6(B)	0.2	-	0.2	-	-	0.2	0.2
Non-current investments in government securities*	6(B)	0.2	-	0.2	0.2	-	-	0.2
Current investments*	6(C)	7,877.5	-	7,877.5	-	-	7,877.5	7,877.5
Financial asset - Receivable from bank*^	9(B)	-	-	-	-	-	-	-
Derivative assets	9(B)	7,879.1	-	7,879.1	0.2	-	7,878.9	7,879.1
<b>Financial assets not measured at fair value</b>								
Non-current investments in preference shares	6(B)	-	95.0	95.0				
Trade receivables	8(A)&8(B)	-	30,802.0	30,802.0				
Loans	7(A)&7(B)	-	141.0	141.0				
Cash and cash equivalents	14(A)&14(B)	-	12,622.5	12,622.5				
Other financial assets	9(A)&9(B)	-	932.8	932.8				
<b>Financial liabilities measured at fair value</b>		-	44,593.3	44,593.3				
Derivative liabilities	20	23.3	-	23.3	-	23.3	-	23.3
		23.3	-	23.3	-	23.3	-	23.3
<b>Financial liabilities not measured at fair value</b>								
Borrowings	17(A), 17(B)&20	-	47,699.3	47,699.3				
Trade payables	19	-	23,729.0	23,729.0				
Other financial liabilities	20	-	12,148.0	12,148.0				
		-	83,576.3	83,576.3				

\*These are for operational purposes and the Group estimates that the fair value of these investments are not materially different as compared to their cost.

^ The Group values the accounts receivable subject to a securitization agreement (see note 9) that have been contractually sold but not yet funded by the bank as “Level 3” within the fair value hierarchy, since the Group uses discounted cash flow models, which are considered unobservable inputs. The difference between the fair values and carrying values for such assets is not material as at 31 March 2019 and 31 March 2018 respectively given the short-term duration of the expected term of customer payments to the bank and the underlying credit quality. As such, the requisite disclosures on assumptions (e.g. discount rates and anticipated credit losses) and other inputs are not considered significant.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 44 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED.)

### B. Measurement of fair values

#### i. Valuation technique and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the consolidated balance sheet, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Derivative instruments	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable

#### ii. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2018-19 and no transfers in either direction in 2017-18.

### C. Risk management framework

The Parent Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks being faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the parent company's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

The Group is exposed primarily to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The Group uses derivative financial instruments such as forwards to minimise any adverse effect on its financial performance.

#### (i) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, loans and other financial assets. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## 44 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED.)

### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Management also evaluates the factors that may influence the credit risk of its customer base, including the default risk and country in which the customers operate. The Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group review includes external ratings, if available, financial statements, credit agency information, industry information and in some case bank references. Sales limits are established for each customer and reviewed quarterly.

The Group's receivables turnover is quick and historically, there was no significant default on account of trade and other receivables. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Group assesses at each reporting date whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

### Other financial assets

The Group maintains exposure in cash and cash equivalents, other receivables from bank and derivative instruments with financial institutions.

The Group's maximum exposure to credit risk as at 31 March 2019 and 31 March 2018 is the carrying value of each class of financial assets.

### (ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The following are the remaining contractual maturities of financial liabilities at reporting date:

As at 31 March 2019	Carrying amount	Contractual cash flows			
		< 12 months	1 to 5 years	> 5 years	Total
<b>Non-derivative financial liabilities</b>					
Non-current borrowings	3,446.7	2,148.2	1,316.1	-	3,464.3
Current borrowings	65,574.9	66,224.3	-	-	66,224.3
Finance lease obligation - Non-current	488.8	-	540.5	-	540.5
Finance lease obligations - Current	157.2	179.6	-	-	179.6
Trade payables	26,771.3	26,771.3	-	-	26,771.3
Other financial liabilities	14,478.6	14,478.6	-	-	14,478.6
<b>Derivative financial liabilities</b>					
Foreign exchange forward contracts	-	-	-	-	-



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 44 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED.)

As at 31 March 2018	Carrying amount	Contractual cash flows			Total
		< 12 months	1 to 5 years	> 5 years	
<b>Non-derivative financial liabilities</b>					
Non-current borrowings	7,116.4	2,934.0	4,253.6	-	7,187.6
Current borrowings	40,313.4	40,510.9	-	-	40,510.9
Finance lease obligation	269.6	-	289.9	-	289.9
Trade payables	23,729.0	23,729.0	-	-	23,729.0
Other financial liabilities	12,148.0	12,148.0	-	-	12,148.0
<b>Derivative financial liabilities</b>					
Foreign exchange forward contracts	23.3	23.3	-	-	23.3

### (iii) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity, commodity rates and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

### (a) Foreign Currency risk:

The fluctuation in foreign currency exchange rates may have potential impact on the consolidated statement of profit or loss, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the respective functional currency of each entity. The Group is subject to foreign exchange risk primarily due to its foreign currency revenues, expenses and borrowings. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro and GBP against the functional currency of the Company. The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Group has a treasury team which evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks and advises the Management of any material adverse effect on the Group. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on foreign exchange risk from derivative instruments and non derivative instruments is as follows:

The summary of quantitative data about the Group's exposure to currency risk (based on the notional amounts) as reported to the management is as follows:

### As at 31 March 2019

Particulars	USD	Euro	GBP	Others	Total
<b>Financial assets</b>					
Trade receivables	9,696.8	706.1	(16.2)	121.7	10,508.4
Cash and cash equivalents	611.9	85.1	26.7	3.3	727.0
Loans	36.3	0.1	1.0	-	37.4
Other financial assets	-	-	-	-	-
<b>Total</b>	<b>10,345.0</b>	<b>791.3</b>	<b>11.5</b>	<b>125.0</b>	<b>11,272.8</b>
<b>Less:</b>					
Foreign exchange forward contracts	-	(1,786.5)	-	(1,025.9)	(2,812.4)
<b>Net exposure in financial assets</b>	<b>10,345.0</b>	<b>(995.2)</b>	<b>11.5</b>	<b>(900.9)</b>	<b>8,460.4</b>
<b>Financial liabilities</b>					
Borrowings	37,168.2	5,116.8	1,267.4	-	43,552.4
Interest accrued but not due	2.2	0.5	-	-	2.7
Trade payables (including capital creditors)	8,092.1	264.0	17.9	46.5	8,420.5
<b>Total</b>	<b>45,262.5</b>	<b>5,381.3</b>	<b>1,285.3</b>	<b>46.5</b>	<b>51,975.6</b>
<b>Less:</b>					
Foreign exchange forward contracts	(420.5)	-	-	-	(420.5)
<b>Net exposure in financial liabilities</b>	<b>44,842.0</b>	<b>5,381.3</b>	<b>1,285.3</b>	<b>46.5</b>	<b>51,555.1</b>
<b>Net exposure in respect of recognised assets/(liabilities)</b>	<b>(34,497.0)</b>	<b>(6,376.5)</b>	<b>(1,273.8)</b>	<b>(947.4)</b>	<b>(43,094.7)</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## 44 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED.)

As at 31 March 2018

Particulars	USD	Euro	GBP	Others	Total
<b>Financial assets</b>					
Trade receivables	10,282.6	837.5	-	119.2	11,239.3
Cash and cash equivalents	1,290.8	399.6	295.2	5.4	1,991.0
Loans	0.6	0.2	-	-	0.8
Other financial assets	1.3	-	-	-	1.3
<b>Total</b>	<b>11,575.3</b>	<b>1,237.3</b>	<b>295.2</b>	<b>124.6</b>	<b>13,232.4</b>
<b>Less:</b>					
Foreign exchange forward contracts	(2,038.3)	(767.7)	(645.9)	(288.8)	(3,740.7)
<b>Net exposure in financial assets</b>	<b>9,537.0</b>	<b>469.6</b>	<b>(350.7)</b>	<b>(164.2)</b>	<b>9,491.7</b>
<b>Financial liabilities</b>					
Borrowings	33,017.3	3,136.9	1,074.1	-	37,228.3
Interest accrued but not due	10.7	-	-	-	10.7
Trade payables (including capital creditors)	6,473.9	411.6	25.8	-	6,911.3
<b>Total</b>	<b>39,501.9</b>	<b>3,548.5</b>	<b>1,099.9</b>	<b>-</b>	<b>44,150.3</b>
<b>Less:</b>					
Foreign exchange forward contracts	(195.5)	(242.4)	(184.6)	-	(622.5)
<b>Net exposure in financial liabilities</b>	<b>39,306.4</b>	<b>3,306.1</b>	<b>915.3</b>	<b>-</b>	<b>43,527.8</b>
<b>Net exposure in respect of recognised assets/(liabilities)</b>	<b>(29,769.4)</b>	<b>(2,836.5)</b>	<b>(1,266.0)</b>	<b>(164.2)</b>	<b>(34,036.1)</b>

### Sensitivity analysis:

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit or (loss)			
	31 March 2019		31 March 2018	
	Strengthening	Weakening	Strengthening	Weakening
USD (5% movement)	(1,724.9)	1,724.9	(1,488.5)	1,488.5
Euro (5% movement)	(318.8)	318.8	(141.8)	141.8
GBP (5% movement)	(63.7)	63.7	(63.3)	63.3
Others (5% movement)	(47.4)	47.4	(8.2)	8.2

### b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to risk of change in market interest rates because it borrows funds at both fixed and floating interest rates. The Group manages its interest rate risk by having a balances portfolio of fixed and variable rate loans and borrowings. As the Group has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

Particulars	31 March 2019	31 March 2018
Variable rate borrowings including current maturities	69,021.6	47,429.8
<b>Total borrowings</b>	<b>69,021.6</b>	<b>47,429.8</b>

### Sensitivity analysis:

Particulars	Impact on profit and loss			
	31 March 2019		31 March 2018	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Variable rate instruments	(294.5)	294.5	(245.9)	245.9

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for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## c) Commodity risk:

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchase of active pharmaceutical ingredients and other raw material components for its products. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Group's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Group's business are generally more volatile. Cost of raw materials forms the largest portion of the Group's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of 31 March 2019, the Group had not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

## 45 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

## 46 ADDITIONAL STATUTORY INFORMATION IN RESPECT OF THE COMPONENTS OF APL AND ITS CONSOLIDATED ENTITIES

Name of the entity	As at and for the year ended 31 March 2019							
	Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated OCI	Amount	As % of total comprehensive income	Amount
Parent - Aurobindo Pharma Limited	81.70 %	113,506.2	64.70 %	15,297.2	33.57 %	(14.1)	64.75 %	15,283.1
<b>Subsidiaries - Indian</b>								
APL Research Centre Limited	0.09 %	119.5	0.00 %	(0.1)	-	-	0.00 %	(0.1)
APL Health Care Limited	0.83 %	1,148.7	(1.97)%	(465.4)	4.53 %	(1.9)	(1.98)%	(467.3)
Auronext Pharma Private Limited	1.62 %	2,253.2	7.88 %	1,863.5	(3.33)%	1.4	7.90 %	1,864.9
Auro Peptides Limited	(0.26)%	(365.2)	(0.52)%	(122.5)	(0.48)%	0.2	(0.52)%	(122.3)
Aurobindo Antibiotics Limited (converted into a joint venture, Raidurgam Developers Limited w.e.f. 30 November 2017)	-	-	-	-	-	-	-	-
Curepro Parenterals Limited	1.42 %	1,978.4	(0.05)%	(12.7)	-	-	(0.05)%	(12.7)
Hyacinths Pharma Private Limited	0.23 %	320.5	(0.01)%	(2.8)	-	-	(0.01)%	(2.8)
Silicon Life Sciences Private Limited	0.14 %	190.8	0.37 %	86.5	2.38 %	(1.0)	0.36 %	85.5
AuroZymes Limited	0.00 %	(0.4)	-	-	-	-	-	-
Auro Pharma India Private Limited	0.00 %	0.9	0.00 %	(0.1)	-	-	0.00 %	(0.1)
<b>Subsidiaries - Foreign</b>								
APL Pharma Thai Limited	0.12 %	168.8	0.00 %	(1.1)	-	-	0.00 %	(1.1)
Aurobindo Pharma Industria Farmaceutica Ltda	0.78 %	1,078.4	2.53 %	598.0	-	-	2.53 %	598.0
Aurobindo Pharma Produtos Farmaceuticos Limitada	0.17 %	229.7	0.06 %	13.4	-	-	0.06 %	13.4
All Pharma (Shanghai) Trading Company Limited	0.14 %	190.2	0.05 %	12.6	-	-	0.05 %	12.6
Helix Healthcare B.V.	9.73 %	13,519.4	0.95 %	224.3	-	-	0.95 %	224.3
Agile Pharma B.V.	4.89 %	6,790.9	3.88 %	916.6	-	-	3.88 %	916.6
Auro Pharma Inc.	0.65 %	902.1	0.52 %	123.8	-	-	0.52 %	123.8
Aurobindo Pharma (Pty) Limited	0.14 %	194.6	0.58 %	137.5	-	-	0.58 %	137.5
Auro Healthcare (Nigeria) Limited	-	-	0.00 %	(0.1)	-	-	0.00 %	(0.1)
Aurobindo Pharma Japan K.K.	0.09 %	128.1	0.01 %	2.9	-	-	0.01 %	2.9
Laboratorios Aurobindo, S.L.	0.10 %	138.1	0.12 %	28.8	-	-	0.12 %	28.8
Aurobindo Pharma (Italia) S.r.l	0.03 %	47.5	(0.34)%	(79.4)	-	-	(0.34)%	(79.4)
Aurobindo Pharma (Portugal) Unipessoal Limitada	-	-	-	-	-	-	-	-
Aurobindo Pharma GmbH	0.31 %	429.3	0.37 %	88.3	-	-	0.37 %	88.3

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## 46 ADDITIONAL STATUTORY INFORMATION IN RESPECT OF THE COMPONENTS OF APL AND ITS CONSOLIDATED ENTITIES (CONTINUED)

Name of the entity	As at and for the year ended 31 March 2019							
	Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated OCI	Amount	As % of total comprehensive income	Amount
Aurobindo ILAC Sanayi ve Ticaret Limited Sirketi	-	-	-	-	-	-	-	-
Aurobindo Pharma (Romania) s.r.l	0.05 %	68.9	(0.30)%	(71.6)	-	-	(0.30)%	(71.6)
Aurovida Farmaceutica SA DE CV	0.21 %	293.3	(0.51)%	(120.5)	-	-	(0.51)%	(120.5)
Aurobindo Pharma Colombia S.A.S.	0.17 %	235.7	0.45 %	106.3	-	-	0.45 %	106.3
Aurovitas, Unipessoal LDA	-	-	-	-	-	-	-	-
Pharmacin B.V. (formerly Aurex B.V.)	0.01 %	17.3	0.01 %	2.0	-	-	0.01 %	2.0
Aurobindo Pharma USA Inc.	7.44 %	10,329.9	2.41 %	569.0	-	-	2.41 %	569.0
Aurolife Pharma LLC	8.12 %	11,279.2	1.82 %	430.4	-	-	1.82 %	430.4
Auromedics Pharma LLC	1.76 %	2,448.7	6.20 %	1,466.1	-	-	6.21 %	1,466.1
Auro Health LLC	0.13 %	174.7	3.29 %	777.4	-	-	3.29 %	777.4
Natrol LLC	2.86 %	3,976.2	5.02 %	1,186.3	-	-	5.03 %	1,186.3
Auro AR LLC	0.00 %	6.9	-	-	-	-	-	-
Aurobindo Pharma USA LLC	-	-	-	-	-	-	-	-
Auro Vaccines LLC	0.01 %	19.7	(0.03)%	(8.2)	-	-	(0.03)%	(8.2)
Auro Logistics LLC	0.05 %	68.9	0.15 %	34.6	-	-	0.15 %	34.6
Acrotech Biopharma LLC	0.00 %	(6.3)	(0.17)%	(41.3)	-	-	(0.17)%	(41.3)
Auro Science LLC	-	-	-	-	-	-	-	-
Auroscience (pty) Ltd	0.61 %	840.7	0.02 %	4.0	-	-	0.02 %	4.0
Aurex B.V. (formerly Pharmacin B.V.)	0.15 %	205.8	0.12 %	29.3	-	-	0.12 %	29.3
Milpharm Limited	0.83 %	1,146.4	0.98 %	232.2	-	-	0.98 %	232.2
Aurobindo Pharma (Malta) Limited	0.43 %	592.1	(0.14)%	(33.7)	-	-	(0.14)%	(33.7)
APL Swift Services (Malta) Limited	0.25 %	351.6	0.03 %	6.1	-	-	0.03 %	6.1
Arrow Generiques SAS	2.70 %	3,756.3	3.00 %	709.2	-	-	3.00 %	709.2
1980 Puren Pharma GmbH (formerly Actavis Management GmbH)	0.00 %	4.2	0.00 %	0.1	-	-	0.00 %	0.1
Puren Pharma GmbH & Co., KG (formerly Actavis Deutschland GmbH & Co., KG)	0.98 %	1,357.1	2.80 %	662.8	-	-	2.81 %	662.8
Aurovitas Spain SA	0.79 %	1,097.0	1.18 %	278.9	-	-	1.18 %	278.9
Aurovitas Pharma Polska	0.12 %	172.9	0.03 %	6.2	-	-	0.03 %	6.2
Aurobindo Pharma B.V. (formerly Actavis B.V.)	0.54 %	748.7	1.63 %	384.8	-	-	1.63 %	384.8
Generis Farmaceutica S.A.	5.24 %	7,273.3	(1.79)%	(422.9)	-	-	(1.79)%	(422.9)
Mer Medicamentos, Lda	-	-	-	-	-	-	-	-
Generis Phar, Unipessoal Lda.	0.00 %	0.5	0.00 %	0.3	-	-	0.00 %	0.3
Farma APS - Promocao de Medicamentos, Unipessoal Lda.,	-	-	-	-	-	-	-	-
Generis MZ, Lda.,	-	-	-	-	-	-	-	-
Aurovitas Pharma Ceska republika s.r.o	0.17 %	236.4	(0.15)%	(36.0)	-	-	(0.15)%	(36.0)
Aurogen South Africa (Pty) Ltd	0.64 %	891.8	3.11 %	736.2	-	-	3.12 %	736.2
Aurobindo Pharma Saudi Arabia Limited Company	0.09 %	130.3	(0.13)%	(31.1)	-	-	(0.13)%	(31.1)
Aurovitas Pharma (Taizhou) Ltd	0.26 %	367.2	(0.12)%	(29.0)	-	-	(0.12)%	(29.0)
Aurobindo Pharma FZ LLC	0.00 %	0.9	-	-	-	-	-	-
Apotex N.V.	0.28 %	394.9	(0.14)%	(32.8)	-	-	(0.14)%	(32.8)
Apotex (CR) Spol s.r.o.	0.55 %	767.6	0.03 %	6.5	-	-	0.03 %	6.5
Apotex Europe B.V.	0.16 %	223.1	0.01 %	3.0	-	-	0.01 %	3.0

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 46 ADDITIONAL STATUTORY INFORMATION IN RESPECT OF THE COMPONENTS OF APL AND ITS CONSOLIDATED ENTITIES (CONTINUED)

Name of the entity	As at and for the year ended 31 March 2019							
	Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated OCI	Amount	As % of total comprehensive income	Amount
Apotex Polska sp. z.o.o.	0.34 %	475.4	(0.03)%	(6.4)	-	-	(0.03)%	(6.4)
Apotex Espana SL	0.10 %	143.3	(0.50)%	(117.8)	-	-	(0.50)%	(117.8)
Apotex Nederland B.V.	1.53 %	2,118.0	(0.47)%	(104.6)	-	-	(0.44)%	(104.6)
Sameko Farma B.V.	-	-	-	-	-	-	-	-
Leidapharm B.V.	-	-	-	-	-	-	-	-
Marel B.V.	-	-	-	-	-	-	-	-
Pharma Dossier B.V.	-	-	-	-	-	-	-	-
CurateQ Biologics GmbH	0.00 %	(2.5)	(0.02)%	(3.8)	-	-	(0.02)%	(3.8)
<b>Joint Ventures (accounted under equity method)</b>								
<b>Joint Ventures - Foreign</b>								
Novagen Pharma (Pty) Ltd	N.A*	N.A*	0.28 %	65.9	N.A*	N.A*	0.28 %	65.9
Purple BellFlower (Pty) Ltd	N.A*	N.A*	-	-	N.A*	N.A*	-	-
<b>Joint Ventures - Indian</b>								
Eugia Pharma Specialities Limited	N.A*	N.A*	(0.07)%	(16.1)	N.A*	N.A*	(0.07)%	(16.1)
Tergene Biotech Private Limited	N.A*	N.A*	(0.20)%	(47.3)	N.A*	N.A*	(0.20)%	(47.3)
Raidurgam Developers Limited (formerly Aurobindo Antibiotics Limited)	N.A*	N.A*	0.00 %	(1.0)	N.A*	N.A*	0.00 %	(1.0)
<b>Minority Interests in all subsidiaries</b>	0.01 %	15.9	(0.01)%	(2.3)	-	-	-	-
<b>Total</b>	<b>140.48 %</b>	<b>195,159.9</b>	<b>106.94 %</b>	<b>25,285.0</b>	<b>36.67%</b>	<b>(15.4)</b>	<b>107.05%</b>	<b>25,267.3</b>
<b>Consolidation adjustments</b>	<b>(40.48)%</b>	<b>(56,236.2)</b>	<b>(6.94)%</b>	<b>(1,640.0)</b>	<b>63.33 %</b>	<b>(26.6)</b>	<b>(7.05)%</b>	<b>(1,664.3)</b>
<b>Net amount</b>	<b>100.00%</b>	<b>138,923.7</b>	<b>100.00%</b>	<b>23,645.0</b>	<b>100.00%</b>	<b>(42.0)</b>	<b>100.00%</b>	<b>23,603.0</b>

\* Not Applicable

### Note :

- The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impacts on elimination of inter company transactions / profits / Consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under requirements of the Companies Act, 2013.
- Percentages below 0.01% have been disclosed as 0.00%.

Name of the entity	As at and for the year ended 31 March 2018							
	Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated OCI	Amount	As % of total comprehensive income	Amount
Parent - Aurobindo Pharma Limited	85.45 %	99,825.8	74.82 %	18,127.7	(1.46)%	(21.8)	70.38 %	18,105.9
<b>Subsidiaries - Indian</b>								
APL Research Centre Limited	0.10 %	119.5	-	-	-	-	-	-
APL Health Care Limited	1.09 %	1,277.5	(1.13)%	(273.4)	(0.02)%	(0.3)	(1.06)%	(273.7)
Auronext Pharma Private Limited	0.33 %	388.3	(0.14)%	(33.8)	(0.07)%	(1.0)	(0.14)%	(34.8)
Auro Peptides Limited	(0.21)%	(242.8)	(0.58)%	(139.9)	(0.06)%	(0.9)	(0.55)%	(140.8)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 46 ADDITIONAL STATUTORY INFORMATION IN RESPECT OF THE COMPONENTS OF APL AND ITS CONSOLIDATED ENTITIES (CONTINUED)

Name of the entity	As at and for the year ended 31 March 2018							
	Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated OCI	Amount	As % of total comprehensive income	Amount
Aurobindo Antibiotics Limited (converted into a joint venture, Raidurgam Developers Limited w.e.f. 30 November 2017)	-	-	0.00 %	(0.3)	-	-	0.00 %	(0.3)
Curepro Parenterals Limited	1.70 %	1,991.1	-	-	-	-	-	-
Hyacinths Pharma Private Limited	0.13 %	147.7	-	-	-	-	-	-
Silicon Life Sciences Private Limited	0.09 %	105.3	(0.02) %	(5.9)	0.03 %	0.4	(0.02) %	(5.5)
AuroZymes Limited	0.00 %	(0.4)	0.00 %	(0.1)	-	-	0.00 %	(0.1)
Auro Pharma India Private Limited	0.00 %	1.0	-	-	-	-	-	-
<b>Subsidiaries - Foreign</b>								
APL Pharma Thai Limited	0.14 %	162.5	0.00 %	0.4	-	-	0.00 %	0.4
Aurobindo Pharma Industria Farmaceutica Ltda	1.16 %	1,356.6	1.70 %	412.9	-	-	1.61 %	412.9
Aurobindo Pharma Produtos Farmaceuticos Limitada	0.21 %	240.9	0.09 %	20.7	-	-	0.08 %	20.7
All Pharma (Shanghai) Trading Company Limited	0.15 %	179.4	0.04 %	9.0	-	-	0.03 %	9.0
Helix Healthcare B.V.	9.52 %	11,124.5	(0.77) %	(185.8)	-	-	(0.72) %	(185.8)
Agile Pharma B.V.	5.26 %	6,147.5	1.83 %	443.9	-	-	1.73 %	443.9
Auro Pharma Inc.	0.71 %	826.2	1.59 %	385.7	-	-	1.50 %	385.7
Aurobindo Pharma (Pty) Limited	0.68 %	799.1	0.80 %	193.2	-	-	0.75 %	193.2
Auro Healthcare (Nigeria) Limited	-	-	(0.01) %	(1.8)	-	-	(0.01) %	(1.8)
Aurobindo Pharma Japan K.K.	0.11 %	123.5	(0.03) %	(6.3)	-	-	(0.02) %	(6.3)
Laboratorios Aurobindo, S.L.	0.10 %	114.8	0.18 %	43.3	-	-	0.17 %	43.3
Aurobindo Pharma (Italia) S.r.l	0.08 %	89.7	(0.38) %	(92.1)	-	-	(0.36) %	(92.1)
Aurobindo Pharma (Portugal) Unipessoal Limitada	0.06 %	67.2	(0.02) %	(4.5)	-	-	(0.02) %	(4.5)
Aurobindo Pharma GmbH	0.38 %	449.3	0.35 %	84.9	-	-	0.33 %	84.9
Aurobindo ILAC Sanayi ve Ticaret Limited Sirketi	-	-	(0.26) %	(63.3)	-	-	(0.25) %	(63.3)
Aurobindo Pharma (Romania) s.r.l	0.12 %	143.6	(0.07) %	(17.7)	-	-	(0.07) %	(17.7)
Aurovida Farmaceutica SA DE CV	0.35 %	411.4	0.00 %	0.8	-	-	0.00 %	0.8
Aurobindo Pharma Colombia S.A.S.	0.12 %	144.6	0.34 %	81.3	-	-	0.32 %	81.3
Aurovitas, Unipessoal LDA	0.21 %	241.6	0.47 %	113.9	-	-	0.44 %	113.9
Pharmacin B.V. (formerly Aurex B.V.)	0.01 %	16.0	0.01 %	2.3	-	-	0.01 %	2.3
Aurobindo Pharma USA Inc.	7.88 %	9,203.8	6.19 %	1,499.8	-	-	5.83 %	1,499.8
Aurolife Pharma LLC	8.76 %	10,228.0	4.60 %	1,115.4	-	-	4.34 %	1,115.4
Auromedics Pharma LLC	0.80 %	937.9	0.97 %	234.5	-	-	0.91 %	234.5
Auro Health LLC	(0.48) %	(561.7)	0.60 %	145.3	-	-	0.56 %	145.3
Natrol LLC	2.26 %	2,639.0	2.59 %	628.3	-	-	2.44 %	628.3
Auro AR LLC	0.01 %	6.5	-	-	-	-	-	-
Aurobindo Pharma USA LLC	-	-	-	-	-	-	-	-
Auro Vaccines LLC	0.02 %	26.2	(0.02) %	(4.2)	-	-	(0.02) %	(4.2)
Auro Logistics LLC	0.03 %	32.6	-	-	-	-	-	-
Acrotech Biopharma LLC	0.03 %	32.6	-	-	-	-	-	-
Auro Science LLC	-	-	-	-	-	-	-	-
Auroscience (pty) Ltd	-	-	-	-	-	-	-	-
Aurex B.V. (formerly Pharmacin B.V.)	0.16 %	184.8	0.19 %	46.9	-	-	0.18 %	46.9
Milpharm Limited	0.96 %	1,119.1	0.81 %	196.5	-	-	0.76 %	196.5
Aurobindo Pharma (Malta) Limited	0.56 %	649.8	0.00 %	(1.1)	-	-	0.00 %	(1.1)
APL Swift Services (Malta) Limited	0.31 %	359.7	0.29 %	70.7	-	-	0.27 %	70.7
Arrow Generiques SAS	2.74 %	3,198.0	4.33 %	1,048.9	-	-	4.08 %	1,048.9
1980 Puren Pharma GmbH (formerly Actavis Management GmbH)	0.00 %	4.3	-	-	-	-	0.00 %	-



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 46 ADDITIONAL STATUTORY INFORMATION IN RESPECT OF THE COMPONENTS OF APL AND ITS CONSOLIDATED ENTITIES (CONTINUED)

Name of the entity	As at and for the year ended 31 March 2018							
	Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated OCI	Amount	As % of total comprehensive income	Amount
Puren Pharma GmbH & Co., KG (formerly Actavis Deutschland GmbH & Co., KG)	1.40 %	1,640.0	3.43 %	831.3	-	-	3.23 %	831.3
Aurovitas Spain SA	0.74 %	862.1	0.79 %	190.8	-	-	0.74 %	190.8
Aurovitas Pharma Polska	0.10 %	113.3	0.01 %	1.8	-	-	0.01 %	1.8
Aurobindo Pharma B.V. (formerly Actavis B.V.)	0.34 %	393.7	0.58 %	140.3	-	-	0.55 %	140.3
Generis Farmaceutica S.A.	6.58 %	7,681.4	(2.17)%	(526.0)	-	-	(2.04)%	(526.0)
Mer Medicamentos, Lda	0.00 %	1.8	0.00 %	(0.1)	-	-	0.00 %	(0.1)
Generis Phar, Unipessoal Lda.	0.00 %	0.2	-	-	-	-	-	-
Farma APS - Promocao de Medicamentos, Unipessoal Lda.,	0.00 %	0.4	-	-	-	-	-	-
Generis MZ, Lda.,	-	-	-	-	-	-	-	-
Aurovitas Pharma Ceska republika s.r.o	0.00 %	0.3	-	-	-	-	-	-
Aurogen South Africa (Pty) Ltd	-	-	-	-	-	-	-	-
Aurobindo Pharma Saudi Arabia Limited Company	0.13 %	150.8	(0.09)%	(21.7)	-	-	(0.08)%	(21.7)
Aurovitas Pharma (Taizhou) Ltd	-	-	-	-	-	-	-	-
Aurobindo Pharma FZ LLC	-	-	-	-	-	-	-	-
Apotex N.V.	-	-	-	-	-	-	-	-
Apotex (CR) Spol s.r.o.	-	-	-	-	-	-	-	-
Apotex Europe B.V.	-	-	-	-	-	-	-	-
Apotex Polska sp. z.o.o.	-	-	-	-	-	-	-	-
Apotex Espana SL	-	-	-	-	-	-	-	-
Apotex Nederland B.V.	-	-	-	-	-	-	-	-
Sameko Farma B.V.	-	-	-	-	-	-	-	-
Leidapharm B.V.	-	-	-	-	-	-	-	-
Marel B.V.	-	-	-	-	-	-	-	-
Pharma Dossier B.V.	-	-	-	-	-	-	-	-
CurateQ Biologics GmbH	-	-	-	-	-	-	-	-
<b>Joint Ventures (accounted under equity method)</b>								
<b>Joint Ventures - Foreign</b>								
Novagen Pharma (Pty) Ltd	N.A*	N.A*	0.31 %	75.3	N.A*	N.A*	0.29 %	75.3
Purple BellFlower (Pty) Ltd	N.A*	N.A*	-	-	N.A*	N.A*	-	-
<b>Joint Ventures - Indian</b>								
Eugia Pharma Specialities Limited	N.A*	N.A*	(0.03)%	(6.2)	N.A*	N.A*	(0.02)%	(6.2)
Tergene Biotech Private Limited	N.A*	N.A*	(0.16)%	(39.3)	N.A*	N.A*	(0.15)%	(39.3)
Raidurgam Developers Limited (formerly Aurobindo Antibiotics Limited)	N.A*	N.A*	0.00 %	(1.2)	N.A*	N.A*	0.00 %	(1.2)
<b>Minority Interests in all subsidiaries</b>	0.02 %	18.2	(0.01)%	(2.6)	-	-	(0.01)%	(2.60)
<b>Total</b>	<b>141.36%</b>	<b>165,137.8</b>	<b>102.04 %</b>	<b>24,723.7</b>	<b>(1.58)%</b>	<b>(23.6)</b>	<b>96.02%</b>	<b>24,700.1</b>
<b>Consolidation adjustments</b>	<b>(41.36)%</b>	<b>(48,315.3)</b>	<b>(2.04)%</b>	<b>(494.6)</b>	<b>101.58 %</b>	<b>1,519.1</b>	<b>3.98 %</b>	<b>1,024.5</b>
<b>Net amount</b>	<b>100.00%</b>	<b>116,822.5</b>	<b>100.00%</b>	<b>24,229.1</b>	<b>100.00 %</b>	<b>1,495.5</b>	<b>100.00%</b>	<b>25,724.6</b>

\* Not Applicable

### Note :

- The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impacts on elimination of inter company transactions / profits / Consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under requirements of the Companies Act, 2013.
- Percentages below 0.01% have been disclosed as 0.00%.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## 47 CONTRIBUTION TO POLITICAL PARTIES AS PER SECTION 182 OF COMPANIES ACT, 2013. (INCLUDED IN MISCELLANEOUS EXPENSES)

	For the year ended 31 March 2019	For the year ended 31 March 2018
To political parties	1.3	1.0
Purchase of Electoral Bonds in accordance with the Electoral Bond Scheme notified by the Government of India	500.0	-

## 48 EXCEPTIONAL ITEMS

Exceptional items for the current year represent acquisition related costs charged to consolidated statement of profit and loss in accordance with Ind AS 103 - Business Combination.

## 49 SEGMENT INFORMATION

### a) Identification of Reportable Segments:

Segments are identified in line with Indian Accounting Standard (Ind AS) 108 "Operating Segments", taking into consideration the internal organisation and management structure as well as the differential risk and returns of each of the segments.

Operating segments are components of the Group whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete information is available.

Based on the Group's / Consolidated entities' business model of vertical integration, pharmaceuticals have been considered as a single business segment for the purpose of making decisions on allocation of resources and assessing its performance. Hence, no separate financial disclosures provided in respect of its single business segment.

Operations of the Group / Consolidated entities are managed from independent locations, which are located in different geographical locations. However each of these operating locations are further aggregated based on the following factors: (a) similarity of economic and political conditions; (b) relationships between operations in different geographical areas; (c) proximity of operations; (d) special risks associated with operations in a particular area; (e) exchange control regulations; and (f) the underlying currency risk. Accordingly, the following have been identified as operating and reportable segments: (a) "India", (b) "USA" (c) "Europe" and (d) "Rest of the World".

The geographic information analyses the Group's revenues and non-current assets by the components' country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of assets.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

## a) Revenue from external customers

	For the year ended 31 March 2019	For the year ended 31 March 2018
India	23,128.0	19,802.8
USA	93,242.5	76,721.7
Europe	61,072.9	51,491.6
Rest of the world	18,192.0	16,982.2
	<b>195,635.4</b>	<b>164,998.3</b>

## b) Non-current assets (other than financial instruments and deferred tax assets)

	As at 31 March 2019	As at 31 March 2018
India	57,929.0	52,806.0
USA	31,870.9	16,621.6
Europe	15,365.0	15,088.8
Rest of the world	1,804.1	1,394.4
	<b>106,969.0</b>	<b>85,910.8</b>

- c) The Group has no external customer which accounts for more than 10% of the Group's total revenue for the year ended 31 March 2019 and 31 March 2018.

As per our Report of even date attached.

For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership No.049642

Place: Hyderabad  
Date: 28 May 2019

for and on behalf of the Board of Directors of  
**Aurobindo Pharma Limited**

**N. Govindarajan**  
Managing Director  
DIN-00050482

**Santhanam Subramanian**  
Chief Financial Officer

Place: Hyderabad  
Date: 28 May 2019

**Dr. M. Sivakumaran**  
Director  
DIN-01284320

**B. Adi Reddy**  
Company Secretary  
Membership No.13709





## Aurobindo Pharma Limited

(CIN - L24239TG1986PLC015190)

Regd. Office: Plot No.2, Maitrivihar, Ameerpet, Hyderabad – 500 038, Telangana, India

Tel No. +91 40 23736370, 23747340 Fax No. +91 40 23741080, 23746833

E-mail: info@aurobindo.com; Website: www.aurobindo.com

**32ND ANNUAL GENERAL MEETING – THURSDAY, AUGUST 29, 2019**

# PROXY FORM

Name of the Member(s): .....

Registered address: .....

E-mail Id: .....

Folio No. / Client ID: ..... DP ID: .....

I/We, being member(s) of Aurobindo Pharma Limited, holding ..... shares of the Company, hereby appoint:

A. Name : .....

Address: .....

E-mail ID: ..... Signature: ....., or failing him

B. Name : .....

Address: .....

E-mail ID: ..... Signature: ....., or failing him

C. Name : .....

Address: .....

E-mail ID: ..... Signature: ....., or failing him

as my/our proxy to attend and vote (on poll) for me/us, on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, the 29th day of August, 2019 at 3.00 p.m. at **Kaveri Ball Room, Hotel Trident, Hi-tech City, Near Cyber Towers, Madhapur, Hyderabad 500 081** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	For	Against
<b>Ordinary Business</b>			
1	To receive, consider and adopt the Audited Standalone Financial Statements for the financial year ended March 31, 2019 and reports of Directors and Auditors thereon		
2	To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended on March 31, 2019 and report of Auditors thereon.		
3	To confirm the first interim dividend of ₹1.25 and second interim dividend of ₹1.25 in aggregate ₹2.50 per equity share of ₹1/- each, as dividend for the financial year 2018-19.		
4	To appoint a Director in place of Mr. P. Sarath Chandra Reddy who retires by rotation and being eligible, seeks re-appointment.		
5	To appoint a Director in place of Dr. M. Sivakumaran who retires by rotation and being eligible, seeks re-appointment.		
<b>Special Business</b>			
6	To re-appoint Mr. K. Ragunathan as an Independent Director of the Company		
7	To re-appoint Mrs. Savita Mahajan as an Independent Director of the Company		
8	To re-appoint Dr. (Mrs.) Avnit Bimal Singh as an Independent Director of the Company		
9	To re-appoint Mr. P. Sarath Chandra Reddy as Whole-time Director of the Company.		
10	To revise the remuneration of Mr. M. Madan Mohan Reddy, Whole-time Director of the Company		
11	To revise the remuneration of Mr. N. Govindarajan, Managing Director of the Company		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019

Signature of Member \_\_\_\_\_

Signature of Proxy \_\_\_\_\_

Notes: a. Proxy need not be a member of the Company.

b. The proxy form duly filled in and signed by the Member(s) across the revenue stamp should reach the Company's Registered Office at Plot No.2, Maitrivihar, Ameerpet, Hyderabad 500 038 at least 48 hours before the commencement of the meeting.

c. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.

Revenue  
Stamp







## Aurobindo Pharma Limited

(CIN - L24239TG1986PLC015190)

Regd. Office: Plot No.2, Maitrivihar, Ameerpet, Hyderabad – 500 038, Telangana, India

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**32ND ANNUAL GENERAL MEETING – THURSDAY, AUGUST 29, 2019**

## ATTENDANCE SLIP

Folio No./Client Id:

No. of Shares:

DP Id:

Name and address of  
First/Sole Shareholder:

I hereby record my presence at the Annual General Meeting of the Company to be held Thursday, the 29th day of August, 2019 at 3.00 p.m. at **Kaveri Ball Room, Hotel Trident, Hi-tech City, Near Cyber Towers, Madhapur, Hyderabad 500 081.**



Name of the Member/Proxy  
(In Block Letters)

Signature of the Member/Proxy

- Notes:
- a. Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting.
  - b. Member/Proxy who wish to attend the meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled in and signed.
  - c. Member/Proxy should bring his/her copy of the Notice of Annual General Meeting for reference at the meeting.

## AGM Venue - Route Map

Kaveri Ball Room, Hotel Trident, Hi-tech City, Near Cyber Towers, Madhapur, Hyderabad - 500 081



## **DISCLAIMER**

This communication contains statements that constitute 'forward looking statements' including, without limitation, statements relating to the implementation of strategic initiatives and other statements relating to our future business developments and economic performance. While these forward looking statements represent our judgements and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macroeconomic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that we have indicated could adversely affect our business and financial performance. Aurobindo undertakes no obligation to publicly revise any forward looking statements to reflect future events or circumstances.



**REGISTERED OFFICE**

Plot No. 2, Maitri Vihar  
Ameerpet  
Hyderabad - 500 038  
Telangana, India

**CORPORATE OFFICE**

Water Mark Building  
Plot No. 11, Survey No. 9  
Kondapur, Hitech City  
Hyderabad - 500 084  
Telangana, India

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