AUROBINDO

September 4, 2017

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

Dear Sir,

Sub: Annual Report for the year 2016-17.

We enclose herewith Annual Report for the financial year 2016-17 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members as per the provisions of the Companies Act, 2013 at the 30th Annual General Meeting held on 31st August, 2017.

Thanking you,

Yours faithfully,
For AUROBINDO PHARMA LIMITED

B. Re.

B. Adi Reddy
Company Secretary

AUROBINDO PHARMA LTD. HYD.

(CIN : L24239TG1986PLC015190) **AUROBINDO PHARMA LIMITED** PAN No. AABCA7366H

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www.aurobindo.com

ANNUAL REPORT 2016-17

Investing in reliability

AUROBINDO

AUROBINDO PHARMA LIMITED

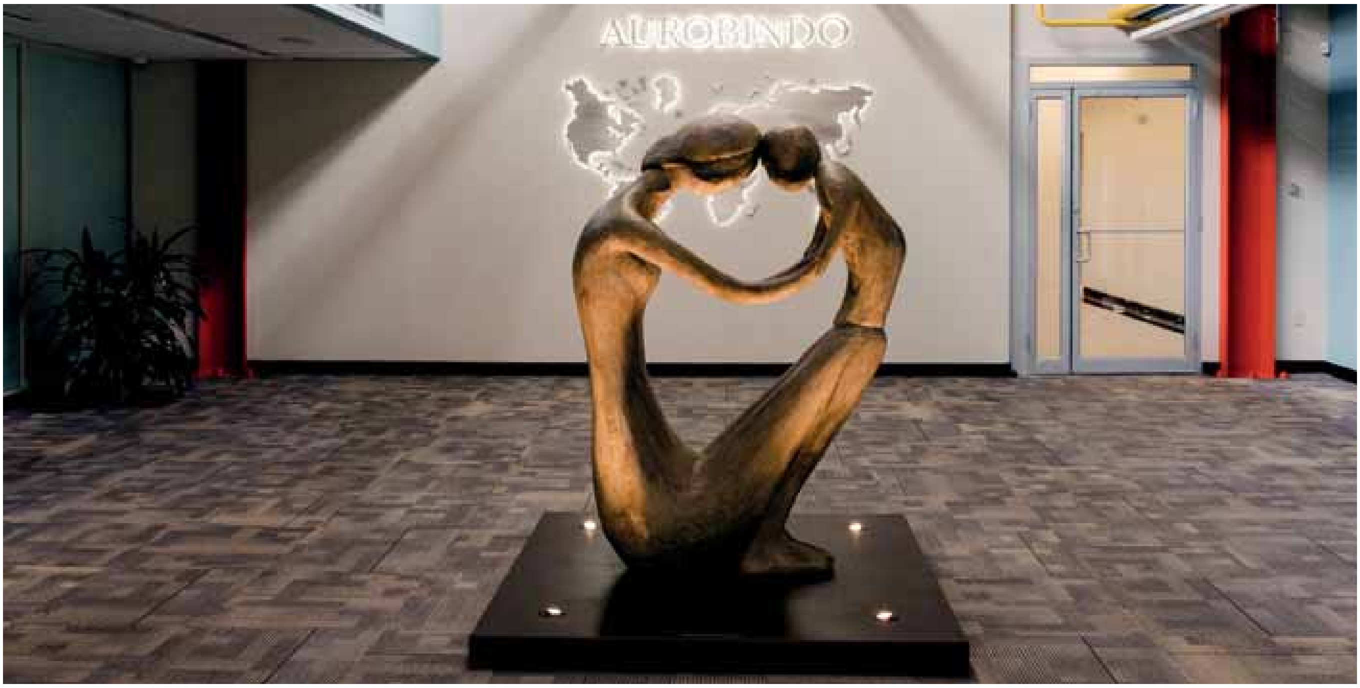
Auro Mission

Aurobindo's mission is to become the most valued pharmaceutical partner to the world pharma fraternity by continuously researching, developing and manufacturing a wide range of pharmaceutical products that comply with the highest regulatory standards.

Auro Values

BUSINESS CARE	PEOPLE CARE	ORGANIZATION CARE
Operational excellence	Fairness, humility and respect for individuals	Accountability
Stakeholder orientation	Teamwork	Integrity
Quality	Applied learning	Achievement

On the cover: Our office at New Jersey, USA



CONTENTS

AUROBINDO AT A GLANCE

Aurobindo is a leading global pharmaceutical company producing oral and injectable generic formulations and active pharmaceutical ingredients.

Development and growth of Aurobindo stretches over three decades, only made possible by its intense focus on productivity, operational efficiency and commitment to highest standards of quality.

Strengthened by several large manufacturing facilities approved by US FDA, UK MHRA, MCC-SA, ANVISA Brazil for both APIs & formulation, Aurobindo markets in over 150 countries, with a critical mass in US and Europe.

Aurobindo's robust product portfolio is spread over seven major therapeutic/product areas including antibiotics, anti-retrovirals, cardiovascular (CVS), central nervous systems (CNS), gastroenterologicals, anti-diabetics and anti-allergics, supported by an outstanding R&D set-up. The in-house scientific pool creates intellectual wealth for the Company and commercializes cost effective, quality generic finished dosages.

The competitive advantage of the Company is the broad portfolio of diversified dosage forms including Rx and OTC oral solids & liquids, injectables, ophthalmics, specialty products and controlled substances. The focus is on complex molecules, differentiated technology platforms and specialty products.

₹150,899
Million
CONSOLIDATED REVENUE
2016-17

27% CAGR
CONSOLIDATED REVENUE
FOR PAST 5 YEARS

88% REVENUE
INTERNATIONAL OPERATIONS
CONSOLIDATED 2016-17

THE WAY FORWARD

The Company is building leadership position in the business with its technical excellence, expertise in quality assurance, compliance with regulatory standards, and being recognized for cost competitiveness and customer focus.

Aurobindo aims to gain market share for existing products and by the introduction of new launches (presently 115 ANDAs under review). Products under review include 38 ANDA filings for injectables, inhalation and ophthalmics.

We are future proofing value creation for Aurobindo with new initiatives which include gaining entry into complex R&D products in differentiated technology platforms such as biosimilars, depot injections, inhalers, nasal and dermatology products.

Plans are to expand penetration of OTC products and capitalize on OTC conversions and enhance nutraceutical business profitability through a combination of cost and growth synergies.

In Europe, the strategy is to ramp up own filings and gain market share, with focus on enhancing profitability.

Forward plans in ARV business are to launch new products including combinations, as well as grow the existing market. New geographies are being explored in the emerging markets.

API capacities are being augmented to support growth in advanced markets.

Top 3
In India among pharmaceutical companies[1]

Top 6
In the US generic company by volume[2]

Top 15
In Europe generic company by sales[3]

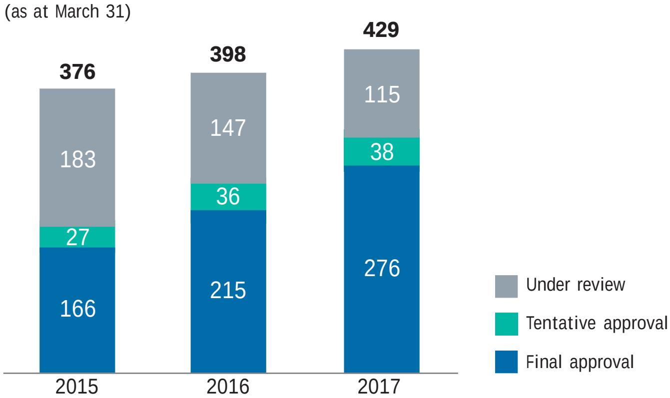
1 As per 2016-17 revenues.

2 IMS National Prescription Audit, Total prescriptions dispensed, twelve months ending April 2017.

3 Market Reports.

CUMULATIVE ANDA FILINGS & APPROVALS

(as at March 31)

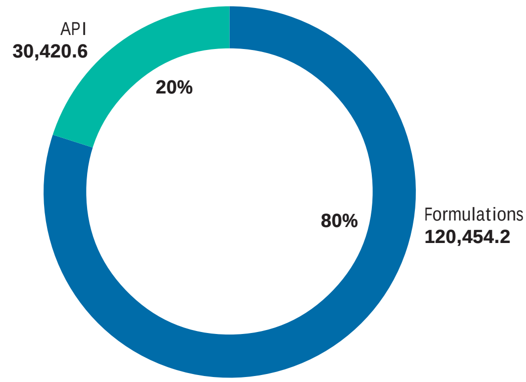


As per IMS MAT, addressable market is USD 61.1 billion for products under review and tentatively approved ANDAs as at March 31, 2017

(Tentative as at March 31, 2017 include 10 ANDA approved under PEPFAR).

REVENUE BREAK-UP

2016-17 ₹ Million



PORTFOLIO MIX

	Products	Addressable market size (USD Billion)
Cardiovasculars	**69**	**27.4**
Neurosciences	**82**	**25.7**
Anti-retrovirals*	**39**	**8.0**
Anti-diabetics	**13**	**5.4**
Gastroenterologicals	**27**	**5.0**
Controlled substances	**16**	**2.3**
SSP & Cephalosporin	**30**	**1.0**
Oncology	**2**	**0.6**
Ophthalmics	**10**	**0.6**
Respiratory	**10**	**0.6**
Penems	**4**	**0.5**
Others	**127**	**14.0**
Total	**429**	**91.1**

*Does not include the addressable market of the products approved under PEPFAR.

FORMULATIONS REVENUE (%)

US **57**
Europe **27**
Emerging markets & ARVs **16**

70% in-house API

VERTICALY INTEGRATED FOR FORMULATIONS MANUFACTURE

16,000+

EMPLOYEES
from over 30 countries
March 31, 2017

STRUCTURE

Corporate office in Hyderabad, India.

Manufacturing facilities
(including wholly owned subsidiaries)

India	19
US	3
Brazil	1

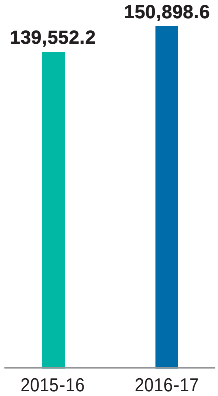
Marketing offices in 30 countries.

Research & Development Centers

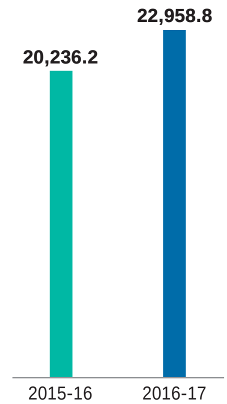
India	5
US	2

housing 1,400 + professionals.

REVENUE
CONSOLIDATED ₹ Million

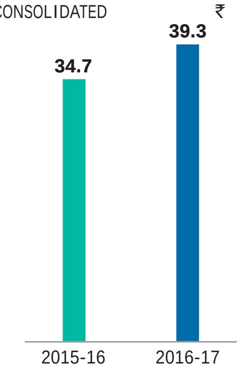


PROFIT AFTER TAX
CONSOLIDATED ₹ Million

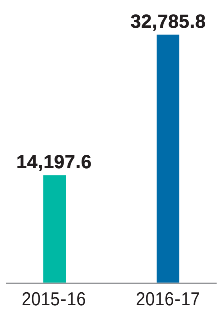


EBITDA[1]
CONSOLIDATED ₹ Million

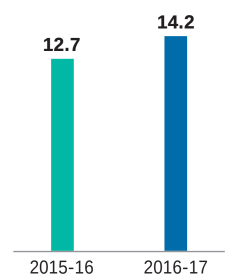
EARNINGS PER SHARE
CONSOLIDATED ₹



CASH FLOW FROM OPERATIONS
CONSOLIDATED ₹ Million

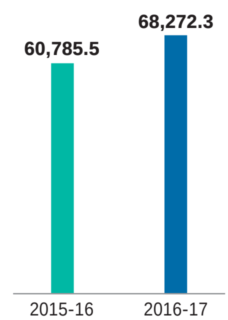


RETURN ON INVESTMENT
CONSOLIDATED %



FORMULATIONS REVENUE
2016-17 ₹ Million

US FORMULATIONS
Revenues ₹ Million



[1]EBITDA (Earnings before interest, tax, depreciation and amortization) excluding forex & other income

Investing in reliability

I am pleased to report that 2016-17 was another satisfactory year for Aurobindo with solid growth in sales in all major geographies. New benchmarks were recorded in gaining market presence in US, Europe and emerging markets, in a continuing story of exemplary growth.

The year witnessed an incremental sales of 8.1% over the previous year at ₹150,899 million, at the consolidated level. The Company's diversified product portfolio in oral solids including controlled substances and injectables made all the difference in a challenging and competitive market. We are continuing to build a strong pipeline and are confident that we shall ensure sustainable growth, well into the future.

Earnings before interest, depreciation and tax before forex and other income (EBITDA) for the year at ₹34,343 million reflected a 7.7% growth. We faced head winds, but maintained the EBITDA margin for the year at 22.8%, the same as in the previous year. Profit after tax at ₹22,959 million was higher by 13.5% over 2015-16. Earnings per share for the year were healthy at ₹39.3.

This extraordinary financial achievement is the result of the talent, resiliency and resourcefulness of our 16,000+ employees across the globe. Because of their dedication and commitment demonstrated every working day, our products are presently marketed in 150+ countries, and are growing in all geographies.

All the manufacturing facilities were streamlined and optimized to increase throughput, add to our reliability levels and maintain profitability. They improved on their process efficiencies to deliver exceptional performance, while meeting aggressive goals in product launches and market presence. Our experienced professionals, supported by continued investment in state-of-the-art manufacturing equipment, are an enormous competitive strength.

There was unrelenting focus to raise the bar. We redefined our project timelines, made marked progress in supply chain performance and material planning, augmented alternate source of supplies, fine tuned production scheduling, asset utilization and productivity, all of which have worked together to enhance our reliability quotient with our customers. We have further supplemented our manufacturing infrastructure, to add to our market presence and value creation. Going ahead, one more large manufacturing facility - Unit X at Nayudupeta - and a biosimilars manufacturing unit are being commissioned in 2017-18.

Our organizational structure ensures sharp focus and accountability, leveraging on our inherent capabilities. We have been ramping up our operations to generate continuous and sustainable improvement, to enhance the quality of our processes, ensure that we comply with all the

So far what we have achieved is only the beginning of things to come. We expect robust growth to continue for the foreseeable future. Actually, we are building a moat around us.

standard operating procedures and pare down our costs. This now is the mindset of our team.

I am excited to share with you that we have forayed into biosimilars development, to continue with our strategy of investing in complex portfolio. New initiatives into oncology, dermatology, inhalers, nasal products, specialty injection products, peptides, vaccines etc are progressing to schedule.

I am equally excited that during the year, Aurobindo acquired Generis Farmacêutica S.A., a generic pharmaceutical firm that focuses on both the retail and hospital segments. Generis has a wide portfolio of products with major share in the therapeutic areas of cardiovascular (CVS), central nervous system (CNS), anti-infectives and genito-urinary system ailments.

Generis is the most sold pharmaceutical brand in Portugal, and is the 2nd largest generic group in Portugal and would establish Aurobindo as the leading generics group in that country. We also acquired the rights, title and interest in products Calcium and Calcium Vitamin D3, including the use of the Orocal trademark for the France market. This is in-line with our corporate plan to ramp up our presence in Europe, to generate a strong revenue stream from those developed markets.

So far what we have achieved is only the beginning of things to come. We expect robust growth to continue for the foreseeable future. Actually, we are building a moat around us. Increasingly, we will be seen working on newer technologies and more complex product range. We have further strengthened our competitive position by enhancing our product development capabilities. I must assure all our stakeholders that we have the necessary expertise, while some of the infrastructure is being made ready, in time.

We work beyond business. As a responsible corporate, we are committed to achieving economic success; our stakeholders expect it of us. Yet, we believe that key to the business success lies in finding a balance between the social, environmental and economic responsibilities that we face.

We have done considerable work to foster positive relationships in the communities where our facilities exist, as well as minimized consumption of resources especially water and fossil fuel. We believe strong safety performance contributes to our competitive strength and benefits our employees. These are of course, a continuing effort; on-going up gradation is hence, a work-in-progress.

I appreciate the strong support of our shareholders and business partners and the reliable counsel of our Board including our newest Director Mr. Rangaswamy Rathakrishnan Iyer who joined the Board and Dr. Rajagopala Reddy who stepped down, both in February 2017. We welcome Mr. Rangaswamy and wish Dr. Reddy all the very best in his pursuits.

I am deeply thankful to all our stakeholders for their encouragement and support. In particular, I am grateful to our inherent strength - all our employees. I am extremely proud of them.

K. Nithyananda Reddy
Vice Chairman

On a runway to growth

We did well on all counts. Revenues, EBITDA, earnings per share were increased. Our product pipeline was enhanced and we were able to launch several complex products. Challenges were many, but the entire organization stood up to reinforce the core of our business, optimized the value of our portfolio and increased our commitment to long-term value creation.

On an everyday basis we dedicated ourselves to compliance, quality and a healthier life for our customers. Overall, we invested in reliability in whatever we do and are working to ensure, we are on a runway to continual growth.

US formulations business contributed 57% to the overall formulations revenue during the year, as against 55% in the previous year. The revenue generated from the US business grew by 12.3% at ₹68,272 million in 2016-17 over the previous year sales of ₹60,785 million.

In the highly competitive US market, we have become the 6th ranked Rx supplier of prescriptions dispensed (as per IMS National Prescription Audit, April 2017).

We launched 35 products in the US market during the year under review. In 2016-17, we received approvals for 61 ANDAs and filed 31 ANDAs. With our increasing product pipeline, we believe we can further strengthen our market position in 2017-18 and set the course for future growth prospects.

In Europe, we witnessed a growth of 4.7%, to reach revenues of ₹32,771 million, during the year. The focus continues to achieve improved synergies between the acquired businesses at Western Europe with the Company's existing product pipeline.

In all the addressable European markets, there was volume growth, improved market presence as well as enhanced profitability, supplemented by increased manufacturing in India for larger number of products. With the commissioning of Unit XV at Parawada in Visakhapatnam, the exercise of transferring the manufacturing base to India is on-going to streamline and integrate the operations, optimize costs, improve information flow, facilitate decision making and enable better supervision and control. All of these initiatives are work-in-progress, to enhance profitability.

We have reinforced our presence in Western Europe with both manufacturing and marketing footprint with the acquisition of Generis as well as branded products, to expand our presence in those developed markets. We shall optimize resources and stay, as always, focused on profitability.

At Aurobindo, we have always believed that execution is everything and galvanize ourselves to deliver superior performance results.

Our antiretroviral product segment and emerging market presence were further strengthened with launch of key products and selective geographical expansion. The product mix has been reinforced, to add to our overall profitability.

In our newer businesses - Nutraceuticals and OTC - both sales and profits have shown considerable improvement. Both the businesses are showing encouraging signs of growth and our ambition is to maintain strong profit margins with new introductions.

During the year, capacity utilization was increased at every production facility to meet the growing portfolio. In our readiness for the future, we have further augmented the manufacturing facilities, for both APIs and formulations.

We are doing research and development (R&D) on difficult to manufacture, differentiated orals and injectable products. We have in place developmental quality assurance systems, strengthened the review methodologies, simplified processes and practices in analytical, formulation and clinical procedures. We are further reducing the runtime of analytical methods of batches during commercial runs. Overall, our R&D productivity stood enhanced.

We have strengthened the quality culture through learning partnerships, by being deliberate about our commitment to standard operating procedures, developing confidence & communication towards increasing audit interface capabilities.

As we grow at an accelerated pace, there is an increasing need to improve leadership capabilities to align with the growth opportunities of the Company. We at Aurobindo continue to attract the best talent in the industry, have a vast resource pool of competent and industry experienced professionals.

During the year, we have invested in employee engagement like never before, at all levels, to create an organization that performs to new, high benchmarks. Goal setting was not only on achieving higher revenues and volumes, but was focused on quality, safety, cost compression, yield optimization, debottlenecking, inventory reduction, delivering on time and building better relationships.

Our execution excellence considerably aided our overcoming the challenges of the market. Our customers see us as a single window, reliable source for several of their product needs, supported as we are by the vertical integration with 70% of APIs sourced in-house for our large basket of formulation sales. While we incrementally improved the growth momentum, we de-risked the business, with larger product portfolio, wider spread of markets, alternate sources of raw materials and enlarged manufacturing facilities.

The excitement has begun. We have made prudent investment decision to ensure that we make use of the market opportunities that are open to us. Each of our newer product lines and technologies, as they commercialize, will hasten our attempt to build a robust Aurobindo. The focus will continue to expand the revenues, protect profitability and grow the bottom line.

It is with confidence in our abilities and enthusiasm to deliver results that we approach the task of building for the future. At Aurobindo, we have always believed that execution is everything and galvanize ourselves to deliver superior performance results. I must therefore assure all our stake holders that our best is yet to come. You can count on us.

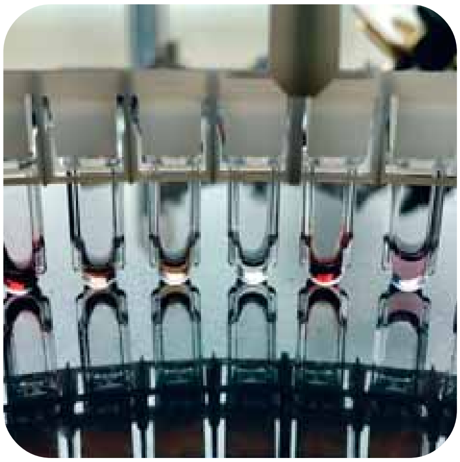
N. Govindarajan
Managing Director

New Initiatives

Aurobindo on its journey to be a science based company, has a clear vision of its role to be a key provider along the value chain, with a commitment to excel in its voyage. Our reservoir of in-house expertise gives us confidence to make an impact on a few more select platforms.

The work we do now is likely to strengthen and shape the future of Aurobindo, enrich the business mix, augment revenues, improve profitability, ensure sustainable growth and add value to everyone associated with the Company.

We have made a head start on several fronts.



Biosimilars

Aurobindo's foray into biosimilars is in line with the Company's strategy of investing in complex products, to address the pressing need of reducing health care spend by bringing high quality affordable biosimilars to patients across the world. Over the next decade, a number of reference biologics are going off-patent and with our biosimilars portfolio addressing a cumulative current market size of over USD 40 billion, Aurobindo would be a part of this significant opportunity.

5 biosimilars
acquired

USD 25
billion market size

To begin with, Aurobindo acquired five cell culture derived biosimilar products from TL Biopharmaceutical AG. As part of the agreement, TL will supply all the developmental data for the five molecules and Aurobindo and/or its affiliates will develop, commercialize and market these products globally.

The branded market size for these five biosimilars, of which four are monoclonal antibodies in oncology, are very promising. The cumulative market size of these five products is over USD 25 billion. This acquisition is a strategic investment for future growth and will position Aurobindo as a strong player in the rapidly evolving biosimilars landscape.

Aurobindo is preparing to take its lead molecule from the transaction with TL for clinical trials in 2018. This biosimilar is an anti-antiogenesis drug used in treating multiple-cancers including metastatic colon or rectal cancer, non-squamous and non-small cell lung cancers.

Building on these products licensed from TL, Aurobindo is expanding its portfolio by eight more next wave of biosimilars, ensuring a strong and diverse pipeline of 13 products, consisting of oncology, rheumatology, auto immune disorders and ophthalmology range of therapeutic areas.

The Company has built R&D capabilities with a 80 strong team of scientists covering the value chain of developmental activities including early stage cell line development right up to process development and product characterization.

Aurobindo has set up a fully functional R&D centre for biologics development and is also establishing a state-of-art manufacturing facility in Hyderabad for both drug substance and finished drug product manufacturing, which would be ready by the latter half of 2017. The facility has fully segregated mammalian and microbial drug substance manufacturing, and an independent fill and finish section.



Oncology & hormonal products

The Company is in the process of developing a wide range of oncology and hormonal products. Dosage forms include vials (wet vials & dry vials), prefilled syringes, capsules (softgel & hardgel) and tablets, that are used in the hospitals as well as in oncology and renal clinics.

A new R&D Centre dedicated to oncology and hormones (generics) products has been set up at Hyderabad to develop products, both for solid and parenteral dosage forms.

Infrastructure for an oncology API facility has been created. Formulations manufacturing facilities for oral solid dosage and injectable forms have been commissioned. The oncology injectable line is also equipped to handle lyophilized products.

58
oncology products under development

8
hormonal products under development

USD 40
billion market size

We have identified more than 58 oncology products & 8 hormonal products for development and commercialization in the regulated and emerging markets. The portfolio comprises of several products with potential first to file opportunities & 180 day market exclusivities. The molecular entities being developed are approved in the first line, second line therapies of cancer and are either prescribed in single or combination during the treatment.

The oncology products being developed are approved in the treatment of over 16 types of cancer indications and the hormone products are approved in the treatments involving pre-term birth, birth control, amenorrhea and hypogonadism.

The global market size for these products in 2016 is more than USD 40 billion and the portfolio has more than 10 products that have recorded sales of greater than USD 1 billion, per year.

Exhibit batches of 10 products have been completed during 2016-17 and regulatory filings initiated in the fourth quarter of the year. Regulatory inspections are scheduled in 2017-18.

The facility is preparing to take exhibit batches for 20 to 22 products during 2017-18, as well as in each of the two subsequent years, and file the dossiers in regulated & emerging markets. Out of these 66 products that have been short listed, two products were filed in the US in 2016-17. The plans are to file, at least 15 products in 2017-18.

Manufacturing operations are expected to commence from 2018-19.

Dermatology, inhalers & nasal products

Aurobindo has built a new state-of-the-art R&D and cGMP manufacturing facility for specialty generics in Durham, North Carolina, essentially for development and commercialization of generic pressurized metered dose inhalers (pMDI), creams, gels, ointments and transdermal patches. This new site will be functional in August 2017, to house over 50 scientists, including top-notch pMDI aerosol, topical and transdermal R&D teams, with associated analytical and testing labs. The inhalation and topicals specialties have complimentary labs near Hyderabad that house over 40 scientists, working on nasal product development as well.

Prototype development work has commenced for seven nasal sprays, six inhalers (pMDI) and 18 topical products, which include, six topical solutions, three topical ointments, four topical creams, two topical gel and three topical OTC products.

As per IMS data (2016), the addressable market size for the 18 derma products were USD 4.3 billion; Annual sales for the six pMDI products were approximately USD 8.6 billion and for seven nasal sprays were USD 893 million.

The pMDI products will require clinical trials (PK and PD bioequivalence), the first of which is likely to be taken up in early 2018. Some topical products will require PD bioequivalence (VCA study), the first of which is likely to be undertaken in late 2017. Some will need clinical end-point studies for bioequivalence and one product needs both clinical end-point & PK Studies for bioequivalence. The first clinical trial for topical product is likely to be initiated in the latter half of 2018.

The plans are to start product filings by late 2017, continue at a rapid pace in 2018-19, and commercialize upon approval.

31
products under development

USD 13.8
billion market size

Specialty injection products

Aurobindo has forayed into formulation feasibility, fine tuning and scaling up of technology with a view to enter specialty injection products.

Four depot formulations, based on biodegradable microsphere and nano suspension are being developed. Comparative pharmacokinetic studies performed with pilot scale batches and commercial product in animal model showed promising result. Work is progressing to scale-up the microsphere based depot injections to commercial scale.

4
products under development

USD 3
billion market size

Together, these four depot formulations account for a market size of around USD 3 billion.

For these complex formulations, exhibit and bioequivalence batches have to be produced on a commercial scale. This involves much more upfront work on manufacturing system and controls.

Dedicated manufacturing equipment for these products are on order for installation at the Hyderabad based injectables manufacturing unit. It is estimated to be installed by November 2017 and scale-up batches are planned for the last quarter of 2017. Exhibit batches are likely to be produced starting first quarter of 2018.

Since these depot injections release the drug for longer period, the bioequivalence studies take more time. The exact duration varies among products, based on the product type and FDA guidelines.

Simultaneous activities are on-going to transfer the analytical test methods from Research and Development team in the US to the quality control team at the injectables unit at Hyderabad. Dedicated quality control team is being trained on finished product test methods due to the complex nature of some of the test methods.



Vaccines

Vaccines segment is another addition to the differentiated portfolio of Aurobindo where there are unmet needs and limited competition.

Development work on pneumococcal conjugate vaccine (PCV) has been completed through use of novel vaccine technology compressing time and cost. PCV is a commercially available vaccine with limited competition and a global branded market of more than USD 6 billion.

The GMP compliant pilot plant for clinical lot manufacturing of PCV is completed, inspected by Indian regulatory authorities and trial license was issued. Batches of PCV were manufactured for use in clinical trials and the stability studies are under progress. Submission of the clinical batches to the National Regulatory Authority (NRA) for release certification will be done as soon as the stability studies are completed.

The Company has entered into an agreement with a leading CRO in India to conduct the Phase I Clinical Trials (CT). The CT protocols, trial centre and investigators are finalized. The actual Phase I study would be initiated upon receiving the approval from NRA and is expected to start by December 2017.

As WHO Pre-Qualification (PQ) of the vaccine is mandatory for supply to UN agencies, the Company has initiated dialogue with the WHO PQ team at Geneva to finalize the clinical trials as per WHO recommendations.

Construction of the commercial plant is under progress and is expected to be ready by end of 2018. Considering the increased demand for PCV, the plant capacity has been increased to 100 million doses per annum while the first phase launch is being targeted for 50 million doses of PCV.

Peptides

Peptides are naturally occurring biological molecules. They are short chains of amino acid monomers linked by peptide (amide) bonds. Aurobindo has started investing in peptide technology. It has built a state-of-the-art facility with five modules commensurate with cGMP standards and equipped with advanced instruments. The Company has already developed technologies for 20 peptides (APIs).

Over all, there are more than thirty peptide APIs which are available globally and Aurobindo is capable of making each of these peptides and aspires to be an important player in the premium markets. Considering the capability that we have in terms of technology as well as competency in our experienced and talented resources, Aurobindo is ready to compete with the best players in the industry.

Validation batches have been completed for four peptides and Drug Master Files have been filed by financial year ending March 2017. We plan to file four more DMFs during 2017-18.

The peptides presently being developed include five microsphere and liposomal injectable products, at least two of which are expected to be filed in 2017-18. The addressable market for the total of nine products taken up is about USD 3 billion.

Penems

Penems are β-lactam broad-spectrum antibiotic that act on cell walls known or suspected to be caused by multidrug-resistant (MDR) bacteria. Their use is primarily in people who are hospitalized.

The Company has developed four penem injectable products and filing has been done for all of them in the regulated markets as well as in key emerging markets. The annual sales in the US reported by IMS (March 2017) for these four penem products were around USD 501 million.

One ANDA was approved by the US FDA in March 2017 and the product has been launched in the US market in April 2017. This product is also being marketed in several European countries and key emerging markets.

The Company is awaiting approval from the US FDA for the other penem products.

Manufacturing plant capacity is being augmented to cater to the global demand of these products. Operations management systems are being implemented with professional guidance from subject matter experts.

Biocatalysts

Aurobindo invents, identifies and produces biocatalysts and fermentation processes which are subsequently developed to produce scalable biocatalytic solutions, by reducing the use and cost of chemicals used within the processes in pharmaceutical manufacturing, whilst benefiting from green technology. The high technical base and core competence of the Company has made it easier to initiate the entry in to enzyme production.

So far, we have built 7,000+ biocatalysts across 15 classes of enzymes. Presently, we have identified six biocatalytic projects and are taking them forward for GMP manufacture. We have the technology, and are using it to produce chiral intermediates and manufacture fermentation based products.

Supplementing our initial R&D molecule and microbiology facility, we have invested in state-of-the-art fermentation development facility which encompasses twelve 20 litre automated fermentation vessels, with associated downstream processing. Furthermore, we have invested in two GMP production streams for fermentation and downstream processing.

There is now a team of over 30 professionals preparing for regulatory processes of five products, out of the six selected candidates. We have an on-going patent development program and are simultaneously working towards scaling up for manufacture of three of those products.

Filings for the products are likely in third quarter of 2018.

Investing in people

Year on year, as the organization catapults ahead to meet its newest strategies and challenges, the immediate impact is felt on its processes, technology and most importantly, its people. The very same people have now to perform with a certain sense of urgency, do more with less, emphatically be compliant and feel the heat of increase in their span of control.

Our human resources strategy is aimed to acquire the best suited employees, to nurture them and align their personal development with organizational goals.

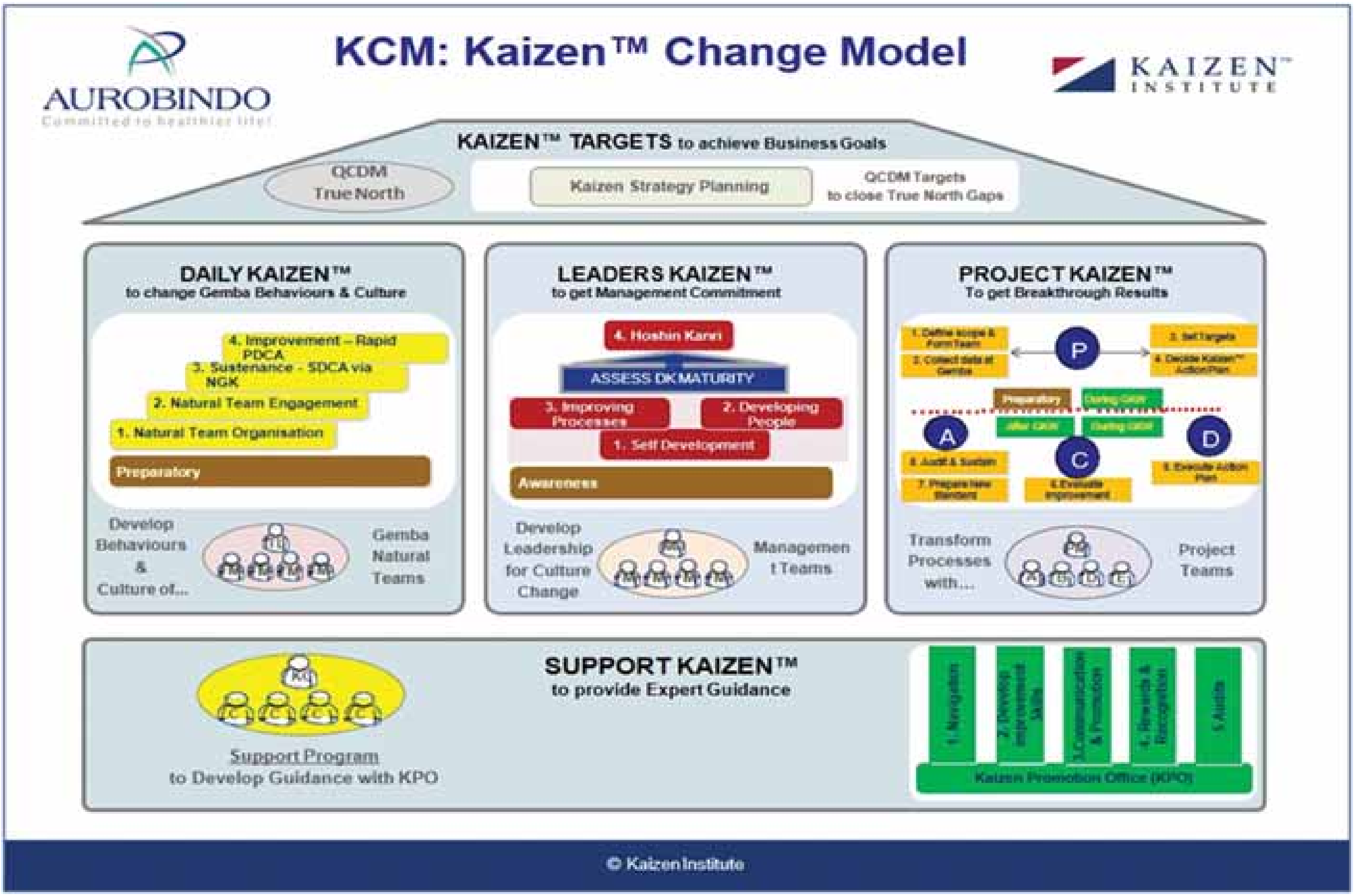
The leadership is proactively guiding the people to take ownership for their own growth and the team's pursuit of perfection. The organization has made it clear that managers are responsible for not only for their own personal development, but also for the active development of others, as well. As a result, every working minute, the talent, dedication and resolve of the men and women of Aurobindo is improving their reliability quotient.

Looking at the challenges ahead, the leadership aims to better prepare our managers so that they may meet the needs and requirements of all the stakeholders. Development programs are hence tailored to each individual's position, expertise and future goals. Nalanda is one of them. It's a global and contemporary learning platform, an initiative in embracing new age learning for the growth and development of our people.

Nalanda was launched with a vision towards business excellence through leadership and functional competency development and to provide continuous impetus to develop second-line managers for all critical functions.

We have adopted Kaizen in the work culture to focus on continual improvement by engaging people to reduce waste, improve work practices, add to personal efficiency, etc. Kaizen helps us improve the following parameters:

- Safety: Target zero incidents;
- Quality: Minimize customer complaints, rejections, rework;
- Productivity: Enhance manpower productivity and overall equipment effectiveness (OEE);



- Cost: Lower cost of carrying inventory, utilities etc;
- Delivery: Ensure On-time-in-full (OTIF)delivery; and
- Morale: Reduce absenteeism, labor turnover and increase employee engagement.

A few key improvements have been made in the areas of 5S, decreased MTTR and MTBF (Mean Time to Repair and Mean Time Between Failures) leading to increased OEE and the eventual improved OTIF delivery performance. All these have transformed the levels of efficiency, quality and discipline.

People development intervention has been taken to a wider section of employees. On the shop floor, we are skilling the manpower to perform at their optimum best. 5,968 mandays of training was conducted for the shop floor employees in 2016-17.

At the supervisory and managerial level, customized programs such as Auro Disha and Naa Unnati are specially designed for the block and area in-charges covering supervisory and managerial skills for project implementations. 1,560 man days of training was conducted during the year.

Senior management are put through yearlong Management Development Programs called Bullet Proof Managers wherein they undergo 24 important competencies that any manager requires to be a successful leader. This group is being trained and groomed to take the organization to the next level.

Customized Auro Leaders program is another initiative to develop the second line leaders. The leaders are driven to achieve on their own goal setting, asked to take 360 degree view of their role and organizational needs. A well rounded, multi-pronged approach is taken to ensure every manager is chiselled into an effective leader.

In every training session adequate inputs are provided on safety, compliance and behavioural issues. The trainers are able to measure using Kirkpatrick ROI model up to Level 3 from the various implementations. 27,637 employees (several of them more than once) have been covered on compliance, safety and behavioural trainings.

Focused training starts on day one for the new recruits. A unique intervention has been brought in where 30 graduate engineer trainees have been recruited from premium colleges and are being groomed to grow into future leaders.

The in-house Aurobindo Training and Development Centre (ATDC) recruits, trains and helps absorb talented candidates for operations. They are prepared both on theoretical and practical aspects of production and packaging operations, to meet the requirements of quality control, quality assurance, regulatory affairs, analytical techniques, stability/quality compliance, safety compliance and good documentation practices.

We received recognition during the year for our achievements, such as:

- Certificate of Honor in the category of Excellence in HR by CPhI India & UBM India for the initiatives taken for e-learning, skill development, HR automation, talent engagement, leadership competencies & its integration with HR sub-systems.
- Certificate of Appreciation in the 12th edition of BML Munjal Awards for Excellence in Learning & Development.

Dedicated to customers

Committed to healthier life! That's the bottom line which motivates our conduct of business. Our ambition is high: we want to be quality leaders. In addition to continuously striving to grow the business, we are working to build on our reputation for reliability.

We stay dedicated to our customers. We work hard every day to live up to our renewed vision. That means, nothing is too small to be ignored, and no compromise is made.

As an organization, we actively pursue integrity in quality standards, standard operating procedures and compliance standards. In a bid to minimize possible mistakes, we seek ways and means to automate our processes, systems and procedures.

Quality improvement, centralization of data, collaboration, process automation, data governance and all related systems stand integrated in to the companywide ERP. This has added to the robustness of quality management across the organization.

Automated Quality Management System and harmonization has been implemented at all formulation units and subsidiaries. An end-to-end Laboratory Information Management system, Caliber LIMS, has been implemented at all the formulations units. A Competency Management System to manage the complete training lifecycle of the work force as per the GMP requirements was planned and executed with training programs in ways that suit the role and responsibility of individual team members.

Corporate quality policies across the formulation units and subsidiaries were prepared for six quality parameters namely, facilities and equipment system, material system, production system, packing and labeling system, laboratory

We are ensuring that every Aurobindo product is a promise to the patient: we are committed to their healthier life.

control system and quality system. Based on these policies, common procedures and site specific procedures were prepared to strengthen the operating standards.

In order to further strengthen data integrity controls, and as part of the overall compliance strategy, assessment of all the existing computerized system validations, controls and practices was done, followed by development and harmonization of procedures. Suitable training was imparted to the personnel.

In the laboratories, to ensure compliance, an additional layer of review has been provided to actively evaluate the data generated. The additional team reviews the data generated in the laboratories to pre-empt non-compliances/breach of data integrity, to sustain continuous improvement of process and practices.

Quality and compliance is only as good as people respect it. We go the extra mile to train people to reinforce the quality culture. Quality Marshal Programme (QMP) is an initiative to strengthen the quality culture through continuous reinforcement of SOPs and adherence to quality standards by application of learning with the help of qualified resource pool.

Potential Quality Marshals are mapped across the value stream with demonstrated high compliance behaviours, training ability and audit experience, which then become part of collaborative learning with cascading methodology leading to critical talent development. The program aims to develop close to 500 Quality Marshals across all units by 2019, and the training and certification processes are moving ahead in full gear.

Key business outcomes noticed were greater understanding and assimilation of SOPs, articulation with confidence, open communication and effective process execution, all of which helped raise our standards.

We are ensuring that every Aurobindo product is a promise to the patient: we are committed to their healthier life.

Climbing the value chain

Aurobindo holds a well-diversified product portfolio created by some of the best R&D professionals in the industry. Opportunities for the long-term, sustainable growth are embedded in product development work, now underway.

The focus is on developing complicated molecules, differentiated offerings, broad spectrum products, as well as newer technologies. All these high-end technology products are in various stages of development. For instance,

- we expect to take a lead molecule from our biosimilar portfolio for clinical trial in 2018;
- similarly, considerable work is ongoing to develop dermatology, inhalers and nasal products, with the first topical dermatology product being taken up for bioequivalence in late 2017;
- injectable and solid dosage products are being readied in oncology and hormone segments;
- significant initiatives are being made to progress towards clinical trials pneumococcal conjugate vaccines;
- drug-device combination products is another notable area of development;
- we are also developing combination drugs of proven compounds in therapeutic areas such as anti-retroviral.

In addition, the R&D team constantly reviews the production processes in relation to the sustainable use of available resources and further develops the processes and tests new technologies and materials in order to conserve resources.

During the year, manufacturing processes of three active pharmaceutical ingredients (APIs) were validated to bring down the raw material cost. Additionally, processes of six APIs have been modified to significantly lower the raw materials cost, which would be validated in 2017-18.

Six NCE-1 ANDAs with Paragraph IV certification were filed in the US. Additionally, chemical manufacturing processes were validated for two new APIs to facilitate timely filing of Paragraph IV ANDAs in the US.

At the same time, ten new molecules have been identified during the financial year and process development has been initiated for NCE-1 regulatory filing in the subsequent financial years.



The focus is on developing complicated molecules, differentiated offerings, broad spectrum products, as well as newer technologies.

We filed 31 ANDAs as compared to 22, in 2015-16; and received final approvals for 61 ANDAs as compared to 49, in the previous year; 16 US DMFs, 3 Japan DMFs and 7 CEPs were filed during 2016-17. Additionally, 43 multiple registration filings were made in Europe during this period. Further, 34 DMFs were filed in different countries, which include Australia, Canada, China, Korea, Russia, South Africa, WHO and other emerging markets.

In 2016-17, analytical capabilities were further enhanced to quantify toxic/genotoxic impurities at part per billion level and for peptide mapping and impurity profiling of peptides, by acquiring additional LCMS analysis resource and through training. Capability to carryout solid state NMR analysis and data interpretation was established.

A fully equipped analytical laboratory of appropriate design to handle potent molecules has been added to the existing analytical facilities during 2016-17. This laboratory is equipped with state-of-the-art equipment i.e. LCMS, GCMS, DSC, TGA and XRPD etc. in order to comply with the stringent ICH guidelines for control of genotoxic impurities and toxic metal ions.

These would further improve the quality of drug substances as impurities of less than 1 ppm can be identified and quantified with these new equipments. Additionally, an advanced XRD machine has been acquired to detect and quantify polymorph identification at very low levels.

In order to take-up development of additional oncology molecules, another Chemical Research Laboratory has been created with isolators and appropriate personal safety protection equipment. Process development of six oncology APIs is underway to commercially validate those in the next financial year.

During 2016-17, the Company has identified to develop a few niche products, which involve multi-step complex chemistry and complicated purification technology.

Process intensification and process hazards evaluation laboratory was further strengthened by acquiring new equipment like Thermal Screening Unit (to study decomposition temperature/gas evolution temperature of process intermediates) for process safety study. Substantial efforts were made to establish novel crystallization techniques to directly obtain drug substances with the desired particle size.

In the short-term, Aurobindo proposes to increase its control substance filings to at least seven products per year. The R&D center at North Carolina would be fully operational in 2017-18 and filings for inhalation & topical therapies are expected to commence.

As at March 31, 2017 Aurobindo has cumulatively filed 429 ANDAs, out of which 276 have final approval and 38 have tentative approvals, including 10 ANDAs which are tentatively approved under PEPFAR and the balance 115 ANDAs are under review. This product pipeline has enormous potential and would help Aurobindo climb the value chain.

Environmental savings and improved safety

At Aurobindo, sustainability is an investment into the future and safety of people is non-negotiable. Our organizational approach therefore extends beyond environmental conservation and social development by including a continuous improvement of our systems and processes. We are rigorously executing measures aimed at increasing efficiencies.

Environment

We have succeeded in cutting down energy consumption, conserving material usage and optimizing operations. We are therefore able to combine operational excellence with cost savings and environmental protection.

Kaizen initiatives introduced in the manufacturing units covers monitoring of power, water and effluent with daily discussion at several appropriate levels. All levels of management are involved in this cultural transformation, which has created considerable discipline amongst employees for judicious use of resources. Apart from analyzing data in daily Kaizen, projects for energy improvement in specific areas have been taken up to make a difference in consumption levels.

Additional environmental management infrastructure, particularly in wastewater management and sewage treatment plants, has been installed and commissioned. There was appreciable reduction in wastewater generation due to improved steam condensate recovery. As an ongoing effort, to raise the infrastructure, it is proposed to further invest towards emission control, monitoring, solid and hazardous waste management, etc.

A rigorous and continuous evaluation of environmental performance has triggered a new initiative to address rain water management across Aurobindo's manufacturing units. As part of this drive, existing storm water drainage systems/network has been re-engineered.

Aurobindo's largest API manufacturing unit, Unit XI got accredited to ISO 14001 international standard. The year also witnessed the Company obtain consents for expansion of two API manufacturing units. Regulatory approvals and consents are in place for all the units while the Company has ensured compliance with all applicable environmental regulations.

The green belt development drive initiated by Aurobindo in and around its manufacturing locations gained the attention of public and regulators alike. This initiative will continue and the Company will explore areas where it can further develop greenery.

Safety

Our priority is to develop a culture where every team member is accountable for his/her own safety, where team members lead by example and where they are encouraged to intervene when they see unsafe behaviour or conditions.

Placing safety first, every day, for every person, is at the forefront of everything we do. This is about creating a behaviour pattern that refuses to accept anything less than zero incidents. We have trained and counselled our employees to adopt safety as a way of life. We expect everybody to carefully plan their work and act according to the rules and procedures shared with every individual and team.

We encourage all our employees to openly discuss safety at all levels of the organization. A brief safety conversation

We have driven home to all employees and contractors that every incident can be prevented. It's in each one of us to be responsible and reliable in whatever we do.

with the employees on a daily basis at each shift, educates everyone to work safely and identify safe and unsafe work practices in the planned operations.

The management takes determined interest to increase safety awareness with continuing safety leadership training. The only way to prevent incidents is to look for deficient issues and take corrective actions in advance. Continuous monitoring is paying off.

All new processes and changes to existing processes are reviewed by the safety team and tests are conducted to ensure that safety issues in scale-up are identified and addressed. HAZOP studies have been completed for 58 processes in 2016-17 and risk assessments are completed for 47 activities. HAZOP studies for every stream of products are made in-line before every batch is to be charged.

We have installed earth interlock and monitoring systems and new technology fire fighting equipment such as aerosol based extinguishers.

A safety review at all the API units has been started in order to avoid incidents by training the employee personnel.

Contractors' men are trained. In addition, we have instituted a reward and penalty system for the contractors to complete their projects with zero safety incidents.

Across all manufacturing sites, training remains a focus area. Against a planned target of 0.5% of all man-hours to be set aside for safety training, we achieved 0.54% during the year.

In order to further stress safety consciousness amongst the employees, Auro safety month was celebrated in December 2016, where month long safety promotional activities were taken up. Nitrogen blanketing, prevention of static electricity, volatiles in work place and learning from past incidents were the themes of the Auro safety month.

We have driven home to all employees and contractors that every incident can be prevented. It's in each one of us to be responsible and reliable in whatever we do.

We have been doing a lot to enhance the safety culture. Despite our best efforts, as a learning organization, we believe there is scope for further improvement. We are at it. This will always remain a work-in-progress.

Creating societal wealth

Being responsible is an attitude of mind, central to the core of how we run our business at Aurobindo. We work to make people healthier and lead a better life. We also have a broader obligation to the society, which we demonstrate with our impact on the work place, the market place, the environment and the community at large.

We believe social responsibility includes being a responsible neighbour. We are committed to serve as stewards to raise the well-being of people who live and work in the community where we operate. We have tried to be a positive force and make a difference.

We prefer to make long-term relationships, rather than short-term donations to charities. Our contributions have been adding value to the day-to-day lives of people. Every project is examined, before undertaking it as well as after delivery, to ensure that our contribution does make an impact.

Broadly, the activities undertaken by Aurobindo can be grouped 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

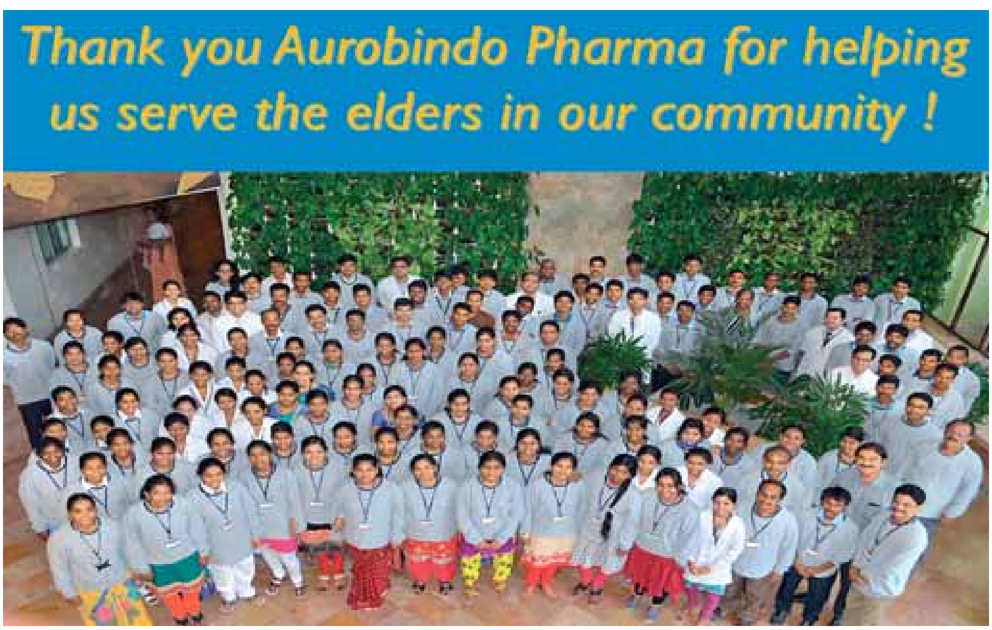
A brief outline of the activities during 2016-17 is given in the following pages:

PROMOTING EDUCATION

- Constructed a government degree college, added class rooms and toilets for schools;
- Assisted in building libraries, provided chairs, desks and tables in class rooms;
- Supplied school bags, note books and other stationary in several government schools;
- Under the skill development program, arranged coaching for secondary grade teachers and paid salaries for a few Vidya volunteers;
- Provided free education to orphans and under privileged girl children;
- Offered financial support to mentally handicapped children towards skill development activities.

SUPPORTING PREVENTIVE HEALTH CARE

- Contributed to construction of Aurobindo Geriatric Eye Care Centre at L.V. Prasad Eye Institute, Visakhapatnam; During the year, this facility treated 24,000 patients with over 4,000 operated upon, 50% of which was free of charge;
- Supplied medical equipment, beds, passenger lift to poly clinic;
- Donated towards construction & supply of medical equipment to diabetic hospital for senior citizens & socially, economically backward groups;
- Conducted free health check up camps and distributed free medicines for the poor people;
- Donated eye equipments, wheel chairs, diesel generator, inverter, patient waiting chairs and other medical equipments;
- Donated medical cot, mattress, chair etc to government hospitals;
- Donated healthcare equipments.



ERADICATING HUNGER, POVERTY & MALNUTRITION

- Distributed food and water, in several heavy rain affected parts of Hyderabad;
- Contributed to set up fully automated centralized kitchen to cook hot, nutritious food for 25,000 under privileged people.

MAKING AVAILABLE SAFE DRINKING WATER

- Set up water purification project (RO) water plants with Any Time Water (ATW) cards & coin system, RO vending machines;
- Provided water storage tanks, laid the pipelines, provided 3 phase & submersible motors, construction of 40KL overhead water tanks etc. for drinking water purpose;
- Supplied drinking water through water tankers to villages;
- Constructed & installed RO water plants;
- Strengthened water tanks for drinking water;
- Provided purified, chilled drinking water through water kiosks;
- Dug borewells and donated motor pumps and all other accessories to two villages.

ENCOURAGING ENVIRONMENT SUSTAINABILITY

- Donated towards preparation of detailed report on protection of lake;
- Donated towards laying/widening/repairing of rural roads and construction of village sewage water drainage system;
- Construction of culvert for laying of roads for use of farmers;
- Planted trees and erected tree guards and maintained them.

PROMOTION OF RURAL SPORTS

- Donated to rural sportsmen & women for training in rural sports and nationally recognized sports.

A detailed report is provided in the Report of Corporate Social Responsibility activities forming part of this annual report (Annexure 6 of the Board's Report). The CSR policy and the report have been uploaded on the Company's website: www.aurobindo.com.

Board of Directors

Mr. K. RAGUNATHAN
(born 1963) Non-Executive Chairman, an Independent Director, is a Chartered Accountant by profession and a leading management consultant. He has over three decades of experience in consulting services.

Mr. K. NITHYANANDA REDDY
(born 1958) Whole-time Director & Vice Chairman, a promoter of the Company. He holds a Masters Degree in Science and has been associated with the Company from the initial days. He is well-versed with the manufacturing technology and supervises the overall affairs of the Company.

Mr. N. GOVINDARAJAN
(born 1968) Managing Director, is a 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 & biotechnology.

Dr. M. SIVAKUMARAN
(born 1943) Whole-time Director, he holds a Masters Degree in Science and has been awarded a PhD in Organic Chemistry. 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
(born 1960) Whole-time Director, has a Masters Degree in Science (Organic Chemistry) and has held top managerial positions in leading pharmaceutical companies. He commands over 25 years of valuable experience in the pharmaceutical industry. He looks after formulations manufacturing of the Company.

Mr. P. SARATH CHANDRA REDDY
(born 1985) Whole-time Director, he is a graduate in Business Administration. He is a second generation entrepreneur experienced in general management and has expertise in project executions, IT, procurement, etc.

Mr. P.V. RAMPRASAD REDDY

(born 1958) Non-Executive Director and a promoter of the Company. He is a postgraduate in Commerce and prior to promoting Aurobindo in 1986, he held management positions in various pharmaceutical companies. In 2008, the widely read World Pharmaceutical Frontiers, announced he is among the top 35 most influential people in the pharmaceutical industry.

Mr. M. SITARAMA MURTY

(born 1943) Non-Executive, Independent Director, did his Masters in Electronics. He is a professionally qualified banker. He has over three decades of experience as a banker and has held various positions in nationalised banks and retired as Managing Director & CEO of 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

(born 1964) Non-Executive, Independent Director of the Company. She 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.

Mr. RANGASWAMY RATHAKRISHNAN IYER

(born 1953) Non-Executive, Independent Director, is a postgraduate in Commerce and has Masters in Finance Management from Jamnalal Bajaj Institute of Management Studies. He has 37 years of experience with the pharmaceutical industry in India, working with Wyeth Limited from 1980 to 2009, of which last 9 years as the Managing Director. Since 2010, he is a consultant to several multinational and Indian pharma companies.

Chief Financial Officer

Mr. SANTHANAM SUBRAMANIAN

Company Secretary

Mr. B. ADI REDDY

Statutory Auditors

M/s. S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
Oval Office, 18 iLabs Centre,
Hi-tech City, Madhapur,
Hyderabad - 500 081

Registrars & Transfer Agents

M/s. Karvy Computershare Private 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

Bankers

Andhra Bank
Canara Bank
DBS Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Standard Chartered Bank
State Bank of Hyderabad
State Bank of India

Corporate website: www.aurobindo.com **CIN**: L24239TG1986PLC015190

Regulatory Filings

as at March 31, 2017		FILED	APPROVED
FORMULATIONS NDA/ANDAs	USA	429	314
	Europe	211	189
	South Africa	176	90
	Canada	121	101
	TOTAL	**937**	**694**
APIs DRUG MASTER FILINGS	USA	220	
	Europe		
	New Registrations	118	
	Multiple Registrations	1,617	
	Others	749	
	Certificate of Suitability	125	
	TOTAL	**2,829**	
PATENTS		**APPLIED**	**GRANTED**
		630	99

AUROBINDO

Aurobindo Pharma Limited
CIN - L24239TG1986PLC015190
Registered Office:
Plot No.2, Maitri Vihar, Ameerpet,
Hyderabad - 500 038
Phone : +91 40 2373 6370
Fax : +91 40 2374 7340
E-mail : info@aurobindo.com
Website : www.aurobindo.com

Notice of Annual General Meeting

NOTICE is hereby given that the 30th Annual General Meeting of the Members of Aurobindo Pharma Limited will be held on **Thursday, the 31st day of August, 2017 at 3.00 p.m. at Kaveri Ball Room, Hotel Trident, Hi-tech City, Near Cyber Towers, Madhapur, Hyderabad 500 081** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone Balance Sheet as at March 31, 2017, Statement of Profit and Loss and Cash Flow Statement for the financial year ended March 31, 2017 and reports of Directors and Auditors thereon.

2. To receive, consider and adopt the Audited Consolidated Balance Sheet as at March 31, 2017, Statement of Profit and Loss and Cash Flow Statement for the financial year ended March 31, 2017 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 2016-17.

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.

6. To appoint Statutory Auditors of the Company and fix their remuneration 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 provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Audit & Auditors) Rules, 2014, and such other applicable provisions, if any, of the Act or Rules framed there under including any statutory enactment or modification thereof and pursuant to the recommendation of the Audit Committee, M/s. B S R & Associates LLP, Chartered Accountants, (Firm Registration No. 116231W/W-100024) be and are hereby appointed as the Statutory Auditors of the Company in place of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004), the retiring auditors, to hold office from the conclusion of this 30th Annual General Meeting until the conclusion of 35th Annual General Meeting of the Company, subject to ratification by Members as to the said appointment at every Annual General Meeting, at such remuneration as may be decided by the Board of Directors of the Company."

SPECIAL BUSINESS

7. Re-appointment of Mr. P.V. Ramprasad Reddy (DIN: 01284132), Director of the Company, as Managing Director designated as Executive Chairman of Aurobindo Pharma USA Inc., a Wholly Owned Subsidiary of the Company 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 Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment, modification or re-enactment thereof), consent of the members of the Company be and is hereby accorded for re-appointment of Mr. P.V. Ramprasad Reddy (DIN: 01284132), Director of the Company as Managing Director designated as Executive Chairman (or any other designation which the Board of Directors of Aurobindo Pharma USA, Inc., may decide from time to time) in Aurobindo Pharma USA Inc., a Wholly Owned Subsidiary of the Company with effect from December 1, 2017 for a period of five years at such remuneration and on such other terms and conditions as may be decided by Aurobindo Pharma USA, Inc., provided however that the aggregate amount of remuneration (inclusive of salary, perquisites, allowances, incentives, bonuses, retirement benefits, insurance, other facilities etc.) shall not exceed USD 350,000 (US Dollar three lakhs fifty thousand only) per annum or equivalent amount in any other currency with an authority to the Board of Directors of Aurobindo Pharma USA, Inc., to give annual or other increments from time to time not exceeding 10% of the immediately previous drawn salary over and above the aforesaid remuneration and he will also be entitled to reimbursement of medical expenses for self and family, use of Company's car and telephone at residence and encashment of unavailed leave and other benefits as per the rules of Aurobindo Pharma USA Inc."

8. Appointment of Mr. Rangaswamy Rathakrishnan Iyer (DIN: 00474407) 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 an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under read with Schedule IV of the Companies Act, 2013, and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory amendment, modification or re-enactment thereof), Mr. Rangaswamy Rathakrishnan Iyer (DIN: 00474407) who was appointed as an Additional Director of the Company categorized as Independent Director, by the Board of Directors with effect from February 9, 2017 in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Rangaswamy Rathakrishnan Iyer as a candidate for the office of director, be and is hereby appointed as an Independent Director of the Company with effect from February 9, 2017 to hold office up to February 8, 2019, not liable to retire by rotation."

9. 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, and the authority vested with the Board of Directors by the Members at the 28th Annual General Meeting of the Company held on August 27, 2015, the remuneration of Mr. N. Govindarajan, Managing Director of the Company be and is hereby revised with effect from April 1, 2017 for the remaining period of his tenure i.e. up to May 31, 2018 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	₹1,935,940 per month.
b.	House rent allowance	₹1,290,626 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.	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.	
g.	Provision of Company's car with driver.	
h.	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 ₹10 crore for each financial year with effect from the financial year 2017-18 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

Hyderabad
June 20, 2017

B. Adi Reddy
Company Secretary

Notes

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 HIMESELF/ 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 per cent of the total share capital of the Company. Further, a Member holding more than ten per cent 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 meeting. The proxy form is enclosed.**

2. A Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.

3. Relevant documents referred to in the accompanying Notice and the statement is 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 meeting of the Company.

4. The Register of Members and Share Transfer Books of the Company will remain closed from August 25, 2017 to August 31, 2017 (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 for the year 2016-17. (The Board of Directors of the Company did not recommend any further dividend for the year 2016-17.)

6. The unpaid/unclaimed dividend for the year 2008-09 and unpaid/unclaimed interim dividend for the year 2009-10 were 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) and also on the website of Ministry of Corporate Affairs. The unpaid/unclaimed final dividend for the year 2009-10 will be transferred to the Investor Education and Protection Fund of the Central Government on the due date. The shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Companies Act, 2013, and the applicable rules.

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 Computershare Private Limited. Members holding shares in electronic form may intimate any such changes to their respective Depository Participants (DPs).

8. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through electronic mode. For this purpose, the details such as, name of the bank, name of the branch, 9-digit code number appearing on the MICR band of the cheque supplied by the bank, account type, account number, etc. are to be furnished to your DP if the shares are in electronic form or to the Registrar & Transfer Agents, if they are held in physical mode.

9. The Annual Report for 2016-17 is being sent by electronic mode only to the Members whose Email addresses are registered with the 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 2016-17 are being sent by the permitted mode. For Members who have not registered their E-mail addresses so far are requested to register their Email address for receiving all communication including annual report, notices, circulars, etc., from the Company electronically.

10. 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 24, 2017, to exercise their right to vote by electronic means on all of the agenda items specified in the accompanying Notice of the 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.

11. Members may also note that the Notice of the 30th Annual General Meeting and the Annual Report for 2016-17 will be available on the Company's website. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on 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.

12. Brief resume of Directors of those 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 with the stock exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

13. Members are requested to bring their attendance slip along with their copy of the Annual Report to the meeting.

14. SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents.

Statement pursuant to Section 102(1) of the Companies Act, 2013

Item 7

The appointment of Mr. P.V. Ramprasad Reddy, Director of the Company as Managing Director designated as Executive Chairman of Aurobindo Phama USA, Inc., was approved by the members of the Company at its Extra-ordinary General Meeting held on September 12, 2012 with effect from December 1, 2012 for a period of five years. The present term of Mr. P.V. Ramprasad Reddy as Managing Director designated as Executive Chairman of Aurobindo Pharma USA, Inc. expires on November 30, 2017. It is proposed to re-appoint Mr. P.V. Ramprasad Reddy as Managing Director designated as Executive Chairman of Aurobindo Phama USA, Inc. for a further term of five years with effect from December 1, 2017.

Mr. P.V. Ramprasad Reddy, aged 59 years, is a post graduate in Commerce. He is one of the promoters of Aurobindo Pharma Limited and a Director since inception of the Company and played an instrumental role in the growth of the Company. Prior to promoting Aurobindo Pharma in 1986, he held management positions in various pharmaceutical companies. Mr. P.V. Ramprasad Reddy is a director of Penaka Pharma (India) Private Limited and RPR Sons Advisors Private Limited. He leads strategic planning of the Company. He holds 18,000,000 equity shares of ₹1 each in the Company.

During the financial year 2016-17, he has attended 3 out of 4 meetings of the Board held. He is a member of Project Finance Committee.

Information required to be disclosed pursuant to Rule 15 of the Companies (Meetings of the Boards and its Powers) Rules, 2014:

a.	Name of the related party	Mr. P.V. Ramprasad Reddy
b.	Name of the Director or Key Managerial Personnel who is related	Mr. P. Sarath Chandra Reddy, Whole-time Director
c.	Nature of relationship	Mr. P. Sarath Chandra Reddy is son of Mr. P.V. Ramprasad Reddy
d.	Nature, material terms, monetary value of the contract or arrangement:	
	Nature of the arrangement	Mr. P.V. Ramprasad Reddy is proposed to be appointed as Managing Director designated as Executive Chairman in Aurobindo Pharma USA Inc, a wholly owned subsidiary.
	Material terms	The appointment, if approved by Members, shall be effective from December 1, 2017 for a period of five years.
	Monetary terms	The aggregate amount of remuneration (inclusive of salary, perquisites, allowances, incentives, bonuses, retirement benefits, insurance, other facilities etc.) shall not exceed USD 350,000 (US Dollar three lakhs fifty thousand only) per annum or equivalent amount in any other currency with an authority to the Board of Directors of Aurobindo Pharma USA, Inc. to give annual or other increments from time to time over and above the aforesaid remuneration not exceeding 10% of the immediately previous drawn salary and he will also be entitled to reimbursement of medical expenses for self and family, use of Company's car and telephone at residence and encashment of unavailed leave and other benefits as per the rules of Aurobindo Pharma USA, Inc.
e.	Any other information relevant or important for the members to take a decision on the proposed resolution	He is one of the promoters of the Company and a director since inception. He leads strategic planning and is instrumental in the growth of the Company.

Except Mr. P.V. Ramprasad Reddy, Mr. P. Sarath Chandra Reddy and their relatives, none of the other Directors and Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested in the Resolution.

The Board recommends the Ordinary Resolution set forth in Item 7 for approval of the Members.

Item 8

The Board of Directors at its meeting held on February 9, 2017 appointed Mr. Rangaswamy Rathakrishnan Iyer as an Additional Director categorized as Independent Director of the Company with effect from February 9, 2017, and accordinlgy, he holds office up to the ensuing Annual General meeting of the Company. In terms of Sections 149 and 152 and the Rules made there under read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declaration made by Mr. Rangaswamy Rathakrishnan Iyer that he meets the criteria of independence as provided in Section 149(6) of Companies Act, 2013. The Board is of the opinion that he fulfills the condition specified in the Companies Act, 2013 and the Rules made there under and is independent of the management. It is proposed to appoint Mr. Rangaswamy Rathakrishnan Iyer as an Independent Director of the Company as per the provisions of the Companies Act, 2013.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a Member along with a deposit of ₹100,000 proposing the candidature of Mr. Rangaswamy Rathakrishnan Iyer for the office of Independent Director.

The Resolution seeks the approval of the Members for appointment of Mr. Rangaswamy Rathakrishnan Iyer as an Independent Director of the Company up to February 8, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. He is not liable to retire by rotation.

He does not hold any shares in the Company.

No Director, Key Managerial Personnel or their relatives, except Mr. Rangaswamy Rathakrishnan Iyer, to whom the Resolution relates, is interested or concerned in the Resolution.

The Board recommends the Ordinary Resolution set forth in Item 8 for approval of the Members.

Item 9

The Members of the Company at the 28th Annual General Meeting held on August 27, 2015 approved re-appointment of Mr. N. Govindarajan as Managing Director of the Company for a period of 3 years with effect from June 1, 2015 with a remuneration of ₹2.25 crore 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 ₹4 crore for each financial year, as may be decided by the Board of Directors of the Company.

Further, the Board at its meeting held on February 9, 2016 revised the remuneration of Mr. N. Govindarajan from ₹2.25 crore to ₹3 crore and other perquisites, per annum. In addition to the salary and perquisites, the commission payable to him was also revised 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 ₹9 crore for each financial year, as may be decided by the Board of Directors of the Company. The revision of remuneration of Mr. N. Govindarajan was approved by the Members of the Company at their 29th Annual General Meeting held on August 24, 2016.

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, it is appropriate to revise the remuneration of Mr. N. Govindarajan, Managing Director of the Company, commensurate with his role and responsibilities. Accordingly, the Board of Directors at its meeting held on May 29, 2017 revised the remuneration of Mr. N. Govindarajan, Managing Director based on the recommendation of Nomination and Remuneration/Compensation Committee and subject to the approval of Members of the Company, from ₹3 crore per annum to ₹4 crore per annum with effect from April 1, 2017 and other perquisites with no other changes in the terms and conditions of his appointment.

In addition to the salary and perquisites, the Board of Directors of the Company, based on the recommendation of Nomination and Remuneration/Compensation Committee and subject to the approval of the Members of the Company also revised the commission 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 ₹10 crore (Previously: ₹9 crore) for each financial year with effect from the financial year 2017-18 as may be decided by the Board of Directors of the Company.

The aforesaid revision of remuneration and commission shall be within the ceiling limits as mentioned in Schedule V of the Companies Act, 2013.

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

The Board recommends the Ordinary Resolution set forth in Item 9 for approval of the Members.

By Order of the Board

Hyderabad
June 20, 2017

B. Adi Reddy
Company Secretary

Board's Report

Dear Members,

Your Directors are pleased to present the 30th Annual Report of the Company together with the audited accounts for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

Standalone financials ₹ Million

	2016-17	2015-16
Revenue from operations (inclusive of excise duty)	**97,812.1**	93,227.6
Profit before depreciation, interest, tax and exceptional items	**25,099.0**	24,761.1
Depreciation	**2,861.7**	2,630.0
Finance cost	**451.6**	652.7
Profit before tax	**21,785.7**	21,478.4
Provision for tax	**4,718.1**	5,211.4
Net profit after tax	**17,067.6**	16,267.0
Other comprehensive income/(expense)	**(56.1)**	(14.4)
Total comprehensive income for the period	**17,011.5**	16,252.6

DIVIDEND

Your Directors have approved a second interim dividend of 125% i.e. ₹1.25 per equity share and together with the first interim dividend of 125% i.e. ₹1.25 per equity share, the total dividend for the financial year 2016-17 comes to 250% i.e. ₹2.50 per share on the equity share of ₹1 against 250% i.e. ₹2.50 per 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 viz. www.aurobindo.com.

PERFORMANCE REVIEW

Your Company delivered yet another year of consistent and profitable growth, continued to build a robust pipeline of products, stepped up market development, significantly expanded manufacturing capacities, invested to further improve reliability of deliverables and enhanced the level of execution across the Company. There was a sustained focus on research and development, employee engagement, competency enhancement and relentless pursuit of excellence in quality.

The team at Aurobindo demonstrated resilience despite several challenges, especially in dealing with competitive pricing pressures in the market as well as hardening of the rupee in the latter half of the financial year. At the market place, the momentum was maintained by improving the product mix with high value, differentiated oral solid and injectable products.

Your Company was quick to respond to the challenges of the market environment by executing improvements in operations. There was considerable work done to scale up volumes, improve efficiencies, optimize costs and fine-tune supply chain and logistics in order to expand the bottom line. Productivity enhancements and process improvements were proactively undertaken to benchmark the manufacturing systems with the best in the industry.

The standalone revenue at ₹97,812.1 million increased by 4.9% in 2016-17. Operating profit including forex and other income was higher by 1.4% over the previous year. Profit before tax was higher by 1.4% at ₹21,785.7 million over the previous year. Net profit for the year 2016-17 at ₹17,067.6 million was an increase of 4.9% compared to 2015-16. The diluted earnings per share for 2016-17 is ₹29.16 as compared to ₹27.84 in 2015-16.

At the consolidated level, your Company delivered solid financial results fuelled by strong performance in US and European markets. The revenues increased to ₹150,898.6 million, a growth of 8.1% over the previous year with an EBITDA margin of 22.8%. EBITDA for the year was ₹34,342.8 million as against ₹31,881.2 million in the previous year and the diluted earnings per share grew by 13.5% to ₹39.33.

US formulations business contributed 57% to the overall formulations revenue during the year, as against 55% in the previous year. The revenue generated from the US business grew by 12.3% at ₹68,272.3 million in 2016-17 over the previous year sales of ₹60,785.5 million.

Your Company maintained its momentum of growth with the launch of several new oral and injectable products in the US, led by final approvals for 61 products from the US FDA during the financial year. Aurobindo continues to witness strong pace of approvals from US FDA, which helped to maintain growth momentum in sales and improve market presence. In keeping with the past track record, speed to the market and effectiveness in execution has remained the hallmark of Aurobindo's performance.

As a result of customer centric approach and relationship oriented marketing, your Company has become the 6th ranked Rx supplier of prescriptions dispensed (as per IMS National Prescription Audit, April 2017). In the highly competitive US market, your Company has diversified product basket in oral solids including controlled substances and injectables.

A few key developments in your Company in 2016-17 as regards product portfolio expansion were as follows:

- Received final approvals for 61 ANDAs as compared to 49, in 2015-16;
- Obtained US FDA approval for the Company's first penem ANDA for an injectable product;
- Filed 31 ANDAs as compared to 22, in 2015-16;
- Commenced filing from new facility, Unit X. As on March 31, 2017, the Company has filed 4 ANDAs from the facility;
- Started filing for oncology products with US FDA through the Company's joint venture entity, Eugia; Filed 2 ANDAs;
- Launched 35 products in the US market during the year under review;
- Capacity utilization was increased at every production facility to meet the growing portfolio.

As on March 31, 2017, your Company has cumulatively filed 429 ANDAs, out of which 276 have final approval and 38 have tentative approval, including 10 ANDAs which are tentatively approved under PEPFAR and the balance 115 ANDAs are under review.

Your Company clocked a growth of 4.7% in Europe to reach a revenue of ₹32,771.5 million in 2016-17 as against sales of ₹31,304.3 million in the previous year. The focus continues to achieve improved synergies between the acquired businesses at Western Europe with the Company's existing product pipeline. In all the addressable markets, there was volume growth, improved market presence as well as enhanced profitability, supplemented by increased manufacturing in India for larger number of products. This exercise of transferring the manufacturing base to India has streamlined and integrated the operations, optimized costs, improved the information flow, facilitated decision making and enabled better supervision and control. All of these initiatives have translated into increase in profitability.

In March 2017, formulations manufacturing facility Unit XV at Parawada in Visakhapatnam was commissioned. The unit is primarily for supplies to European markets, and has been audited & approved by European authorities. In order to meet the growing demand, the volumes are being ramped up.

During the year, your Company further strengthened its branded products portfolio and leveraged its position as a key player in select European markets through couple of acquisitions. Arrow Generiques S.A.S., the French subsidiary of Aurobindo acquired the rights, title and interest in products Calcium and Calcium Vitamin D3, including the use of the Orocal trademark for the France market.

Agile Pharma B.V., The Netherlands, the wholly owned step-down subsidiary of your Company acquired Generis Farmacêutica S.A., which is engaged in the manufacture and sale of pharmaceutical products in Portugal. The acquisition includes the manufacturing facility in Amadora, Portugal, which has a capacity to manufacture 1.2 billion tablets/capsules/sachets annually.

Generis Farmacêutica S.A. is a generic pharmaceutical firm that focuses on both the retail and hospital segments apart from exports. Generis has a wide portfolio of products with major share in the therapeutic areas of cardiovascular (CVS), Central Nervous System (CNS), anti-infectives and genitourinary system ailments. Generis is the most sold pharmaceutical brand in Portugal, and is the 2nd largest generic group in Portugal.

The acquisition establishes Aurobindo as the leading generics group in Portugal. Synergies are expected from Aurobindo's vertical integration and pipeline breadth, improvement in Amadora plant capacity utilization by servicing both local and European markets, and operational advantages. The acquisition will catapult your Company to the leadership position in the Portuguese generic pharma market.

Sales of formulations to the emerging markets such as Brazil, Ukraine, Mexico and MENA (Middle East and North Africa) as well as South Africa grew by 17% to ₹7,556.3 million against ₹6,461.0 million reported in 2015-16. This segment remains a key market for Aurobindo and renewed efforts are made to position your Company's products as one of the preferred suppliers in the existing and newer geographies.

ARV formulations business clocked a revenue ₹11,854.1 million and during the year , your Company received US FDA approval for a valuable product - considered as a first line for treatment for HIV - under the PEPFAR program, and your Company has also filed an ANDA related to a triple combination product with the FDA.

Overall, formulations business constituted 79.8% of the consolidated revenue, while active pharmaceutical ingredients (API) accounted for the balance 20.2%. During the financial year, sale of formulations at ₹120,454.2 million grew by 8.9% across all geographies in comparison to the previous year.

Revenue from API was ₹30,420.6 million during the year under review, a growth of 5.5%. This growth in revenue of high value APIs has been achieved after meeting the very large in-house demand for manufacture of formulations. In line with anticipated further increase in formulations business, the in-house capacity for API has been further raised, even as your Company has contracted additional, newer, alternate sources for APIs.

AuroHealth, a subsidiary of your Company, which manufactures and markets pharma OTC products in the US, continued to gain penetration in to several key national retailers as well as select regional accounts. This business gained traction during the year and as at end of March 2017, AuroHealth was shipping to 24 customers with a commercialized basket of 56 products.

The dietary supplements business done by Natrol, the nutritional supplementary maker that Aurobindo acquired in 2014, was in line with the expectations, even as work continues to enhance the product pipeline. Natrol continues to be amongst the top 20 branded dietary supplement companies in the US. Existing products gained market share, while newer products are being launched. The revenues and bottom line expanded as planned and your Company sees further headroom for growth.

OUTLOOK

The Company's endeavor has been to invest in reliability; ensure patient safety through high-end quality of products and processes; develop alternate API and excipient sources to deliver larger volumes, in line with customer expectations on-time-in-full; possess high value, differentiated portfolio of complex molecules; build state-of-the-art manufacturing facilities that meet compliance standards; ensure safe working environment to protect the health of the employees; minimize waste and maximize recycling of materials; reduce the risk in operations; and be a preferred partner to all the stakeholders. In effect, strive for execution excellence and be a responsible corporate citizen.

Aurobindo has made significant progress in all these areas, but the team works with the belief that there is room for improvement. Operational excellence is often reviewed closely to further improve productivity, become cost effective and be reliable in every transaction.

The market environment is changing rapidly, with newer challenges and newer opportunities. Your Company has been conscious to work ahead of time and has invested in several technologies and platforms such as biotechnology, oncology, hormones, steroids, biocatalysts, peptides, vaccines, penems, depot injections, dermatology, inhalers, nasal, patches and films to sustain the growth.

Aurobindo is striving to stay ahead of the curve. A large portfolio is being built of differentiated products which would act as a moat against competitive pressures; new manufacturing facilities are under construction to cater to the growing portfolio; several of the newer technologies would help enhance margins; process improvements and better logistics management are expected to strengthen competitiveness.

Your Company's product portfolio and pipeline for the US market have significant potential for sustainable volume growth. This is a quality conscious, knowledge driven market and your Company is far better positioned with offers in several therapeutic segments.

Pricing pressures in US markets are expected to stay and there is the risk of the ability to maintain current margins. Price sensitivities will test all the players in a crowded market where price tends to sag while volume business gets done.

This threat does not affect Aurobindo significantly, because of its large portfolio of products, control over raw material sourcing and lower product concentration. The Company is a dominant player in the active ingredients business and has been able to control its quality, improve on timelines, be competitive on its costs and has the ability to deliver at short notice. This is a unique advantage that Aurobindo enjoys over competing manufacturers across the world.

Competitive pressures and resultant price erosion in US markets has galvanized your Company to focus on the organizational strength, leverage the full capabilities and competencies of the cadre of dedicated and highly experienced professionals. Your Company will continue to work to protect the revenues and bottom line, to turn challenges and opportunities into successes.

Research and development (R&D) activity being undertaken is focused on difficult to manufacture, differentiated products, with possible low competitive pressure. Work is on-going in differentiated molecules, both for oral and injectable products.

For instance, your Company successfully developed and filed 4 penems for the US market and received approval for one product, an injection drug, at the end of the financial year. This product was successfully launched in April 2017. Penems are difficult to develop products. The development and filing is in-line with the strategy of moving towards complex/specialty products.

The recent acquisition of 5 biosimilar molecules is in furtherance of the same strategy. These are complex biosimilars, and the plans are to take a lead molecule from this transaction for clinical trials in 2017. This is an anti-antiogenesis drug used in treatment of multiple-cancers including metastatic colon or rectal cancer, non-squamous and non-small cell lung cancers. Apart from these molecules, your Company is working on development of biosimilars in therapeutic segments such as oncology, auto immune disorders and ophthalmology.

In keeping with the need to manufacture a growing product pipeline, your Company, in addition to commissioning the formulations manufacturing facility at Unit XV referred earlier, has initiated significant improvements in capacities to boost volumes, as given below:

- Unit X: Your Company is building a US FDA compliant oral manufacturing facility at Naidupet, Andhra Pradesh, which will be commissioned in 2017-18. It is presently at project stage, where validation batches are being taken and is being got ready for regulatory inspection;
- Unit XVI: Your Company is building another US FDA compliant Betalactum injectables manufacturing facility at Jedcherla, near Hyderabad. It is planned to get the facility commissioned in 2017-18;
- Your Company is in the processes of tripling the capacity at AuroLife manufacturing facility, which will significantly boost volumes for the US market.

In order to sustain future growth and spread the geographical risk, Aurobindo has been steadily expanding its European footprint since 2006, via acquisitions across several key markets and building a diversified product basket. Most notably, in 2014 the acquisition of Actavis's commercial operations in seven Western European countries added traction to the Company's presence in these developed markets. The acquisition of Generis, referred to earlier, builds upon an already successful growth strategy.

Members will recall, Arrow Generiques S.A.S., the French subsidiary of Aurobindo acquired select commercial products in Calcium and Calcium Vitamin D3, including the use of the Orocal trademark. This acquisition enables Arrow Generiques to continue to increase its branded products portfolio and leverage its position as a key player in the market, with focus on selling generics in the retail and hospital markets in France. The Company is well balanced between generics/branded products/biosimilars in the retail and hospital markets. A dedicated Business Unit with sales and marketing team has been set up specifically to enhance this business.

Arrow Generiques has continued developing the brand awareness among prescribers through promotion of mature products and launch of specialties for patients care. The present arrangement will boost the position of Arrow Generiques and open new opportunities for the future.

Aurobindo is committed to the larger cause of bringing affordable HIV drugs to millions of patients. Today, in addition to its existing powerful portfolio of products, your Company is bringing a one-of-its-kind generic version of a valuable drug, as also developing a fixed dose combination drug, to help achieve the UNAIDS 90-90-90 goals and an AIDS-free generation. The UNAIDS 90-90-90 goal is an ambitious treatment target aimed at goals briefly described below:

- By 2020, 90% of all people living with HIV will know their HIV status.
- By 2020, 90% of all people with diagnosed HIV infection will receive sustained antiretroviral therapy.
- By 2020, 90% of all people receiving antiretroviral therapy will have viral suppression.

Your Company is striving to help achieve these goals by proactively meeting the needs by offering products in several countries. The World Health Organization has recommended Aurobindo's first-line therapy against HIV which is expected to see rapid growth in demand now that a cost-effective generic product is made available to the market. Your Company's products have the potential to improve the lives of millions of patients.

RESEARCH & DEVELOPMENT

As in earlier years, your Company's new product development initiatives ranged from conventional oral and injectable products to more complex and advanced dosages. The focus was to prioritize on the more complex and niche products including oral and sterile, peptide drug products. Filing ANDAs of such products involved innovative and development intensive work.

The oncology, dietary supplements and the OTC teams made significant contributions by developing new products. A notable activity during the financial year was the start of development work on 58 products in the oncology and 8 products in the hormone segments, both in injectable and solid dosage forms. Regulatory filings are expected to happen for all these products within the next 3 years. Out of these 66 products that have been shortlisted, two products were filed in the US in 2016-17 and the plans are to file, at least 15 products in 2017-18. Further, product development has been initiated in new segments such as dermatology and nasal drug delivery.

The continuous innovative and skilful work being done by the R&D team is seen in the number of approvals received over the years with revenue growth and productivity gains. The regulatory product approvals for the ANDAs filed in the past as well as increased contribution/ commercialization of the development projects already undertaken, demonstrate the intellectual property strengths of your Company.

To take-up development of additional oncology molecules, another Chemical Research Laboratory has been created with isolators and appropriate personal safety protection equipment. Process development of six anti-cancer APIs is underway to commercially validate those in the next financial year.

ENVIRONMENT, HEALTH & SAFETY

In keeping with the increasing manufacturing infrastructure and in order to continuously upgrade the environmental and safety standards, your Company took several initiatives, all of which were dedicated to ensure renewability of the natural resources, reduce environmental footprint, and ensure all our employees, contractors and visitors go home safely. This is an area of management where prevention and proactive supervision is embedded in the systems and processes.

While several steps have been taken to enhance these standards and raise awareness across the organization, Team Aurobindo believes that it is an area where there is no finishing line and shall remain a work-in-progress. A few of the actions taken during the year are listed below:

Environment

In 2015-16, the Company planned additional environmental management infrastructure, particularly in wastewater management. These have been installed in 2016-17, commissioned and are working satisfactorily. This year too, environment management across all facilities attained a steady state and have proved that the systems are consistent with environmental regulations and customer expectations.

During the year under review, there was a surge in environmental assessments of API and formulations units by experts from reputed multinational customers and your Company demonstrated its efforts on environmental management to the satisfaction of all stakeholders. This journey moves forward as part of continual improvement of the organization's efforts.

In 2016-17, the biggest of Aurobindo's API manufacturing units, Unit XI, got accredited to ISO 14001 international standard. A rigorous and continuous evaluation of environmental performance triggered a new initiative of comprehensive and robust rain water management across Aurobindo's manufacturing units. As part of this drive, existing storm water drainage system/ network stands re-engineered.

As part of setting up of dedicated sewage treatment plants (STP), three sewage treatment plants were installed; one each in two of the manufacturing units and one in a formulation manufacturing unit. These STPs are in addition to the ones planned and installed in 2015-16.

During 2016-17, your Company was successful in obtaining consent for expansion of two API manufacturing units. Regulatory approvals and consents are in place for all the units while the Company has ensured compliance with all applicable environmental regulations.

Safety

Your Company engaged the employees and contractors to commit themselves for their own safety and those of their colleagues. In order to motivate the contractors, a reward and penalty system for contractors was initiated so as to complete their projects with zero safety incidents.

As an awareness initiative, a month long safety program was organized, where promotional activities were taken up to increase awareness of prevention of hazards, and unsafe actions among the work force. Nitrogen blanketing, prevention of static electricity, volatiles in work place and learning from past incidents were the themes of the safety month. The program has inspirational impact on the need for employees to align with the best interests of each other.

Training remains a continual effort to create a culture of safety. Formal safety training inputs were provided, accounting for 0.54% of total man-hours of each employee. Shift pep talks are organized in API units to communicate the hazards and precautions that need to be taken in the operations planned for each shift.

All new processes and changes to existing processes are reviewed by the safety team and tests are conducted to ensure that safety issues in scale-up are identified and addressed. HAZOP studies have been completed for 58 processes during the year and risk assessments are completed for 47 activities.

Over and above the routine up gradations, your Company installed earth interlock and monitoring systems. A new technology fire fighting system with aerosol based extinguishers was installed to raise the in-house capability.

HUMAN RESOURCES

Aurobindo has aligned its human resources learning and development to the needs of a growing and fast track organization. Year-on-year as the organization catapults ahead to meet its newest strategies and challenges, the immediate impact is felt on its processes, technology and most importantly its people. The very same people have to now perform with a certain sense of urgency, do more with less, be assertive yet be compliant and feel the heat of increase in their span of control.

This presupposes skilling the existing manpower to perform at their optimum best. The shop floor resources are hence encouraged to stay focused on key development areas as they are the doers, and hence are required to maintain the necessary cGMP compliance levels. Shop floor executives are continuously trained and groomed in the area of compliance, supported adequately to raise their competence, confidence and anytime readiness.

Key employees at the shop floor undergo classroom training, on-the-job training and assessments. 5,968 mandays of training was conducted for them in 2016-17.

Customized programs such as Auro Disha, Naa Unnati specially designed for the block and area in-charges covering supervisory and managerial skills with emphasis on project implementations was organized. Such projects ranged from process improvements to cost efficiencies with the support of their managers. 1,560 mandays of training was conducted in 2016-17 for supervisory and managerial resources.

Mid-level managers were put through year-long management development programs to bullet proof them wherein they undergo and participate in 24 important competencies to raise them to be successful leaders. They are required to implement projects on cost improvements, customer service and process improvements. 120 participants are undergoing a full year of training in four batches. Each batch on an average has helped save significant amount of cost, where the savings are objectively accounted for, even as the managers are raising their expertise to their next level. Individual's career plan is tailored and aligned with the organization's strategic growth requirements.

A unique intervention has paved its way into the organization where 30 General Executive Trainees are being hired from premium colleges and are being groomed to grow into future leaders. A yearlong hand-holding process is organized to help them understand the complexities of the organization. They are put through classroom training, on-the-job training, projects, robust reviews and minimum of three rotations. Three batches have been hired into the system.

During the year, 27,637 employees have been covered in compliance, safety and behavioral training. Several employees underwent multiple, need based programs.

Aurobindo Training and Development Centre (ATDC) recruits, trains and helps absorb talented candidates. During the year, your Company recruited 257 employees (29 M. Pharmacy, 113 M.Sc., 55 B. Pharmacy degrees and 60 ITI/Diploma holders). During training, they are prepared both on theoretical and practical aspects to meet the requirements of quality control, quality assurance; regulatory affairs, analytical techniques, stability/ quality compliance, safety compliance and good documentation practices.

ITI/Diploma candidates are trained on production and packaging operations. Apart from imparting technical knowledge, ATDC plays a critical role in holistic learning which includes internalizing the corporate culture, work ethics and behavior attributes towards effective leadership development and progression and making a difference to the organization.

AWARDS

For its HR practices, your Company received recognition during the year, such as:

- Certificate of Honor in the category of Excellence in HR by CPhI India & UBM India for the initiatives taken for e-learning, skill development, HR automation, talent engagement, leadership competencies & its integration with HR sub-systems.
- Certificate of Appreciation in the 12th edition of BML Munjal Awards for Excellence in Learning & Development.

Your Company has received an award for Most Consistent IR (Investor Relations) Practice in Large Cap category for 2016-17 conducted by KPMG, BSE, Bloomberg and IR Society.

Aurobindo Pharma is a winner of the Clarivate Analytics India Innovation Awards 2016. Clarivate

Analytics - formerly the IP & Science division of Thomson Reuters -honors the top 50 most innovative companies in India according to patent-related metrics that get to the essence of what it means to be truly innovative.

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 statement 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 companies were incorporated as step down subsidiaries of the Company:

a. Auro AR LLC;

b. Auro Pharma USA LLC;

c. Aurogen South Africa (Pty) Limited;

d. Auro Vaccine LLC, USA;

e. Aurovitas Pharma Polska, Poland.

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, 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.

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. 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/corporategovernance.

PREVENTION AND PROHIBITION OF SEXUAL HARASSMENT

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, no complaints have been received.

RATING

India Ratings and Research (Ind-Ra) has revised Aurobindo 's outlook to Positive from Stable and affirmed its long-term rating of the Company at 'IND AA+'.

MEETINGS OF THE BOARD

The Board and Committee meetings are pre-scheduled 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, four 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.

DIRECTORS

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 appointment of Mr. Rangaswamy Rathakrishnan Iyer as an Independent Director of the Company for a period of two years upto February 8, 2019 is being proposed at the ensuing Annual General Meeting. The Board of Directors recommends his appointment.

Dr. D. Rajagopala Reddy resigned as Independent Director of the Company with effect from February 10, 2017. The Board has placed on record its sincere appreciation and gratitude for contributions made by him during his tenure as Independent Director of the Company.

DETAILS OF DIRECTORS & KEY MANAGERIAL PERSONNEL

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b. 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;

c. 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;

d. the annual accounts have been prepared on a going concern basis;

e. 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

f. 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.

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/corporate-governance.

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 evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board including performance and working of its Committees.

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/corporate-governance.

TRANSFER TO RESERVE

The Company has not transferred any amount to general reserve out of the profits of the year.

LOANS, GUARANTEES OR INVESTMENTS

Loans, guarantees or 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

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 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return prepared in Form MGT-9 is in **Annexure-3** to this Report.

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 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. 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 27th Annual General Meeting (AGM) held on August 27, 2014, had appointed M/s. S.R.Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors for a period of 3 years i.e. up to the conclusion of the 30th AGM to be held in the year 2017. The present term of M/s. S.R.Batliboi & Associates LLP, Statutory Auditors, would expire at the conclusion of the ensuing AGM.

The Board of Directors of the Company has proposed the appointment of M/s. B S R & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of 30th AGM until the conclusion of the 35th AGM.

The Company has received a letter from M/s. B S R & Associates LLP, Chartered Accountants confirming that they are eligible for appointment as Statutory Auditors of the Company under Section 139 of Companies Act, 2013 and meet the criteria for appointment as specified in Section 141 of the Companies Act, 2013.

INTERNAL AUDITORS

The internal audit of the Company was conducted by a professional firm of Chartered Accountants up to September 2016. From October 2016, internal audit is being conducted by an in-house team of professionals. The internal audit reports are being reviewed by the Audit Committee of the Company.

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 last year 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.

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 M/s. D.V. Rao & Associates, a firm of Company Secretaries in practice to undertake the secretarial audit of the Company for the financial year 2016-17. The Secretarial Audit Report issued in form MR-3 is in **Annexure-5** to this Report. There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is striving to help create a healthy, improved life of people in its neighborhood. 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 in 2016-17 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 on CSR placed on the Company's website at: http://www.aurobindo.com/social-responsibility/csr-activities. Report on Corporate Social Responsibility as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is in **Annexure-6** to this Report.

STATEMENT OF PARTICULARS OF APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

The statement of particulars of appointment and remuneration of managerial personnel as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is in **Annexure-7** to this Report.

INSURANCE

All properties and insurable interests of the Company including building, plant and machinery and stocks have been fully insured.

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, 2017 to the date of signing of the Director's Report. There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

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.

FIXED DEPOSITS

Your Company has not accepted any fixed 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 which remain 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 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 would be transferred to IEPF account on due dates.

SHARE CAPITAL

The paid up share capital of the Company increased by ₹712,823 during the year due to the allotment of 712,823 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, 2017 was 585,882,409 equity shares of ₹1 each.

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, 2017 is provided on the Company's website: http://www.aurobindo.com/about-us/corporate-governance. 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 seperate section in this Annual Report.

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

Hyderabad
June 20, 2017

AUROBINDO

Management Discussion & Analysis

ECONOMIC BACKGROUND

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation and International Monetary Fund. The Government of India has forecasted that the Indian economy will grow by 7.1% in 2016-17. As per the Economic Survey 2016-17, the economy should grow between 6.75% and 7.5% in 2017-18. The improvement in India's economic fundamentals has accelerated since 2014 with the combined impact of strong government reforms, Reserve Bank of India's inflation focus supported by benign global commodity prices.

India's consumer confidence index stood at 136 in the fourth quarter of 2016, topping the global list of countries on the same parameter, as a result of strong consumer sentiment, according to market research agency, Nielsen.

Corporate earnings in India are expected to grow by over 20% in 2017-18 supported by normalization of profits, especially in sectors like automobiles and banks, while GDP is expected to grow by 7.5% during the same period, according to Bloomberg consensus.

Moody's has affirmed the Government of India's Baa3 rating with a positive outlook stating that the reforms by the government will enable the country perform better compared to its peers over the medium term. With the expected normal monsoon in 2017, and the implementation of GST, there is considerable optimism across all sections of the economy.

PHARMA INDUSTRY - A PERSPECTIVE

According to the Ministry of Commerce & Industry, Government of India, Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value. India is the largest provider of generic drugs globally with the accounting for 20% of global exports in terms of volume.

India enjoys an important position in the global pharmaceuticals industry. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level.

The Indian pharma industry, which is expected to grow by over 15% per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5% in the same period. The market is expected to grow to USD 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size (Source: www.ibef.org of Ministry of Commerce & Industry, Government of India, updated June 2017).

India has maintained its lead over China in pharmaceutical exports with a year-on-year growth of 11.4% to USD 12.9 billion in 2015-16, according to data from the Ministry of Commerce and Industry. In addition, Indian pharmaceutical exports are estimated to have grown between 8-10% in 2016-17. Imports of pharmaceutical products rose marginally by 0.8% year-on-year to USD 1,641.1 million.

Overall drug approvals given by the US Food and Drug Administration (USFDA) to Indian companies had nearly doubled to 201 in 2015-16 from 109 in 2014-15. The country accounts for around 30% (by volume) and about 10% (by value) in the USD 70-80 billion US generics market.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30% a year and reach USD 100 billion by 2025.

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. The government proposes to set up chemical hubs across the country, provide early environment clearances in existing clusters and help create adequate infrastructure.

Some of the major initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- The Government of India plans to set up eight mini drug-testing laboratories across major ports and airports in the country, which is expected to improve the drug regulatory system and infrastructure facilities by monitoring the standards of imported and exported drugs and reduce the overall time spent on quality assessment.
- India is expected to rank among the top five global pharmaceutical innovation hubs by 2020, based on Government of India's decision to allow 50% public funding in the pharmaceuticals sector through its Public Private Partnership (PPP) model.
- Indian Pharmaceutical Association (IPA), the professional association of pharmaceutical companies in India, plans to prepare data integrity guidelines which will help to measure and benchmark the quality of Indian companies with global peers.
- The Government of India plans to incentivise bulk drug manufacturers, including both state-run and private companies, to encourage 'Make in India' program and reduce dependence on imports of Active Pharmaceutical Ingredients (API), nearly 85% of which come from China (Source: www.ibef.org of Ministry of Commerce & Industry, Government of India, updated June 2017).

- The Department of Pharmaceuticals has set up an inter-ministerial co-ordination committee, which would periodically review, coordinate and facilitate the resolution of the issues and constraints faced by the Indian pharmaceutical companies.

The Indian pharmaceutical market size is expected to grow to USD 100 billion by 2025, driven by increasing consumer spending, rapid urbanization, and raising healthcare insurance among others (Source: www.ibef.org of Ministry of Commerce & Industry, Government of India, updated June 2017).

Across the world, speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programs, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Traditionally pharmaceutical companies undergo an expensive and time consuming process to develop new drugs. It often entails many years and billions of dollars in research and development, as well as an arduous approval process by the US FDA. In exchange, the FDA generally provides drug companies with 12 years of patent protection and, in effect, a monopoly on sales during that period. This allows the drug companies to recoup their costs, earn a profit, and start the process anew for the next wave of new and innovative drugs.

Demand for generic drugs will continue to rise as payers take advantage of patent expiries to reduce costs. A generic drug can only be introduced once patent protection on the associated brand-name drug has expired, and exclusivity is granted only to the companies which challenge patents. Generally generics sold at steep discounts to their branded counterparts, and often gain large portions of market share from branded drugs in a short amount of time following patent expirations.

According to the IMS and the DCAT, generics remain the biggest contributor to the pharmaceutical industry's global growth. According to the IMS report 'Global Outlook for Medicines through 2018,' generics will be responsible for 52% of growth in global medicine spending between 2014 and 2018. The scope of generics is immense, and it's only set to grow as more drugs come off their patents.

A generic drug (commonly referred as generics) is a drug defined as 'a drug product that is comparable to a brand/reference listed drug product in dosage form, strength, quality and performance characteristics and intended use.' Generic drugs are subject to the regulations of the governments of countries where they are dispensed.

A generic drug must contain the same active ingredients as the original formulation. According to the US FDA, generic drugs are identical or within an acceptable bioequivalent range to the brand-name counterpart with respect to pharmacokinetic and pharmacodynamic properties. By extension, therefore, generics are considered (by the FDA) identical in dose, strength, route of administration, safety, efficacy, and intended use. In most cases, generic products are available once the patent protections afforded to the original developer have expired.

In contrast, generic drug companies operate very differently. The amount of money they need to invest to produce a generic is much less than the traditional branded drug companies, since the drug has already been formulated and approved.

In order to protect the traditional branded drug companies and allow them to earn a return on investment, generic drugs can only be introduced after the patent protection has expired, if the patent protection has not been further extended by the FDA. Even then, the FDA-approved copies of branded drugs are only given a short 180-day exclusivity period if their generic is the first to launch in the market (Para IV).

Once generic drugs are introduced to the market, they are typically sold at steep discounts (50% to 90%) compared to the branded alternative and, as a result, on average, branded drugs typically lose 70% or more of their market share to generics in a short amount of time.

As per IMS report, today in the US, generic drugs account for 90% of all prescriptions filled and may account for 92% of prescription volumes by 2021. According to a report by IMS Health, generic drugs are expected to account for 52% of global pharmaceutical spending growth, compared to 35% for branded drugs. It was reported by IMS in Q2 2015, the U.S. healthcare system saved USD 1.68 trillion in the last ten years due to the availability of low cost generics.

Major factors driving the growth of generics include popular branded drugs losing their patent protection (known as a 'patent cliff'), support for generics from governments, new complex generics coming into the market, and industry consolidation.

As per the 'Outlook for Global Medicines through 2021' published by Quintiles IMS Institute in December 2016, total volume of medicines consumed globally will increase by about 3% annually through 2021, only modestly faster than the population and demographic shifts, but driven by very different factors around the world. Spending on medicines will grow by 4-7%, primarily driven by newer medicines in developed markets and increased volume in emerging markets.

Developed markets will offset increased costs from new medicines with the use of generics, and a greater focus on pricing and access measures, while emerging markets will struggle to live up to the promised access expansions made when their economic outlooks were stronger. Global medicine spending is estimated to reach nearly USD 1.5 trillion by 2021 on an invoice price basis, up nearly USD 370 billion from the 2016 estimated spending level.

Most global spending growth, particularly in developed markets, will be driven by oncology, autoimmune and diabetes treatments where significant innovations are expected. The U.S. will continue as the world's largest pharmaceutical market and emerging markets will make up 9 of the top 20 markets. China will continue as the #2 market, a rank it has held since 2012. Developed market spending growth will be driven by original brands, while emerging markets will continue to be fueled by non-original products that make up an average 91% of emerging market volume and 78% of spending.

The US nutraceutical market is at around USD 38 billion and is expected to grow to USD 46 billion by 2018 as per 2015 Nutrition Business Journal. According to a market report published by Transparency Market Research 'Nutraceuticals Market - Global Industry Analysis, Size, Share, Growth and Forecast, 2015-21', global nutraceuticals market was valued at USD 165.6

billion in 2014 and is expected to reach USD 278.9 billion by 2021, growing at a CAGR of 7.3% from 2015 to 2021. North America is expected to dominate the global nutraceuticals market in terms of demand over the forecast period.

The growth drivers for the US nutraceutical market is ageing population, increased consumer focus on proactive health management, increase/ perceived increase in condition-specific disorders, growing consumer interest in drug-free/natural health solutions that are proven effective. Key macro segments in the US nutraceutical category is vitamins, specialty supplements, herbs & botanicals, sports nutrition, meal replacements and minerals.

Seen from India perspective, the country has over 10,500 manufacturing units and over 3,000 pharma companies and exports all forms of pharmaceuticals from active pharmaceutical ingredients (APIs) to formulations, both in modern medicine and traditional Indian medicines.

The Indian pharma industry stands diversified into various spheres of activities including research and development (R&D), manufacturing of branded, generic and branded generic drugs, manufacturing APIs, laboratory testing and clinical research.

Indian pharmaceutical manufacturing facilities registered with US FDA as on April 2015 was the highest at 605 (Source: Pharmexcil annual report 2016) for any country outside the US. In a study of the top 20 countries that have filed Drug Master Files, India stood first with 3,820 DMFs that are currently active, filed as at December 2015. The trend continues even today.

Indian pharma exports have consistently improved over the years. India exports over USD 16.9 billion worth of medicines, of which more than 50% were to regulated markets. The US with 33% is the India's largest pharma export destination followed by Africa and the European Union. (Source: Pharmexcil annual report 2015-16). These figures indicate that Indian medicines have established themselves as affordable and reliable, across the world.

India's exports of generics have been growing at a rate of nearly 22% annually over the past four years. It is estimated that around 40% of the generic drugs in the US come from India. The growth momentum is likely to continue.

The drugs and pharmaceuticals sector attracted cumulative foreign direct investment (FDI) inflows worth USD 14,706.9 million between April 2000 and March 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Several state governments are encouraging the pharmaceutical industry. For instance, the State of Telangana has proposed to set up India's largest integrated pharmaceutical city spread over 11,000 acres near Hyderabad, complete with effluent treatment plants and a township for employees, in a bid to attract investment of ₹300 billion in phases.

The enormous opportunity for the industry can be best illustrated from the projected human resource requirement of the Indian pharma sector, estimated to be about 2.15 million by 2020.

The Indian pharmaceuticals market increased at a CAGR of 17.5% during 2005-16 with the market increasing from USD 6 billion in 2005 to USD 36.7 billion in 2016 and is expected to expand at a CAGR of 15.9% to USD 55 billion by 2020. More important, by 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size.

There are however estimates which suggest more aggressive growth. As per India Ratings, a Fitch Group company, the industry is estimated to grow at 20% compounded annual growth rate (CAGR) over the next five years.

COMPANY PERSPECTIVE

Normally, generic pharmaceutical companies have challenges that need to be addressed. The successful companies drive their growth by improving their fundamentals in critical areas such as:

- Backward integration into active pharmaceutical ingredients;
- Manufacture at their state-of-the-art facilities;
- Aggressive portfolio build up in niche, specialty, and differentiated products;
- Investment in compliance and regulatory standards to provide for patient-safety;
- Rapid geographic expansion into both developed and emerging markets.

Early access to high-quality active pharmaceutical ingredients that are not infringing patents is critical to succeed in regulated finished-dose markets as a significant part of generics' profits is made during the early days of their availability. It needs to be emphasized that finished dosages have to be non-infringing.

The foregoing are precisely the strengths of Aurobindo. The Company is one of the largest vertically integrated pharmaceutical companies in India. In addition to being the market leader in semi-synthetic penicillins, the Company has a presence in key therapeutic segments such as antibiotics, neurosciences, cardiovasculars, anti-retrovirals, diabetics, anti allergies and gastroenterology among others.

Strengthened by manufacturing facilities approved by US FDA, UK MHRA, MCC-SA, ANVISA-Brazil for both APIs & formulations and with a global presence with own infrastructure, strategic alliances with 51 subsidiaries & joint ventures, Aurobindo features among the top 3 companies from India in terms of consolidated revenues. The Company exports to over 150 countries across the globe with more than 88% of its revenues derived out of international operations. The customers include top multi-national companies.

After creating a name for itself in the manufacture of active pharmaceutical ingredients and ensuring a firm foundation of cost effective production capabilities together with a clutch of loyal customers, the Company has entered the high-margin specialty generic formulations segment, with a global marketing network. The business is systematically organized with an identified accountability structure and a focused team for each key international market. Aurobindo's business strategy includes gaining volumes and market shares in every business/ segment it enters.

In less than a decade, Aurobindo has evolved into a knowledge driven company manufacturing active pharmaceutical ingredients and formulation products. It is R&D focused and has a multi-product portfolio with several manufacturing facilities.

Leveraging on its large state-of-the-art manufacturing infrastructure for APIs and formulations, wide and diversified basket of products and confidence of its customers, the Company aims to sustain its growth momentum. Aurobindo's strategic competitive advantage includes eleven units ensuring captive source of APIs/intermediates and eight units manufacturing formulations, designed to meet the requirements of both advanced as well as emerging market opportunities. These 19 units in India are in addition to four formulations units overseas.

Aurobindo makes use of in-house R&D for filing of patents, Drug Master Files (DMFs), Abbreviated New Drug Applications (ANDAs) and formulation dossiers across the world. The Company is among the largest filers of DMFs and ANDAs globally.

Aurobindo's R&D strengths, across various molecules including oral and injectables, lie in developing intellectual property in non-infringing processes and resolving complex chemistry challenges. In the process, Aurobindo develops new drug delivery systems, dosage formulations and applies new technology for improved processes.

The medium term strategy of the Company is to continuously globalize and enhance value to shareholders and customers. In global markets, the Company continues to retain and enhance cost-efficient quality leadership in its chosen segments, such as newer anti-infectives and lifestyle disease drugs. It is the endeavor of the Company to achieve this by resolving complex chemistry challenges, improving process efficiencies, adopting global scale manufacturing and using cost-effective market networks throughout its addressable markets. Aurobindo aims to repeat its success year after year and emerge as a major player in the developed markets.

The long-term growth strategies being put into action include:

- Developing a broad portfolio of DMFs/ANDAs through non-infringing processes and with backward integration across the basket;
- Becoming a significant player in the generics market, especially in the regulated markets with differentiated products;
- Managing cost efficiency in a mega-manufacturing environment approved by US FDA/European regulatory authorities; and in the process, enhance the attractiveness of Aurobindo to alliance partners;
- Resolving complex chemical challenges and offering advanced drugs to the global markets;
- Increasing penetration in controlled substances;
- Globalizing and further penetrating the markets through joint ventures/ subsidiaries/organic means into Japan, Brazil and other Latin American countries as well as into Europe; and,
- Emerging as a leading player in global high-quality innovative specialty generic formulations.

In the competitive US market, the focus is on building customer relationships, expanding volume and market share on new and existing products. Marketing efforts have already started showing results. Aurobindo had been ranked #6 generics supplier as per IMS total prescriptions dispensed for the 12-months ending April 2017.

In 2014, the Company had acquired certain products from Actavis in Western Europe to strengthen its formulations presence in those markets. Aurobindo is now gaining traction in several west European countries supported by a robust infrastructure already in place. The acquired business turned profitable last year and continue to do as per expectation during the year under review on the back of increased focus, product pruning and cost efficiencies. The focus on profitability will be further strengthened with the acquisition of Generis in Portugal.

Aurobindo, with a large portfolio of anti-retroviral products for HIV/AIDS relief, is in the top five preferred global suppliers to reputed global funding agencies such as PEPFAR, USAID, UNITAID, Global Fund, World Bank and Clinton Health Access Initiative.

The evolving focus of the Company is on complex molecules, differentiated technology platforms and specialty products. The corporate plans are to ensure growth through organic means and adopting strategic joint ventures and alliances. The objective is to maximize the revenues and margins while risks are minimized.

Aurobindo has tie-ups with select customers, giving them a competitive edge through faster product development and optimized costs. The strategy is based on co-working and collaborative alliances and the Company has successfully established strategic partnerships with global pharmaceutical majors.

Aurobindo has made significant foray into nutraceuticals, especially with the acquisition of Natrol in California, US, which is amongst the top 20 branded nutraceutical companies in the US with more than 35 years old, well established brands. This entity brings enormous growth potential with its portfolio of dietary supplements, sports nutrition, functional foods, vitamins, minerals and weight loss products, diverse customer base of long-term relationships with key distribution and retail partners and strong customer partnerships across multiple distribution channels. Since the US, the world's largest nutraceuticals market is expected to grow, there is considerable headroom for Aurobindo to expand its nutraceuticals product market.

The forward plans include newer technologies such as peptides, vaccines, biocatalysts as well as newer product lines such as oncology, hormones, steroids, inhalers, biosimilars, patches and films.

STRENGTHS

A few strengths of the Company are as follows:

- Amongst the deepest portfolio of ANDAs in global generic companies with a diverse product basket of 3,472 formulation filings in US, EU, South Africa and Canada markets & 2,829 API filings worldwide including multiple registrations;
- Complete portfolio of products in SSPs, cephalosporin, ARV, anti-infectives and other non-beta lactams, sterile and non-sterile antibiotics;
- API integration for almost 70% of its products - a key differentiator in the fiercely competitive global generic markets;
- One of the leading vertically integrated pharma companies in India;
- Uncompromised investment in quality systems & processes, with every employee sensitized to the need to comply with regulatory and customer requirements;
- Strict confidentiality and utmost secrecy are maintained through absolute adherence to the non-disclosure clause;

- Efficient supply chain management and optimal utilization of capacities, are ensured enabling Aurobindo to pass on substantial cost benefits to its customers;
- Sticking to set deadlines. For instance, the Company commercialized an API involving a 14-step process with five chiral centers in just 13 weeks;
- A huge library with syndicated databases is available and the latest software ensures quick and efficient literature/patent survey and retrieval of information;
- Multi-disciplinary project teams interface with the customers' right from the start to ensure a seamless integrated approach. Their responsiveness enables rapid execution of projects;
- Besides conforming to cGMP and cGLP due attention is given to safety, health and environment aspects;
- A right mix of instrumentation and production expertise with due emphasis on profiling, characterization of compounds and reduction in impurities, chiral resolution and impurity profiling ensure the highest quality of deliverables and yield optimization;
- The manufacturing infrastructure, the knowledge base at the research centers and the ability to deal successfully with its process chemistry strengths are the forte of Aurobindo.

All the strengths have been tested from the perspective plan to manufacturing plant and later in the market place. There is a powerful marketing infrastructure backed up by state-of-the-art manufacturing systems that are driving the business.

THREATS AND CHALLENGES

The pharmaceutical industry is highly competitive and the challenges are from both the Indian manufacturers who have similar production facilities as well as those abroad. Human resources with similar skills, talents and experiences in the industry are mobile between competing companies.

Price pressures in US markets are expected to stay. Going forward, there is a risk of inability to maintain current margins on its products. Price sensitivities get tested in a crowded market where price tends to sag while volume business gets done.

Competing pharmaceutical 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.

Yet, it must be appreciated that Indian manufacturers in general, and Aurobindo in particular, have made an impact on the global stage and have worked hard to get shelf space. This threat does not affect Aurobindo, because of its control over raw material sourcing. The Company is a dominant player in the active ingredients business and has been able to control its quality, improve on timelines, be competitive on its costs and has the ability to deliver at short notice. This is a unique advantage that Aurobindo enjoys over manufacturers across the world.

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

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

INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls (IFC) Framework institutionalized in Aurobindo last year 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 its adequacy and effectiveness.

The internal auditors on a quarterly basis conduct 'Process & control review' as per the scope defined and submit 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.

HUMAN RESOURCES

Aurobindo is a professionally managed company with highly competent and committed industry professionals forming a tight-knit team of dedicated colleagues. The corporate promise, 'Committed to healthier life' reiterates that the team is focused on performing and delivering on patient-safety.

The knowledge, expertise and skills of the Aurobindo team form a strong foundation of the Company's progress, and hence considerable strategic emphasis is laid at people development and leadership. The overall target is to enhance business growth by enabling engagement and performance. This is achieved by having the right people supported by participative leadership working together towards organizational goals. APL Corporate Values forms the foundation for this development.

Aurobindo Pharma has a team of over 16,000 professionals from 30 countries working at its various divisions - API manufacturing, formulation manufacturing, chemical R&D, formulation R&D and overseas operations. About 80% of these employees are graduates, post graduates and PhDs.

As part of its investment in learning and development, the Company has recrafted its human resource philosophy. In brief, they are iterated below:

- Attract, build and retain right talent at all levels;
- Create and nurture a performance culture through continuous capability building, performance measurement and leveraging of IT;
- Foster leadership at all levels through trust, empowerment and openness;
- Strengthen collaborative approach for business excellence;
- Promote a vibrant work culture based on innovation and to incentivize people based on productivity/outstanding performance.

The emphasis has been on the five critical dimensions of people management:

- Establishment of vibrant organizational culture;
- Talent attraction and retention;
- Continuous capability building;
- Recognition of outstanding performance of the team/individuals; and,
- Staff welfare.

A key initiative undertaken is 'Mission Quality' which aims to create and augment the quality culture across the organization to assess the staff and executives on quality standards compliance. An assessment based on key performance indices and quality metrics has been carried out at the formulations unit to identify Master Quality Leaders (MQL) who will facilitate the quality initiatives across the organization.

Quality Marshal Program (QMP)is another initiative to strengthen the quality culture through continuous reinforcement of SOPs and adherence toquality standards by application of learning with the help of qualified resource pool.

For pharma industry, in general, it isn't the process deficiency that is a challenge rather how the efficiency of the process is effectively communicated during the audit interaction holds all the aces; and this efficiency in communication needs continuous practice. It was addressing this very need, the Quality Marshal Program was envisaged to strengthen quality culture through learning partnerships and develop confidence and communication towards increasing audit interface capabilities.

Potential Quality Marshals are mapped across the value-stream with demonstrated high compliance behaviors, training ability and audit experience. They then become part of collaborative learning with cascading methodology leading to critical talent development. The program aims to develop close to 500 Quality Marshals across all units by 2019, and the training and certification processes are going on in full gear.

Industrial relations continue to be cordial and harmonious. The management has initiated various measures such as formation of bipartite forums and joint management councils to promptly redress staff grievances and to improve welfare amenities in the plants.

The Company cares for its employee and contractor safety as well as environment protection. In its approach to business, Aurobindo integrates a robust and sustainable safety system that aims for zero incidents. The objective is to guarantee a high degree of safety in the workplace.

Aurobindo works in harmony with environmental and social responsibilities. Continuous efforts are made to optimize use of resources, minimize waste, reuse and recycle materials and reduce the eco-footprint, to create more value with less environmental impact.

CORPORATE SOCIAL RESPONSIBILITY

Aurobindo's CSR charter covers the following areas of activities:

- 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.

As part of societal commitment, Aurobindo provides support to the neighborhood with educational aids for school children, construction of toilets and provision of safe drinking water. The primary focus is to promote education, encourage good health, provide drinking water and support sanitation.

Management of Risks

OVERVIEW

The objective of Enterprise Risk Management (ERM) framework at Aurobindo is to address all major risks in a proactive manner to sustain business growth. Aurobindo's ERM practices are based on COSO-ERM framework. The ERM is designed to minimize an adverse impact of the risks and it enables the company to leverage market opportunities effectively and enhances its competitive advantage on a medium and long term and creates value for its stakeholders. The risk management process encompasses the following steps:

- Risk identification
- Risk assessment
- Risk mitigation
- Risk monitoring

Aurobindo has aligned risk management process with every part of the critical business processes to ensure that the processes are designed and operated effectively towards the achievement of business objectives. Risks are addressed across all key business functions in a holistic manner rather than in silos.

RISK IDENTIFICATION & ASSESSMENT PROCEDURE

A bottom-up approach is adopted for the identification of risks for each function through face-to-face meetings, brain storming sessions and risk assessment templates. Risk registers are updated with existing and emerging risks. Internal audits and periodic assessment of business processes also help in risk identification of both operational and enterprise wide risks.

The risk assessment is aimed at evaluating and prioritizing risks so that risk levels are managed within defined tolerance thresholds and also to maximize response and recovery efforts. The risk assessment is done in the following manner.

- Assessing impact of risks to business and probability of risks occurring
- Determining risk rating based on probability and impact of risk by using a scale of 1 to 5, with 1 being the lowest probability/severity and 5 the highest.
- Considering the effectiveness of existing controls that address the risk and evaluating which risks need treatment and priority.

Risk analysis and evaluation is carried out using scenario-based assessments to determine the potential impact and likelihood of risk occurrence. Identified risks along with impact are compared with established thresholds to determine the priority and method of risk mitigation.

RISK MITIGATION & MONITORING PROCEDURE

The Company adopts meaningful risk mitigation strategies tailored to each identified risk. Risk mitigation procedures involve undertaking the appropriate actions by the business heads/process owners who are accountable to mitigate risks in a time bound manner.

RISK CATEGORIES

The Risk management framework covers the following broad categories of risks to business objectives:

- **Strategic risks** are the risks arising due to the decisions the management makes with reference to markets, product & process development, resources, business growth & revenue model, acquisitions, investment model etc. which can impact business objectives. Ownership of these risks would be with the top management.
- **Operational risks** are attributable to business operations such as production capacities, quality assurance, customer demands, material availability, human safety etc.which can have impact on business. Ownership of these risks would be with operations team.
- **Projects risks** are the risks arising due to delays in commissioning the projects which could lead to cost & time overruns and loss of business.
- **Compliance risks** are the risks arising due to adverse developments in regulatory environment and statutory provisions that impact the company's reputation and business.
- **Financial risks** are the risks that relate to financial performance targets of revenue and profit goals of the company. These risks could have impact on the Company's financial statements and transmission of accurate financial information to stakeholders.
- **Information technology (IT) risks** could have potential impact on information assets and processing systems.

RISK GOVERNANCE STRUCTURE

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

The risk governance structure of the Company is headed by Board of Directors who formed the RMC. The RMC is responsible for framing, implementing and monitoring the risk management framework for the Company and responsible for reviewing the risk management plan 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 management activities. RMH also appraises the Audit Committee with identified risks and its 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

The Company has deepened existing IFC Framework institutionalized last year and identified additional controls and processes which have been assessed and documented in 'Risk Control Matrix' (RCM) and this effort has brought in more transparency and clarity at activity/sub-process level. All the controls so documented have been tested for its design and operating effectiveness.

BUSINESS RISKS AT AUROBINDO

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

Economic & geopolitical risks

Economic and political instability arising from changes in foreign policies & political leadership in countries such as USA, Europe and emerging markets (EM), where Aurobindo has business presence could adversely affect the Company's operations and revenues.

Aurobindo has its business operations predominately in USA, Europe and the emerging markets with a balanced product basket that contains several therapeutic segments. The revenue breakup of the Company for financial year 2016-17 is as given below:

- International sales constitute about 88% of the Company's total revenue with the rest 12% being domestic sales;
- Formulations business contributes 79.8% to the Company's total revenue and the rest 20.2% comes from active pharmaceutical ingredients;
- About 57% of the formulations sales come from the US, about 27% from Europe, 6% from anti-retroviral business segment and the balance 10% emerging markets.

Continuous efforts are being made to strengthen business presence in other potential markets such as Japan, Brazil, South Africa, Canada, North and West Africa and Middle East. Initiatives are being taken to strengthen the presence in Western Europe, while newer markets are being added in countries such as Poland and Czech Republic. Such well-designed moves would also help consolidate Aurobindo's volumes and revenues over the long term, thereby spreading the risk portfolio.

As a de-risking strategy, the Company is focusing on territory expansions, partnerships, globalization and getting into new product segments. The Company is developing a broad portfolio of products through non-infringing processes to become a significant player in the generics arena.

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.

Aurobindo with its unique capabilities has been able to face competition from its peers. The competition risks would not significantly impact the Company's business owing to its integrated manufacturing process and operational efficiencies which would ensure timely launching of new products in the market at competitive prices.

For most of its generic formulations, the Company is vertically integrated which ensures timely material availability and effective cost control to focus on improving profit margins. New products continue to get launched by experienced and talented R&D teams who would develop new processes/products continuously to meet customer needs and build market share.

Instability in any one economy will not have a major influence on the Company. Overall, the healthcare industry is not price elastic and is hence, reasonably insulated from recession.

Regulatory, Statutory & Legal compliance risks

The pharmaceutical industry is constantly being challenged by critical compliance risks i.e. to comply with rigorous regulatory & legal requirements and compliance is evolving from an isolated departmental initiative to an enterprise level risk management challenge. This could render Aurobindo's technology and products non-competitive or restrict the Company's ability to introduce new products thereby adversely impacting business.

Aurobindo has a talent pool of over 1,400 scientists, who have adequate experience in handling complex chemistry and filing applications with the regulatory authorities. The strong scientist pool have helped Aurobindo receive a total of 314 ANDA approvals (276 final approvals including 16 for Aurolife Pharma LLC, and 38 tentative approvals including 10 under PEPFAR) from US FDA as at March 31, 2017. Cumulative filings total 429 ANDAs.

Similarly, as on March 31, 2017, the team has filed over 384 DMFs including 220 with US FDA. So far, 531 patent applications are pending with various authorities and 99 have been granted patents.

Aurobindo is committed to supplying 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 customers to ensure the medicines provide health care for the consumers. Robust quality systems & control measures are available to ensure that the quality is ensured by process design.

Every effort is being made to ensure that there is no compromise on quality of products and processes. Continuous monitoring is being done by QC/QA team to deliver highest quality products.

During the financial year 2016-17, the Company has rolled over the 'Statutory & Legal compliance system/tool' (compliance solution – Vision 360) for ensuring compliance with all applicable laws of the Company. The compliance system is being used by the concerned compliance owners and is getting stabilized across all functions & departments. The system is designed to meet the compliance monitoring goal of the company. Periodic updates to system are made as and when there is a change in any applicable laws.

Aurobindo's commitment to Employee Health and Safety: The Company's Board and executive management have a strong commitment towards creating and providing a safe working environment for all its employees and other stakeholders. Aurobindo has a full-fledged EHS (Environmental, Health, and Safety) team which is continuously addressing the issues of environmental safeguards by conducting periodical safety audits and training programs.

Pricing risks

Some of Aurobindo's products are subject to price controls or other pressures on pricing. The price controls limit the financial benefits of growth in the life sciences market and the introduction of new products.

Due to perfect competition in generic drug industry, prices are a function of supply and demand. Prices change in response to supplies and competitive pressures. Domestic pricing is also influenced by global trends in both availability and price of imported active ingredients.

Aurobindo is able to cope with pricing pressures and focus on quality assurance to minimize the possibilities of commoditization. Also, the Company has a well-diversified product basket in US which helps in mitigating the pricing pressure. The in-house R&D is striving to develop cost effective products by redefining the production process/ facility. Also, the company focuses on quality assurance through improved throughput and is moving up the value chain by offering differentiated and special products and technology platforms.

Patent protection risks

Aurobindo's success depends on the Company's ability to obtain patents, protect trade secrets and other proprietary information and operate without infringing on the intellectual property rights of other Pharma companies. Aurobindo's inability to obtain timely ANDA approval, thus missing out on early launch opportunities and litigation outcomes could affect product launch date.

Aurobindo has a dedicated team of scientists whose primary task is to ensure that the products are manufactured using only non-infringing processes and related compliances by reviewing and monitoring IPR issues continuously.

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

As of March 31, 2017 the Company has 531 patent applications pending with various authorities. Aurobindo takes adequate care to respect trade secrets, know-how and other proprietary information and ensure that the employees, vendors and suppliers sign confidentiality agreements.

Market risks

Aurobindo is significantly dependent on US market for its business. Failure to develop profitable operations in that market could adversely affect the Company's business, operations and financial condition. This scenario poses the risk of concentration and dependence on one market.

In order to reduce the concentration risk, the Company has been spreading its business (Formulations and API) into European, Japanese and emerging markets. Aurobindo with its effective marketing strategy is also increasing sales volumes for both the businesses in existing markets and is making regular efforts to widen geographical spread by entering into large potential markets in Latin America and emerging markets. The Company has the right balance between high margin-low volume products and low margin-high volume products. The product base has been streamlined to have a right balance between various product groups.

As part of product portfolio growth strategy, the Company has made an entry into US market for the sale of quality nutritional supplements which enhance revenues and improve margins.

The Company has been continuously expanding end-to-end manufacturing capacities and the capacity utilization is being ramped up to its potential and also regular monitoring of on-going capital projects for their timely completion. This is to ensure the availability of capacities. Production planning team at Aurobindo monitors and utilizes production capacities at optimum levels with the support of an effective marketing strategy along with proper coordination and discussion with production heads and SCM head.

Financial risks

Failure to maintain appropriate credit ratings (Downward movement in rating) could affect the Company's cost of borrowings thereby having adverse impact on profitability. While the company's exports are significantly high, financial obligations towards import payments and ECB payments are also high and due to any adverse foreign currency fluctuations could have impact on financial position.

The Company has good and standard history of servicing various borrowings. The company has a dedicated treasury team to review regularly the customer collections and import payments and necessary actions are taken wherever necessary. Also, the treasury team continuously monitor day-to-day fund requirements and manages the banking relations effectively.

Aurobindo is predominately an export oriented company. Over 88% of the Company's revenue is from international markets. At the same time, the Company is having sizable imports/working capital in foreign currency and long-term ECB to fund the export oriented projects. As such, the Company's growing exports and its collections provide the natural hedge to the imports and working capital in the foreign exchange fluctuations.

The Company is conscious of impact on earnings in the event of currency fluctuations. The forex position is reviewed on a monthly basis by the borrowing committee and quarterly by the Board of Directors/ Audit Committee. Based on the decision of the borrowing committee, the treasury team would ensure the execution of transactions through forward cover.

People risks

Aurobindo's success depends largely upon an effective HR strategy that includes recruitment, learning & development, succession planning and retention of competent personnel. The HR strategy is aligned to business plan and growth of the Company. It is a challenge for Aurobindo in maintaining good industrial & 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.

The HR team at Aurobindo has identified and developed people with potential to fill key business leadership positions. In addition, the Company is also recruiting and building a team of achievers with proper leadership training. Aurobindo has been fine tuning its HR strategy in order to meet business goals and future growth. Second-in-command in each key function and decentralized management style has developed a much stronger organization culture.

There is a proactive approach to HR management, and at Aurobindo, employees are given responsibility with authority. Emphasis is on accountability with clear job descriptions and the employees are encouraged to raise the bar and perform to their potential. The professional approach in day-to-day management has enabled employees to stay motivated. Regular interactions and communications help the personnel update and upgrade their knowledge and skills and help minimize the operational risks.

The Company's newly implemented on-line employee appraisal system makes the appraisal process more robust and to measure work performance vis-à-vis KRAs defined for the employees. HR team strives to ensure that annual performance assessments are conducted effectively with necessary feedback and counselling.

The employee attrition in the Company is lower than the industry average. Industrial relations (IR) team is making continuous efforts to maintain a cordial relationship with employees with a view to achieve best performance.

Raw-material import risks

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

While the Company's dependence is substantial on China for raw material, continuous efforts are being made to create newer second sources of supplies and to develop alternative vendors. Regular tracking is done by the procurement in coordination with 'Production planning & Inventory Control (PPIC)' teams on the market trends & dynamics for keeping optimum levels of inventories to meet the production requirement.

Information technology (IT) risks

Achievement of business objectives for Aurobindo depends on the existence of a robust IT strategy that includes adequate IT infrastructure, data storage & processing capabilities, data confidentiality, integrity and availability at all times. Occurrence of any unforeseen threats to IT systems could have adverse impact on data processing, data availability and continuity of operations.

Aurobindo's business presence is spread across the globe with manufacturing facilities and selling and distribution network. Business transactions are supported by ERP systems with strong security & password controls, regular data back-up & recovery, job scheduling and strong change management controls.

The Company has robust IT controls related to back-up, storage and system access including role based access control for the applications and there is a defined workflow for the process. These are well documented in SOPs and reviewed periodically for its effectiveness. For all mission critical IT applications and services, the Company has built highly available and secure infrastructure. For business continuity, the Companyhas a disaster recovery site which hosts ERP applications.

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

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

The IT team at Aurobindo conducts periodic review and evaluation of IT process and in case of any process gaps and concerns, appropriate corrective measures are taken in a time bound manner.

Business Responsibility Report

OVERVIEW

Aurobindo Pharma Limited is one of the largest generic pharmaceutical companies in the world with presence in over 150 countries, with 23 manufacturing facilities, employee base of more than 16,000 (including all subsidiaries) and a diversified product basket. While the Company has presence across the world, the key markets for Aurobindo are the US and Europe.

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 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the facts and figures reported in the Business Responsibility Report pertain to the parent company i.e. Aurobindo Pharma Limited.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

<table>
<tr><td>1.</td><td>Corporate Identity Number (CIN) of the Company</td><td colspan="3">L24239TG1986PLC015190</td></tr>
<tr><td>2.</td><td>Name of the Company</td><td colspan="3">Aurobindo Pharma Limited</td></tr>
<tr><td>3.</td><td>Company Address</td><td colspan="3">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</td></tr>
<tr><td>4.</td><td>Website</td><td colspan="3">www.aurobindo.com</td></tr>
<tr><td>5.</td><td>E-mail ID</td><td colspan="3">info@aurobindo.com</td></tr>
<tr><td>6.</td><td>Financial year reported</td><td colspan="3">April 1, 2016 to March 31, 2017</td></tr>
<tr><td rowspan="2">7.</td><td rowspan="2">Sector(s) that the Company is engaged in
(industrial activity code-wise)</td><td>S.No.</td><td>NIC code of product/service</td><td>Description</td></tr>
<tr><td>1.</td><td>21001/21002</td><td>Manufacturing generic pharmaceuticals and active pharmaceutical ingredients</td></tr>
<tr><td>8.</td><td>List three key products/services that the Company manufactures/provides (as in balance sheet)</td><td colspan="3">The Company develops and manufactures an extensive range of pharmaceutical products across seven major therapeutic segments encompassing antibiotics, anti-retrovirals, cardiovascular, central nervous system, gastroenterological, anti-allergies and anti-diabetics. The Company has a diversified product basket developed by the in-house R&D team.</td></tr>
<tr><td>9.</td><td>Total number of locations where business activity is undertaken by the Company</td><td colspan="3">The Company along with its subsidiaries has marketing and sales offices in 30 countries and markets its products globally in over 150 countries.
a. Number of international locations
The subsidiaries of the company have manufacturing facilities in New Jersey & Los Angeles, California in U.S.A. and in Brazil, and 2 R&D centers in U.S.A. Apart from these, the Company has offices in various European, African and Asian countries.
b. Number of national locations
The parent company has 14 manufacturing units and 2 R&D centers. In addition to these, there are 4 manufacturing units under construction. The subsidiaries & joint ventures of the parent company have 5 manufacturing units and one is under construction.</td></tr>
<tr><td>10.</td><td>Markets served by the Company - Local/state/national/international</td><td colspan="3">Apart from the domestic market, the Company also markets its products globally in over 150 countries across 6 continents. More than 82% of the Company sales are generated from the international markets.</td></tr>
</table>

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up capital	₹585.9 million
2.	Total turnover	Gross turnover of ₹97,812 million on standalone basis
3.	Total profit after taxes	₹17,068 million on standalone basis
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	CSR Spent during the financial year 2016-17 was ₹194 million (1.1% of standalone profit after tax)
5.	List of activities in which expenditure in 4 above has been incurred	• Education • Health • Sanitation • Road and public safety • Rural sports promotion, environmental sustainability, old age homes, rural development and animal welfare

SECTION C: OTHER DETAILS

1.	Does the Company have any subsidiary company/ companies?	Yes. Aurobindo has 51 subsidiary companies located in India and other countries as on March 31, 2017.
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 parent company undertakes majority of the BR initiatives.
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?	Entities like suppliers, distributors do not participate in the Company BR initiative in the reporting period.

SECTION D: BR INFORMATION

1. Details of Director responsible for BR

a. Details of the Director responsible for implementation of the BR policies

Particulars	Details
Name	Mr. N. Govindarajan
Designation	Managing Director
DIN Number	00050482
Telephone number	+91 40 6672 5246
E-mail ID	secretarial@aurobindo.com

b. Details of the BR head: Same as above

2. Principles of BR policies as per National Voluntary Guidelines:

Details of compliance

S. No.	Questions	Ethics	Product Life Cycle Sustainability	Employees well-being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Community Development (CSR)	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policies for	Y	The Company continuously focuses on the optimal utilization of resources from its product design to disposal.	Y	Y	Y	Y	NA	Y	The Company in its operations ensures customer value.
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y		Y	Y	Y	Y		Y	
3.	Does the policy conform to any national/ international standards?	Y		Y	Y	Y	Y*		Y	
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Y		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 on-line?	**		Employees self service in IHRMS			**		**	
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 policies?	Y		Y	Y	Y	Y		Y	
9.	Does the Company have a grievance redressal mechanism related to the policies to address stakeholders' grievances related to the 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 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/about-us/corporate-governance

3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company.

Reviewed annually.

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

This is Aurobindo's 2nd Business Responsibility Report and is part of the Annual Report 2016-17.

Previous year Business Responsibility Report can be accessed from the following hyperlink (which is part of Annual report 2015-16): http://www.aurobindo.com/docs/annual-reports/aurobindo-AR-2016-final.pdf

SECTION E

PRINCIPLE-WISE PERFORMANCE

Principle 1 - Ethics

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the group/ joint ventures/ suppliers/contractors/ NGOs/others?**

   Aurobindo is committed to building 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?**

   During the year ended March 31, 2017, the Company has received and resolved 50 complaints from investors. All 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 3 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. Lamivudine Salicylate Monohydrate
   b. Ampicillin Trihydrate (Enzymatic route)
   c. Lopinavir intermediate
   d. Gabapentin
   e. Metformin

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

   Product wise details are mentioned as follows:

   Lamivudine is an anti retroviral medication used to prevent and treat HIV/AIDS. It is also used to treat chronic hepatitis B when other options are not possible. It is effective against both HIV-1 and HIV-2. In an effort to save natural resources as a part of business responsibility to protect environment, the production stream has been optimized to increase the productivity 20 to 30 TPM and quality consistently. This has been achieved by improving the stage yield and reducing the batch failure rates. The solvent consumption has also been reduced by recovering and reusing all solvents in the process. Mainly recovery of L-Menthol has helped to reduce the usage of fresh raw material to reach 30 TPM and thereby, reduced the solvent and power requirements.

   Ampicillin Trihydrate (Enzymatic Route): Ampicillin is in the penicillin group of beta-lactam antibiotics and is part of the amino penicillin family. It is roughly equivalent to amoxicillin in terms of activity. Ampicillin is able to penetrate Gram-positive and some Gram-negative bacteria. It differs from penicillin G, or benzyl penicillin only by the presence of an amino group. Ampicillin is used to treat or prevent many different types of infections such as bladder infections, pneumonia, gonorrhea, meningitis, or infections of the stomach or intestines. Ampicillin acts as an irreversible inhibitor of the enzyme trans peptidase, which is needed by bacteria to make the cell. Ampicillin is usually bacteriolytic that fights bacteria. Power and fuel cost reduction was achieved by improving the scale of operations. By introducing the Ampicillin enzymatic route, 34% of raw material usage was reduced and 84% of solvent usage was reduced. It reduces the consumption of all resources including power, utilities.

   Lopinavir intermediate: Lopinavir is an antiretroviral of the protease inhibitor class, a co-formulation with a sub-therapeutic dose of ritonavir, as a component of combination therapy to treat HIV/AIDS. Increased the yield up to 25% by making process improvements and recycling completely to minimize the waste.

   Gabapentin: Gabapentin is used in the treatment of postherepetic neuralgia, epilepsy. This drug product is having the WHO GMP certificate. Significant improvements have been done in manufacturing this API, by reducing the usage of water by 93%, by reducing aqueous effluents by 94%. This was achieved by developing a new manufacturing technology.

   Metformin is the most used anti-hyperglycemic agent for the treatment of Type 2 Diabetes Mellitus. Metformin intoxication can be due to massive ingestion or to a progressive accumulation due to renal failure. The drug is having the WHO GMP certificate. Improving the output to reduce the power and fuel cost was achieved by enhancing the scale of operations and batch size in the process. The process does not have any environmental effects, since water is not being used & almost 94% of recovery is being reduced in solvent waste.

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 of its vendors and approving the same 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 & small producers, including communities surrounding their place of work?**

   The Company follows a strict sourcing code of conduct with respect to the compliance and quality. The Company procures goods and services from local vendors in the vicinity of 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. Also, provide details thereof.**

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

   - The Company has decided to eliminate synthetic process to enzymatic route by making them 100% solvent free. Example: Amoxicillin Trihydrate, Ampicillin Trihydrate, Cephalexin monohydrate and Cefadroxil Monohydrate.
   - Treated sewage wastewater for landscape and elimination of waste generation in the process.
   - All organic wastes generated from process operations are disposed off to cement manufacturing industries for use as auxiliary fuel called 'co-processing' of wastes.
   - Around 36% raw material usage was reduced, which decreased load on environment >10%.
   - Solvent vapour exposure to environment was significantly reduced by replacing centrifuges with closed filtration operations (ANFDs).
   - Around 88% solvent usage was reduced and which reduced the fugitive emissions significantly >10%.
   - In cephalexin, process emission (CO_2) was completely eliminated by the changeover to enzymatic route.
   - To reduce the solvents venting out to the atmosphere, the Company has implemented nitrogen blanketing system in 87 centrifuges and Vent Gas Cooling System (VGCS) on vacuum pump vents.

Principle 3 - Employee well being

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

   Company has 13,982 employees as on March 31, 2017 in the parent company.

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

   Company has over 8,300 contractual employees as on March 31, 2017.

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

   Company has 530 women employees as on March 31, 2017.

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

   No data available.

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 has left the organization, no activity has been observed during 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 financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil. The Company does not hire child labour, forced labour, involuntary labor	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. **What percentage of your under mentioned employees were given safety & 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 there is continuous skill based trainings imparted to over 90%our employees.
   - Permanent women employees: No separate data record is maintained.
   - Casual/temporary/contractual employees: All our contractual employees are imparted with trainings
   - Employees with disabilities: NA

Principle 4 - Stakeholders engagement

1. **Has the Company mapped its internal and external stakeholders?**

   Yes.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & 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 focuses on being responsive, listening to stakeholders, 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 are 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 per cent 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 the sites. The Company is committed to operate all its units in an environmentally friendly manner while protecting health and safety of its employees.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?**

   The Company has initiated participation and membership in Pharmaceutical Supply Chain Initiative (PSCI) and International Federation of Pharmaceutical Manufacturers & Associations (IFPMA). These international fora are engaged in addressing global environmental concerns such as pharmaceuticals in environment, anti-microbial resistance, etc. Aurobindo is part of BDMA initiatives to address on similar issues.

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

   Yes.

4. **Does the Company have any project related to Clean Development Mechanism?**

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

5. **Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc?**

   Yes, the Company has undertaken several initiatives in terms of energy efficiency and cleaner technologies. In continuation of earlier initiatives on energy efficiency and cleaner technologies, the Company has installed two stage RO systems that facilitate reduction in wastewater volumes requiring physical treatment like MEE, which resulted in reduction in steam consumption.

In cleaner technologies, the Company is continuing with established practices of segregation, storage and disposal appropriately to secure land fill facilities or cement units. The organic wastes, liquid and solid, are disposed off to cement units for co-processing where the wastes serve as 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 at end of the financial year.**

   No pending notices as on March 31, 2017.

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 associated with various trade organizations, chambers, etc as follows:

   The Company is a member of various trade bodies and chamber associations in India such as,

   1. Export promotion council for EOUs & SEZs
   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

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

   The Company focuses on the advancement/ improvement of public good through its 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?**

   Aurobindo is committed to continuously improving its social responsibilities, environment and economic practices to make positive impact on the society. The Company focuses on some of the key priorities of the communities such as:

   - Education
   - Health
   - Sanitation
   - Road and public safety
   - Rural sports promotion, environmental sustainability, old age homes, rural development and animal welfare

   The Company also provides infrastructure support to the above mentioned areas.

2. **Are the programs/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?**

   Aurobindo has a fully functional CSR team for the implementation and monitoring of various CSR projects. Any use of the external agencies viz NGOs, government offices etc are project based. Further, the Company has established a Foundation viz. Aurobindo Pharma Foundation for undertaking primarily CSR activities. Accordingly, the Company has started CSR activities under the said Foundation.

3. **Have you done any impact assessment of your initiatives?**

   We review our projects time to time. Each project has specific deliverables to be met. The internal teams ensure the implementation of the projects undertaken.

4. **What is your Company's direct contribution to community development projects?**

   Aurobindo has spent ₹194 million on CSR activities during the financial year 2016-17. The amount was spent on areas as referred in point 1.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

   The community development program revolves around education, health, sanitation etc. Overall, these programs have benefitted more than 60,000 students and 1.2 lakh families during the year.

   Education: The Company has built a government degree college at Patancheru; provided classroom infrastructure for more than 200 schools. The Company has also set up various libraries for the students, provided skill development and employment enhancing skills in rural areas.

   Health: The Company has provided medical equipment & other infrastructure in some of the trust based hospitals. Aurobindo Geriatric Eye Care Centre (AGE) at L. V. Prasad Eye Institute, provides eye care treatment covering all districts of northern Andhra Pradesh and neighboring Odisha State.

   Sanitation: The Company has installed several RO water purifiers and also setup overhead water tanks across the villages.

   Rural sports promotion: In order to promote rural sports, training is provided to rural sports men and women in games such as chess, badminton and power lifting etc.

Further details on the CSR projects undertaken during 2016-17 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 March 31, 2017 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?**

   The product labeling is to be approved by the regulatory authorities of the country where the product is to be sold. The Company mentions all the product information required by the 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 are pending as at the end of financial year.**

   There is no pending case as on March 31, 2017.

Annexure-1

Form AOC–I

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub–section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Part 'A': Subsidiaries

₹ Million

Sl. No.	Name of the subsidiary	The date since when subsidiary was acquired	Reporting currency	Exchange rate as on March 31, 2017	Share capital	Reserves & surplus	Total assets	Total liabilities	Invest–ments in subsi–diaries	Invest–ments other than subsi–diaries	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed dividend	% of share–holding	Country
1.	Helix Healthcare B.V.	Not applicable	EUR	69.29	10,111.94	(945.60)	3,925.73	3.11	5,243.72	–	–	(30.81)	45.52	(76.33)	–	100%	The Netherlands
2.	Agile Pharma B.V.	Not applicable	EUR	69.29	3,836.38	1,026.92	4,601.24	7,211.01	7,473.07	–	0.69	658.83	95.67	563.16	–	100%	The Netherlands
3.	Laboratorios Aurobindo S.L.	Not applicable	EUR	69.29	190.90	(281.28)	1,070.49	1,160.87	–	–	882.39	32.36	25.92	6.44	–	100%	Spain
4.	Aurex B.V. (formerly known as Pharmacin B.V.)	December 29, 2006	EUR	69.29	25.76	89.54	223.21	107.91	–	–	368.02	33.87	7.78	26.09	–	100%	The Netherlands
5.	Milpharm Limited	February 9, 2006	GBP	80.90	307.17	487.82	1,820.92	1,025.93	–	–	2,625.68	102.02	21.33	80.69	–	100%	U.K.
6.	Aurobindo Pharma (Malta) Limited	Not applicable	EUR	69.29	351.66	206.55	563.01	4.80	–	–	16.06	(2.15)	–	(2.15)	–	100%	Malta
7.	APL Swift Services (Malta) Limited	Not applicable	EUR	69.29	249.45	(6.04)	2,207.61	1,964.20	–	–	5,743.96	56.58	–	56.58	–	100%	Malta
8.	Aurobindo Pharma Gmbh Germany	Not applicable	EUR	69.29	255.76	51.40	3,647.21	3,340.05	–	–	887.06	46.04	15.54	30.50	–	100%	Germany
9.	Aurobindo Pharma (Romania) s.r.l.[6]	Not applicable	RON	15.17	308.69	(165.07)	377.88	234.26	–	–	304.26	(93.57)	(12.73)	(80.84)	–	100%	Romania
10.	Aurobindo ILAC Sanayi ve Ticaret Limited Sirketi	Not applicable	TRY	17.75	118.50	(56.35)	66.98	4.83	–	–	–	(3.78)	–	(3.78)	–	100%	Turkey
11.	Aurobindo Pharma (Portugal) Unipessoal Limitada	Not applicable	EUR	69.29	898.24	(836.45)	231.36	169.57	–	–	271.80	(5.51)	3.15	(8.66)	–	100%	Portugal
12.	Pharmacin B.V. (formerly known as Aurex B.V.)	Not applicable	EUR	69.29	6.24	5.37	65.76	54.15	–	–	181.51	1.32	0.26	1.06	–	100%	The Netherlands
13.	Aurovitas Pharma Polska[1]	Not applicable	PLN	16.37	1.64	–	1.64	–	–	–	–	–	–	–	–	100%	Poland
14.	Aurobindo Pharma (Italia) S.r.l.	Not applicable	EUR	69.29	138.59	(71.35)	1,564.34	1,497.10	–	–	1,424.63	(166.15)	–	(166.15)	–	100%	Italy
15.	Aurovitas, Unipessoal LDA	Not applicable	EUR	69.29	0.35	102.07	543.21	440.79	–	–	1,043.07	48.61	16.59	32.02	–	100%	Portugal
16.	Arrow Generiques SAS	April 1, 2014	EUR	69.29	2,560.07	(782.35)	8,574.16	6,796.44	–	–	10,678.91	510.02	456.56	53.46	–	100%	France
17.	1980 Puren Pharma GmbH (formerly Actavis Management GmbH)	April 1, 2014	EUR	69.29	1.73	1.93	4.11	0.45	–	–	0.96	0.08	0.02	0.06	–	100%	Germany
18.	Puren Pharma GmbH & Co., KG (formerly Actavis Deutschland GmbH & Co., KG)	April 1, 2014	EUR	69.29	1.77	1,283.78	5,197.22	3,911.67	–	–	4,542.21	748.80	105.08	643.72	731.49	100%	Germany
19.	Aurovitas Spain SA (formerly Actavis Spain S.A.)	April 1, 2014	EUR	69.29	41.44	522.28	1,303.75	740.03	–	–	1,874.49	(36.68)	21.47	(58.15)	–	100%	Spain
20.	Aurobindo Pharma B.V. (formerly known as Actavis B.V.)	April 1, 2014	EUR	69.29	351.18	(142.58)	2,443.79	2,235.19	–	–	2,985.42	107.76	(53.56)	161.32	–	100%	The Netherlands
21.	APL Pharma Thai Limited[6]	Not applicable	THB	1.88	188.25	(41.90)	152.96	6.61	–	–	149.19	(11.65)	–	(11.65)	–	97.92%	Thailand
22.	Aurobindo Pharma Industria Farmaceutica Limited[6]	Not applicable	BRL	20.77	210.31	798.07	1,244.84	236.46	–	–	1,537.89	416.50	161.42	255.08	–	99.97%	Brazil
23.	Aurobindo Pharma Produtos Farmaceuticos Limitada[6]	Not applicable	BRL	20.77	2.08	231.51	315.04	81.45	–	–	690.49	170.20	39.66	130.54	–	100%	Brazil
24.	All Pharma (Shanghai) Trading Company Limited[6]	Not applicable	RMB	9.73	48.68	110.42	263.06	103.96	–	–	18.12	16.77	4.19	12.58	–	100%	China
25.	Auro Pharma Inc.	Not applicable	CAD	48.59	210.27	209.13	1,331.19	911.79	–	–	898.95	245.61	65.74	179.87	–	100%	Canada
26.	Aurobindo Pharma (Pty) Limited	Not applicable	ZAR	4.85	203.23	302.93	724.56	218.40	–	–	622.19	56.90	–	56.90	–	100%	South Africa

(Contd.)

Form AOC-1 *(Contd.)*

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub–section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Part 'A': Subsidiaries

₹ Million

Sl. No.	Name of the subsidiary	The date since when subsidiary was acquired	Reporting currency	Exchange rate as on March 31, 2017	Share capital	Reserves & surplus	Total assets	Total liabilities	Invest–ments in subsi–diaries	Invest–ments other than subsi–diaries	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed dividend	% of share–holding	Country
27.	Auro Healthcare (Nigeria) Limited	Not applicable	NGN	0.21	14.32	(12.27)	2.71	0.66	–	–	3.12	0.47	0.21	0.26	–	100%	Nigeria
28.	Aurobindo Pharma Japan K.K.	Not applicable	JPY	0.58	86.31	36.35	235.39	112.73	–	–	505.44	27.81	8.89	18.92	–	100%	Japan
29.	Aurovida Farmaceutica SA DE CV[6]	Not applicable	MXN	3.46	524.35	(125.66)	458.15	59.46	–	–	71.51	(30.35)	–	(30.35)	–	100%	Mexico
30.	Aurobindo Pharma Colombia S A S[6]	Not applicable	Cpeso	0.02	33.13	20.79	215.48	161.56	–	–	33.13	48.05	23.02	25.03	–	100%	Colombia
31.	Aurogen South Africa (Pty) Limited[2]	Not applicable	ZAR	4.85	–	–	–	–	–	–	–	–	–	–	–	100%	South Africa
32.	Aurobindo Pharma USA Inc.	Not applicable	USD	64.85	3,999.62	3,875.77	16,269.85	12,450.83	4,056.37	–	33,369.76	1,531.58	592.51	939.07	–	100%	U.S.A.
33.	Aurolife Pharma LLC	Not applicable	USD	64.85	3,955.85	5,010.92	11,585.97	2,619.20	–	–	11,518.86	2,393.25	604.35	1,788.90	–	100%	U.S.A.
34.	Auromedics Pharma LLC	Not applicable	USD	64.85	12.97	460.57	5,368.01	4,894.47	–	–	10,189.48	75.35	19.72	55.63	–	100%	U.S.A.
35.	Auro Health LLC	Not applicable	USD	64.85	0.64	(705.86)	1,178.28	1,883.50	–	–	438.13	(214.37)	(62.37)	(152.00)	–	100%	U.S.A.
36.	Natrol LLC	December 4, 2014	USD	64.85	32.43	1,593.65	7,170.39	5,544.31	–	–	7,573.72	1,302.21	382.80	919.41	–	100%	U.S.A.
37.	Aurobindo Pharma USA LLC[3]	Not applicable	USD	64.85	–	–	–	–	–	–	–	–	–	–	–	100%	U.S.A.
38.	Auro AR LLC[4]	Not applicable	USD	64.85	6.49	–	7,208.08	7,201.59	–	–	–	–	–	–	–	100%	U.S.A.
39.	Auro Vaccines LLC[4]	Not applicable	USD	64.85	32.43	(2.11)	208.16	177.84	–	–	–	(2.11)	–	(2.11)	–	100%	U.S.A.
40.	APL Research Centre Limited	Not applicable	INR	1.00	122.60	(3.03)	119.60	0.03	–	–	–	(0.05)	–	(0.05)	–	100%	India
41.	APL Healthcare Limited	Not applicable	INR	1.00	1,300.00	(270.27)	1,189.82	160.09	–	–	0.58	(211.37)	0.71	(212.08)	–	100%	India
42.	Auronext Pharma Private Limited	Not applicable	INR	1.00	1,249.84	(826.78)	1,696.60	1,560.69	287.15	–	750.86	(135.95)	–	(135.95)	–	100%	India
43.	Auro Peptides Limited	Not applicable	INR	1.00	1.00	(102.97)	797.23	899.20	–	–	101.34	(151.37)	(52.39)	(98.98)	–	95%	India
44.	Aurobindo Antibiotics Limited	Not applicable	INR	1.00	9.00	(8.28)	0.75	0.03	–	–	–	(0.04)	–	(0.04)	–	100%	India
45.	Curepro Parenterals Limited	Not applicable	INR	1.00	133.10	1,858.00	1,991.18	0.08	–	–	–	(0.15)	0.28	(0.43)	–	100%	India
46.	Hyacinths Pharma Private Limited	October 1, 2013	INR	1.00	105.41	(1.70)	115.27	11.56	–	–	–	(0.09)	–	(0.09)	–	100%	India
47.	Silicon Life Sciences Private Limited	October 11, 2013	INR	1.00	448.68	(337.88)	1,081.80	971.00	–	–	389.21	(134.12)	84.94	(219.06)	–	100%	India
48.	AuroZymes Limited	Not applicable	INR	1.00	0.50	(0.81)	63.12	63.43	–	–	–	(0.16)	–	(0.16)	–	100%	India

1 Aurovitas Pharma Polska incorporated during the financial year, results given are from the date of incorporation.

2 Aurogen South Africa (Pty) Limited incorporated during the financial year, results given are from the date of incorporation.

3 Aurobindo Pharma USA LLC incorporated during the financial year, results given are from the date of incorporation.

4 Auro Vaccines LLC incorporated during the financial year, results given are from the date of incorporation.

5 Auro AR LLC incorporated during the financial year, results given are from the date of incorporation.

6 The financial year of these companies end on December 31. However, the results given are as of March 31, 2017.

Part 'B': Associates and joint ventures

(Pursuant to Section 129(3) of the Companies Act, 2013 relating to associate companies and joint ventures)

₹ Million

Sl. No.	Name of joint venture	Novagen Pharma (Pty) Limited	Eugia Pharma Specialities Limited	Tergene Biotech Private Limited
1.	Latest audited balance sheet date	March 31, 2017	March 31, 2017	March 31, 2017
2.	Shares of joint venture held by the Company at the year end			
	Number	927,237	198,901,611	3,390,000
	Amount of investment in joint venture	80.03	1,989.02	33.90
	Extent of holding	50%	67.82%	60%
3.	Description of how there is significant influence	Joint venture	Joint venture	Joint venture
4.	Reason why the associate/joint venture is not consolidated	Not applicable	Not applicable	Not applicable
5.	Networth attributable to shareholding as per latest audited balance sheet	329.03	1,972.38	(32.09)
6.	Profit for the year	100.18	(12.08)	(48.25)
	Considered in consolidation	50.09	(8.19)	(28.95)
	Not considered in consolidation	50.09	(3.89)	(19.30)

For and on behalf of the Board

N. Govindarajan
Managing Director
DIN: 00050482

Dr. M. Sivakumaran
Director
DIN: 01284320

Santhanam Subramanian
Chief Financial Officer

B. Adi Reddy
Company Secretary

Hyderabad, June 20, 2017

Annexure-2

Form No. AOC-2

Particulars of contracts/arrangements entered into by the Company with 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:

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	₹ Million
Aurobindo Pharma USA Inc., U.S.A.	Wholly owned subsidiary	Sale of goods & services	On going	Based on transfer pricing guidelines	20,628.9

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

Hyderabad, June 20, 2017

Annexure-3

Form No. MGT-9
Extract of Annual Return
For the financial year ended on March 31, 2017

[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	:	December 26, 1986
iii.	Name of the Company	:	Aurobindo Pharma Limited
iv.	Category/sub-category of the Company	:	Public company, limited by shares
v.	Address of the Registered Office and contact details	:	Plot No.2, Maitri Vihar, Ameerpet Hyderabad - 500 038, Telangana Phone : +91 40 2373 6370 Fax : +91 40 2374 3740 Email : info@aurobindo.com
vi.	Whether listed company	:	Yes. Listed on BSE Limited and National Stock Exchange of India Limited
vii.	Name, address and contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Unit: Aurobindo Pharma Limited Karvy Selenium, Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032 Phone : +91 40 6716 2222 Fax : +91 40 2300 1153 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:

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

S.No.	Name and address of the company	CIN/GLN	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 Thailand	Foreign company	Subsidiary	97.92	2(87)
2.	All Pharma (Shanghai) Trading Company Limited, Room 3304, No.8 Xingly Road, 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, Rua 15 De Dezembro, 128, CEF 75132135, 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 K.K. 9th Floor, Youth Building, 1-3-8 Nihonbashi Bakuro-cho, Cho-ku, 103-0002, Tokyo, Japan	Foreign company	Subsidiary	100	2(87)
6.	Auro Healthcare (Nigeria) Limited Plot No.4, Oyetubo Street, Off Obafemi, Awolowo Way, Ikeja, Logos, Nigeria	Foreign company	Subsidiary	100	2(87)
7.	Auro Pharma Inc 3700 Steeles Avenue, W. Suite # 402, Woodbridge, ONL4L 8K8, Canada	Foreign company	Subsidiary	100	2(87)
8.	Aurobindo Pharma (Pty) Limited 53 Phillip Engelbrecht Avenue, Woodhill Office Park, Building No. 1, Meyersdal Ext 12, 1448, Johannesburg, South Africa	Foreign company	Subsidiary	100	2(87)

(Contd.)

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Contd.)

S.No.	Name and address of the company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable Section
9.	Novagen Pharma Pty Limited 100, Sovereign Drive, Route 21, Corporate Park, Nellmapius Road, Irene, Pretoria, South Africa	Foreign company	Joint venture	50	2(6)
10.	Aurovida Farmaceutica SA DE CV Calle 14 de Agosto #45 Colonia Lomas Manuel Avila Camacho Deleg. Naucalpan de Juarez C.P. 53910, Eastado de Mexico	Foreign company	Subsidiary	100	2(87)
11.	Aurobindo Pharma Colombia SAS Calle 100W 17A-36, Oficina 1003, Bogota, Colombia	Foreign company	Subsidiary	100	2(87)
12.	Aurogen South Africa (Pty) Limited 53 Phillip Engelbrecht Avenue, Woodhill Office Park, Building No.1, Meyersdal Ext 12,1448, Johannesburg	Foreign company	Subsidiary	100	2(87)
13.	Aurobindo Pharma USA Inc. 279 Princeton Hightstown Road, East Windsor, NJ 08520, U.S.A.	Foreign company	Subsidiary	100	2(87)
14.	Aurolife Pharma LLC 2400 Route 130 North, Dayton, NJ 08810, U.S.A.	Foreign company	Subsidiary	100	2(87)
15.	Auromedics Pharma LLC 279 Princeton Hightstown Road, East Windsor, NJ 08520, U.S.A.	Foreign company	Subsidiary	100	2(87)
16.	Auro Health LLC 2572 Brunswick Pike, Lawrenceville, NJ 08648, U.S.A.	Foreign company	Subsidiary	100	2(87)
17.	Natrol LLC 21411 Prairie Street, Chatsworth, CA 91311, U.S.A.	Foreign company	Subsidiary	100	2(87)
18.	Auro AR LLC 6 Wheeling Road, Dayton, NJ 08810, U.S.A.	Foreign company	Subsidiary	100	2(87)
19.	Aurobindo Pharma USA LLC 279 Princeton Hightstown Road, East Windsor, NJ 08520, U.S.A.	Foreign company	Subsidiary	100	2(87)
20.	Auro Vaccines LLC 279 Princeton Hightstown Road, East Windsor, NJ 08520, U.S.A.	Foreign company	Subsidiary	100	2(87)
21.	Helix Healthcare B.V. Prins Bernhardplein 200, 1097 JB Amsterdam, Post Bag No. 990, 1000 AZ, The Netherlands	Foreign company	Subsidiary	100	2(87)
22.	Agile Pharma B.V. Prins Bernhardplein 200, 1097 JB Amsterdam, Post Bag No. 990, 1000 AZ, The Netherlands	Foreign company	Subsidiary	100	2(87)
23.	Laboratorios Aurobindo S.L.U. Avda. De Burgos, 16D, 5 deg Planta - Edificio Euromor, 28036, Madrid, Spain	Foreign company	Subsidiary	100	2(87)
24.	Pharmacin B.V. Molenvliet 103, 3335 LH Zwinindrecht, The Netherlands	Foreign company	Subsidiary	100	2(87)
25.	Milpharm Limited Ares Block, Odyssey Business Park, South Ruislip, Middlesex, London, U.K.	Foreign company	Subsidiary	100	2(87)
26.	Aurobindo Pharma (Malta) Limited Vault-14, Level-2, Valletta Waterfront, Floriana, Malta	Foreign company	Subsidiary	100	2(87)
27.	APL Swift Services (Malta) Limited Vault-14, Level-2, Valletta Waterfront, Floriana, Malta	Foreign company	Subsidiary	100	2(87)
28.	Aurobindo Pharma GmbH, Germany Willy-Brandt-Allee 2, 81829 Munchen, Germany	Foreign company	Subsidiary	100	2(87)
29.	Aurobindo Pharma B.V. Baarnschedijk 1, 3741 LN Bsaaarn, The Netherlands	Foreign company	Subsidiary	100	2(87)
30.	Aurobindo Pharma (Romania) s.r.l. Bucuresti Sectorul 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)
31.	Aurobindo Pharma (Portugal) Unipessoal Limitada Av. do Forte, 3, Parque Suecia, Ed. IV, 2°, 2794-038 Carnaxide, Portugal	Foreign company	Subsidiary	100	2(87)

(Contd.)

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Contd.)

S.No.	Name and address of the company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable Section
32.	Aurex B.V. Baarnsche Dijk 1, 3741 LN Baarn, The Netherlands	Foreign company	Subsidiary	100	2(87)
33.	Aurobindo Pharma (Italia) S.r.l. Via San Giuseppe, 102, 20147 Saronno (Varese), Italy	Foreign company	Subsidiary	100	2(87)
34.	Aurovitas, Unipessoal LDA Do Forte, No 3, Parque Suecia, Edificio IV, 20 Carnaxide, Lisboa, Concelho, Portugal	Foreign company	Subsidiary	100	2(87)
35.	Arrow Generiques SAS 26 Avenue Tony Garnier, 69007 Lyon, France	Foreign company	Subsidiary	100	2(87)
36.	1980 Puren Pharma GmbH Willy-Brandt-Allee 2; D-81829 München, Germany	Foreign company	Subsidiary	100	2(87)
37.	Puren Pharma GmbH & Co. KG Willy-Brandt-Allee 2; D-81829 München, Germany	Foreign company	Subsidiary	100	2(87)
38.	Aurovitas Spain SA Avda. De Burgos, 16D, 5 deg Planta - Edificio Euromor, 28036, Madrid, Spain	Foreign company	Subsidiary	100	2(87)
39.	Aurovitas Pharma Polska Sp. z o.o. ul. Sokratesa, nr 13D, lok. 27, miejsc. Warszawa, 01-909, kraj Polska	Foreign company	Subsidiary	100	2(87)
40.	Aurobindo Ilac Sanayi Ve Ticaret Limited Sirketi Egitim Mh. Poyraz Sk. Sadikoglu Plaza 5, No.27, Kadikoy, Istanbul, Turkey	Foreign company	Subsidiary	100	2(87)
41.	APL Research Centre Limited Plot No.2, Maitri Vihar, Ameerpet, Hyderabad - 500 038	U24116TG2006PLC051171	Subsidiary	100	2(87)
42.	APL Healthcare Limited Plot No.2, Maitri Vihar, Ameerpet, Hyderabad - 500038	U24239TG2006PLC052053	Subsidiary	100	2(87)
43.	Auronext Pharma Private Limited Plot No.2, Maitri Vihar, Ameerpet, Hyderabad - 500038	U74999TG2009PTC109591	Subsidiary	100	2(87)
44.	Auro Peptides Limited Plot No.2, Maitri Vihar, Ameerpet, Hyderabad - 500 038	U24232TG2012PLC078350	Subsidiary	95	2(87)
45.	Aurobindo Antibiotics Limited Plot No.2, Maitri Vihar, Ameerpet, Hyderabad - 500 038	U24232TG2012PLC081892	Subsidiary	100	2(87)
46.	Curepro Parenterals Limited Plot No.2, Maitri Vihar, Ameerpet, Hyderabad - 500 038	U24232TG2013PLC087101	Subsidiary	100	2(87)
47.	Eugia Pharma Specialities Limited Plot No.2, Maitri Vihar, Ameerpet, Hyderabad - 500 038	U24297TG2013PLC087048	Subsidiary	67.82	2(87)
48.	Hyacinths Pharma Private Limited Plot No.2, Maitri Vihar, Ameerpet, Hyderabad - 500 038	U24232TG2010PTC069638	Subsidiary	100	2(87)
49.	Silicon Life Sciences Private Limited Plot No.2, Maitri Vihar, Ameerpet, Hyderabad - 500 038	U85100TG2008PTC057669	Subsidiary	100	2(87)
50.	AuroZymes Limited Plot No.2, Maitri Vihar, Ameerpet, Hyderabad - 500 038	U24232TG2013PLC091383	Subsidiary	100	2(87)
51.	Tergene Biotech Private Limited Plot No.2, Maitri Vihar, Ameerpet, Hyderabad - 500 038	U24230TG2008PTC113178	Subsidiary	60	2(87)

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

i. Categorywise share holding

Category of shareholders	No. of shares held at the beginning of the year April 1, 2016				No. of shares held at the end of the year March 31, 2017				Change during the year (%)
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoter and promoter group									
1. Indian									
a. Individual/HUF	279,366,856	–	279,366,856	47.74	72,164,968	–	72,164,968	12.32	-35.42
b. Central government/state government(s)	–	–	–	–	–	–	–	–	–
c. Bodies corporate	17,384,716	–	17,384,716	2.97	213,760,966	–	213,760,966	36.49	33.51
d. Financial Institutions/Banks	–	–	–	–	–	–	–	–	–
e. Others	–	–	–	–	–	–	–	–	–
Sub-Total A(1)	**296,751,572**	**–**	**296,751,572**	**50.71**	**285,925,934**	**–**	**285,925,934**	**48.80**	**-1.91**
2. Foreign									
a. Individuals (NRIs/Foreign individuals)	18,000,000	–	18,000,000	3.08	18,000,000	–	18,000,000	3.07	–
b. Bodies corporate	–	–	–	–	–	–	–	–	–
c. Institutions	–	–	–	–	–	–	–	–	–
d. Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
e. Others	–	–	–	–	–	–	–	–	–
Sub-Total A(2)	**18,000,000**	**–**	**18,000,000**	**3.08**	**18,000,000**	**–**	**18,000,000**	**3.07**	**0.00**
Total A = A(1) + A(2)	**314,751,572**	**–**	**314,751,572**	**53.79**	**303,925,934**	**–**	**303,925,934**	**51.87**	**-1.91**
B. Public shareholding									
1. Institutions									
a. Mutual Funds/UTI	41,717,018	–	41,717,018	7.13	70,950,268	–	70,950,268	12.11	4.98
b. Financial Institutions/Banks	535,319	–	535,319	0.09	2,326,571	–	2,326,571	0.40	0.31
c. Central government/state government(s)	–	–	–	–	–	–	–	–	–
d. Venture Capital Funds	–	–	–	–	–	–	–	–	–
e. Insurance companies	246,902	–	246,902	0.04	1,456,754	–	1,456,754	0.25	0.21
f. Foreign Institutional Investors	160,362,472	–	160,362,472	27.40	122,986,244	–	122,986,244	20.99	-6.41
g. Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
h. Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total B(1)	**202,861,711**	**–**	**202,861,711**	**34.67**	**197,719,837**	**–**	**197,719,837**	**33.75**	**-0.92**
2. Non-institutions									
a. Bodies corporate	11,314,520	100,970	11,415,490	1.95	18,959,315	98,910	19,058,225	3.25	1.30
b. Individuals									
i. Individuals holding nominal share capital up to ₹2 lakhs	33,710,818	2,622,558	36,333,376	6.21	41,709,012	2,468,067	44,177,079	7.54	1.33
ii. Individuals holding nominal share capital in excess of ₹2 lakhs	15,955,644	–	15,955,644	2.73	12,913,627	–	12,913,627	2.20	-0.52
c. Others									
Clearing members	1,007,268	–	1,007,268	0.17	2,927,903	–	2,927,903	0.50	0.33
Non-Resident Indians	2,807,530	–	2,807,530	0.48	1,958,718	15,000	1,973,718	0.34	-0.14
NRI Non-repatriation	–	–	–	–	483,964	–	483,964	0.08	0.08
Trusts	36,995	–	36,995	0.01	2,702,122	–	2,702,122	0.46	0.45
d. Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
Sub-Total B(2)	**64,832,775**	**2,723,528**	**67,556,303**	**11.54**	**81,654,661**	**2,581,977**	**84,236,638**	**14.38**	**2.83**
Total B = B(1)+B(2)	**267,694,486**	**2,723,528**	**270,418,014**	**46.21**	**279,374,498**	**2,581,977**	**281,956,475**	**48.13**	**1.91**
Total (A+B)	**582,446,058**	**2,723,528**	**585,169,586**	**100.00**	**583,300,432**	**2,581,977**	**585,882,409**	**100.00**	**0.00**
C. Shares held by custodians, against which Depository Receipts have been issued									
1. Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
2. Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**582,446,058**	**2,723,528**	**585,169,586**	**100.00**	**583,300,432**	**2,581,977**	**585,882,409**	**100.00**	

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 share holding 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.	Mr. P.V. Ramprasad Reddy	18,000,000	3.08	0.00	18,000,000	3.07	0.00	-0.01
2.	Mrs. P. Suneela Rani*	205,036,760	35.04	0.62	–	–	–	-35.04
3.	Mrs. K. Kirthi Reddy	20,700,000	3.54	0.03	20,700,000	3.53	0.03	-0.01
4.	Mr. K. Nithyananda Reddy	27,524,700	4.71	0.14	25,359,572	4.33	0.00	-0.38
5.	Mrs. K. Rajeswari	1,775,500	0.30	0.03	1,975,500	0.34	0.03	0.04
6.	Trident Chemphar Limited**	12,147,226	2.07	0.07	867,226	0.15	0.00	-1.93
7.	Mrs. Kambam Spoorthi	7,600,000	1.30	0.42	7,600,000	1.30	0.42	0.00
8.	Dr. M. Sivakumaran	14,691,360	2.51	0.00	14,491,360	2.47	0.00	-0.04
9.	Mrs. P. Neha Reddy	130,000	0.02	0.00	1,30,000	0.02	0.00	0.00
10.	Axis Clinicals Limited	5,237,490	0.90	0.18	658,000	0.11	0.11	-0.79
11.	Mr. K. Prasad Reddy	301,156	0.05	0.05	3,01,156	0.05	0.05	0.00
12.	Mr. M. Sumanth Kumar Reddy	1,600,000	0.27	0.16	1,600,000	0.27	0.20	0.00
13.	Mr. K. Suryaprakash Reddy	7,380	0.00	0.00	7,380	0.00	0.00	0.00
14.	RPR Advisors Private Limited, Mrs. P. Suneela Rani (Joint holding)*	–	–	–	196,376,250	33.52	0.00	33.52
15.	Axis Clinicals Limited, Trident Chemphar Limited, RPR Sons Advisors Private Limited (Joint holding)**	–	–	–	15,859,490	2.71	0.00	2.71
	Total	**314,751,572**	**53.79**	**1.70**	**303,925,934**	**51.87**	**0.66**	**-1.92**

* The entire shareholding of Mrs. P. Suneela Rani was transferred as capital contribution to RPR Enterprises, a partnership firm and holding shares jointly in the name of its partners viz., RPR Sons Advisors Private Limited (as a trustee of Penaka Family Trust, which is the other partner in RPR Enterprises) and Mrs. P. Suneela Rani.

** On March 31, 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 was not effected in the system of the depository as on March 31, 2017.

iii. Change in promoters' shareholding

	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
At the beginning of the year	314,751,572	53.79	314,751,572	53.79
Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease				
Sold on October 7, 2016	10,825,638	1.84	303,925,934	51.95
At the end of the year*			303,925,934	51.87

* Percentage change is also due to issue and allotment of shares under ESOP to the employees of the Company and consequent increase in the total share capital of the Company.

Notes:
1. 200,000 equity shares of ₹1 each were transferred by Dr. M. Sivakumaran, a promoter director to Mrs. K. Rajeswari, a promoter on March 3, 2017 through open market transaction. This was an *inter se* transfer between the promoters.
2. 196,376,250 equity shares of ₹1 each were transferred by Mrs. P. Suneela Rani, a promoter, to RPR Sons Advisors Private Limited, a promoter, in its capacity as a trustee of the Penaka Family Trust which is a partner of RPR Enterprises, on January 19, 2017. This 33.56% holding were an *inter se* transfer between the promoters.
3. Axis Clinicals Limited and Trident Chemphar Limited, promoters, transferred 4,579,490 equity shares of ₹1 each and 12,147,226 equity shares of ₹1 each respectively to Auryn Labs, a partnership firm registered under the Indian Partnership Act, 1932 and represented by Axis Clinicals Limited, Trident Chemphar Limited and RPR Enterprises represented through RPR Sons Advisors Private Limited, on March 31, 2017. This 2.86% was an *inter se* transfer between the promoters.

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 Limited-HDFC Equity Fund**				
	At the beginning of the year	23,183,860	3.96	23,183,860	3.96
	Datewise increase/decrease in shareholding during the year				
	April 8, 2016	20,680	0.00	23,204,540	3.97
	April 8, 2016	-109,200	-0.02	23,095,340	3.95
	April 15, 2016	-75,000	-0.01	23,020,340	3.93
	April 22, 2016	-170,000	-0.03	22,850,340	3.90
	April 29, 2016	465	0.00	22,850,805	3.90
	April 29, 2016	-759,255	-0.13	22,091,550	3.78
	May 6, 2016	94	0.00	22,091,644	3.78
	May 6, 2016	-100,000	-0.02	21,991,644	3.76
	May 13, 2016	28,771	0.00	22,020,415	3.76
	May 20, 2016	410,970	0.07	22,431,385	3.83
	May 27, 2016	7,000	0.00	22,438,385	3.83
	May 27, 2016	-73	0.00	22,438,312	3.83
	June 3, 2016	100,029	0.02	22,538,341	3.85
	June 3, 2016	-4,900	0.00	22,533,441	3.85
	June 10, 2016	-50,000	-0.01	22,483,441	3.84
	June 17, 2016	31,583	0.01	22,515,024	3.85
	June 24, 2016	108,490	0.02	22,623,514	3.87
	June 30, 2016	55,386	0.01	22,678,900	3.88
	June 30, 2016	-50,000	-0.01	22,628,900	3.87
	July 8, 2016	85	0.00	22,628,985	3.87
	July 8, 2016	-50,000	-0.01	22,578,985	3.86
	July 15, 2016	267,029	0.05	22,846,014	3.90
	July 15, 2016	-100,030	-0.02	22,745,984	3.89
	July 22, 2016	5,600	0.00	22,751,584	3.89
	July 22, 2016	-565,009	-0.10	22,186,575	3.79
	July 29, 2016	140,000	0.02	22,326,575	3.82
	July 29, 2016	-978,744	-0.17	21,347,831	3.65
	August 5, 2016	42,059	0.01	21,389,890	3.66
	August 5, 2016	-538,000	-0.09	20,851,890	3.56
	August 12, 2016	287	0.00	20,852,177	3.56
	August 12, 2016	-364,000	-0.06	20,488,177	3.50
	September 2, 2016	595,422	0.10	21,083,599	3.60
	September 9, 2016	-1,979	0.00	21,081,620	3.60
	September 16, 2016	1,329	0.00	21,082,949	3.60
	September 16, 2016	-17	0.00	21,082,932	3.60
	September 23, 2016	4,153	0.00	21,087,085	3.60
	September 30, 2016	178,900	0.03	21,265,985	3.63
	September 30, 2016	-84,017	-0.01	21,181,968	3.62
	October 7, 2016	606,702	0.10	21,788,670	3.72
	October 7, 2016	-2,800	0.00	21,785,870	3.72
	October 14, 2016	229,542	0.04	22,015,412	3.76
	October 21, 2016	72	0.00	22,015,484	3.76
	October 28, 2016	21,625	0.00	22,037,109	3.77
	October 28, 2016	-100	0.00	22,037,009	3.77
	November 4, 2016	528,166	0.09	22,565,175	3.86
	November 4, 2016	-500,000	-0.09	22,065,175	3.77

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

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
	November 11, 2016	500,389	0.09	22,565,564	3.86
	November 11, 2016	-91,000	-0.02	22,474,564	3.84
	November 18, 2016	410,244	0.07	22,884,808	3.91
	November 18, 2016	-10,500	0.00	22,874,308	3.91
	November 25, 2016	250,412	0.04	23,124,720	3.95
	December 2, 2016	268,105	0.05	23,392,825	4.00
	December 2, 2016	-36	0.00	23,392,789	4.00
	December 9, 2016	89	0.00	23,392,878	4.00
	December 16, 2016	811	0.00	23,393,689	4.00
	December 23, 2016	266,330	0.05	23,660,019	4.04
	December 23, 2016	-1,000,000	-0.17	22,660,019	3.87
	December 30, 2016	679,323	0.12	23,339,342	3.99
	January 6, 2017	208,510	0.04	23,547,852	4.02
	January 6, 2017	-39,900	-0.01	23,507,952	4.02
	January 13, 2017	200,174	0.03	23,708,126	4.05
	January 13, 2017	-21,703	0.00	23,686,423	4.05
	January 20, 2017	92,077	0.02	23,778,500	4.06
	January 27, 2017	8,040	0.00	23,786,540	4.06
	January 27, 2017	-21,000	0.00	23,765,540	4.06
	February 3, 2017	-3,857	0.00	23,761,683	4.06
	February 10, 2017	-21,050	0.00	23,740,633	4.06
	February 17, 2017	410	0.00	23,741,043	4.06
	February 24, 2017	320,171	0.05	24,061,214	4.11
	March 3, 2017	436,480	0.07	24,497,694	4.19
	March 10, 2017	20,249	0.00	24,517,943	4.18
	March 17, 2017	23,159	0.00	24,541,102	4.19
	March 24, 2017	316,240	0.05	24,857,342	4.24
	March 24, 2017	-100,784	-0.02	24,756,558	4.23
	March 31, 2017	186,615	0.03	24,943,173	4.26
	At the end of the year (or on the date of separation, if separated during the year)			24,943,173	4.26
2.	**Reliance Capital Trustee Company Limited A/c Reliance Vision Fund**				
	At the beginning of the year	2,458,693	0.42	2,458,693	0.42
	Datewise increase/decrease in shareholding during the year				
	April 8, 2016	106,990	0.02	2,565,683	0.44
	April 8, 2016	-3	0.00	2,565,680	0.44
	April 22, 2016	-116	0.00	2,565,564	0.44
	April 29, 2016	331,100	0.06	2,896,664	0.50
	April 29, 2016	-23	0.00	2,896,641	0.50
	May 6, 2016	23,800	0.00	2,920,441	0.50
	May 13, 2016	63	0.00	2,920,504	0.50
	May 27, 2016	-75,600	-0.01	2,844,904	0.49
	June 3, 2016	16,500	0.00	2,861,404	0.49
	June 3, 2016	-97	0.00	2,861,307	0.49
	June 10, 2016	-54	0.00	2,861,253	0.49
	June 17, 2016	60,209	0.01	2,921,462	0.50
	June 17, 2016	-12	0.00	2,921,450	0.50
	June 24, 2016	7,000	0.00	2,928,450	0.50
	July 1, 2016	-181,300	-0.03	2,747,150	0.47

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

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
	July 8, 2016	15	0.00	2,747,165	0.47
	July 15, 2016	-104,238	-0.02	2,642,927	0.45
	July 22, 2016	-90,500	-0.02	2,552,427	0.44
	July 29, 2016	-31,500	-0.01	2,520,927	0.43
	August 5, 2016	307,300	0.05	2,828,227	0.48
	August 12, 2016	30,100	0.01	2,858,327	0.49
	August 12, 2016	-9,800	0.00	2,848,527	0.49
	August 19, 2016	119,700	0.02	2,968,227	0.51
	August 19, 2016	-21	0.00	2,968,206	0.51
	August 26, 2016	354,200	0.06	3,322,406	0.57
	September 2, 2016	-93,909	-0.02	3,228,497	0.55
	September 9, 2016	7,700	0.00	3,236,197	0.55
	September 9, 2016	-30,041	-0.01	3,206,156	0.55
	September 16, 2016	-28,449	0.00	3,177,707	0.54
	September 23, 2016	-960,400	-0.16	2,217,307	0.38
	September 30, 2016	-666,186	-0.11	1,551,121	0.27
	October 7, 2016	2,801	0.00	1,553,922	0.27
	October 14, 2016	197,400	0.03	1,751,322	0.30
	October 14, 2016	-21	0.00	1,751,301	0.30
	October 21, 2016	272,469	0.05	2,023,770	0.35
	October 28, 2016	196,000	0.03	2,219,770	0.38
	November 4, 2016	-9,800	0.00	2,209,970	0.38
	November 11, 2016	821,881	0.14	3,031,851	0.52
	November 11, 2016	-350,700	-0.06	2,681,151	0.46
	November 18, 2016	406,525	0.07	3,087,676	0.53
	November 25, 2016	656,869	0.11	3,744,545	0.64
	November 25, 2016	-18	0.00	3,744,527	0.64
	December 2, 2016	650,203	0.11	4,394,730	0.75
	December 2, 2016	-12,157	0.00	4,382,573	0.75
	December 9, 2016	-2,100	0.00	4,380,473	0.75
	December 16, 2016	276,300	0.05	4,656,773	0.80
	December 16, 2016	-1,554	0.00	4,655,219	0.80
	December 23, 2016	718,400	0.12	5,373,619	0.92
	December 30, 2016	158,872	0.03	5,532,491	0.95
	December 30, 2016	-46	0.00	5,532,445	0.95
	January 6, 2017	261,894	0.04	5,794,339	0.99
	January 6, 2017	-37	0.00	5,794,302	0.99
	January 13, 2017	-70,316	-0.01	5,723,986	0.98
	January 20, 2017	-138,048	-0.02	5,585,938	0.95
	January 27, 2017	-14,303	0.00	5,571,635	0.95
	February 3, 2017	-5,280	0.00	5,566,355	0.95
	February 10, 2017	601,037	0.10	6,167,392	1.05
	February 10, 2017	-25	0.00	6,167,367	1.05
	February 17, 2017	400,000	0.07	6,567,367	1.12
	February 17, 2017	-37,216	-0.01	6,530,151	1.12
	February 24, 2017	680,600	0.12	7,210,751	1.23
	February 24, 2017	-703	0.00	7,210,048	1.23
	March 3, 2017	485,821	0.08	7,695,869	1.32
	March 10, 2017	614,200	0.10	8,310,069	1.42

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

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
	March 10, 2017	-312	0.00	8,309,757	1.42
	March 17, 2017	371,087	0.06	8,680,844	1.48
	March 17, 2017	-21	0.00	8,680,823	1.48
	March 24, 2017	957,454	0.16	9,638,277	1.65
	March 24, 2017	-4,252	0.00	9,634,025	1.64
	March 31, 2017	361,400	0.06	9,995,425	1.71
	March 31, 2017	-1,939	0.00	9,993,486	1.71
	At the end of the year (or on the date of separation, if separated during the year)			9,993,486	1.71
3.	**Abu Dhabi Investment Authority - Behave Holdings**				
	At the beginning of the year	9,262,761	1.58	9,262,761	1.58
	Datewise increase/decrease in shareholding during the year				
	April 22, 2016	-106,461	-0.02	9,156,300	1.56
	April 29, 2016	-441,066	-0.08	8,715,234	1.49
	May 6, 2016	296,361	0.05	9,011,595	1.54
	May 6, 2016	-13,500	0.00	8,998,095	1.54
	May 13, 2016	-453,490	-0.08	8,544,605	1.46
	May 27, 2016	590,210	0.10	9,134,815	1.56
	May 27, 2016	-3,277	0.00	9,131,538	1.56
	June 3, 2016	-499,386	-0.09	8,632,152	1.48
	June 24, 2016	-302,653	-0.05	8,329,499	1.42
	July 15, 2016	34,727	0.01	8,364,226	1.43
	September 2, 2016	-143,953	-0.02	8,220,273	1.40
	September 16, 2016	6,363	0.00	8,226,636	1.41
	September 23, 2016	-89,847	-0.02	8,136,789	1.39
	December 2, 2016	-87,255	-0.01	8,049,534	1.38
	December 16, 2016	28,006	0.00	8,077,540	1.38
	December 16, 2016	-393,264	-0.07	7,684,276	1.31
	December 23, 2016	36,493	0.01	7,720,769	1.32
	December 23, 2016	-36,493	-0.01	7,684,276	1.31
	February 17, 2017	-162,342	-0.03	7,521,934	1.29
	February 24, 2017	-351,068	-0.06	7,170,866	1.23
	March 3, 2017	-281,455	-0.05	6,889,411	1.18
	March 10, 2017	-866,748	-0.15	6,022,663	1.03
	March 17, 2017	-30,370	-0.01	5,992,293	1.02
	At the end of the year (or on the date of separation, if separated during the year)			5,992,293	1.02
4.	**Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life Balanced Fund**				
	At the beginning of the year	1,897,228	0.32	1,897,228	0.32
	Datewise increase/decrease in shareholding during the year				
	April 8, 2016	25,127	0.00	1,922,355	0.33
	April 8, 2016	-100,100	-0.02	1,822,255	0.31
	April 15, 2016	-4,778	0.00	1,817,477	0.31
	April 22, 2016	-5,937	0.00	1,811,540	0.31
	May 6, 2016	74	0.00	1,811,614	0.31
	May 6, 2016	-1,686	0.00	1,809,928	0.31
	May 13, 2016	38	0.00	1,809,966	0.31
	May 13, 2016	-503	0.00	1,809,463	0.31
	May 20, 2016	13,800	0.00	1,823,263	0.31

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

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
	May 27, 2016	70,000	0.01	1,893,263	0.32
	June 3, 2016	30,000	0.01	1,923,263	0.33
	June 10, 2016	25,000	0.00	1,948,263	0.33
	June 17, 2016	-60,000	-0.01	1,888,263	0.32
	June 24, 2016	13,756	0.00	1,902,019	0.33
	June 30, 2016	50,000	0.01	1,952,019	0.33
	July 15, 2016	234,000	0.04	2,186,019	0.37
	July 22, 2016	3,400	0.00	2,189,419	0.37
	July 22, 2016	-1,824	0.00	2,187,595	0.37
	August 5, 2016	122,500	0.02	2,310,095	0.39
	August 12, 2016	87,500	0.01	2,397,595	0.41
	August 19, 2016	5,700	0.00	2,403,295	0.41
	August 26, 2016	262,000	0.04	2,665,295	0.46
	August 26, 2016	-25,200	-0.01	2,640,095	0.45
	September 2, 2016	170,000	0.03	2,810,095	0.48
	September 23, 2016	266,100	0.05	3,076,195	0.53
	September 30, 2016	1,673,000	0.29	4,749,195	0.81
	September 30, 2016	-66,500	-0.01	4,682,695	0.80
	October 7, 2016	400,000	0.07	5,082,695	0.87
	October 14, 2016	2,251,598	0.38	7,334,293	1.25
	October 28, 2016	121,300	0.02	7,455,593	1.27
	November 4, 2016	554,000	0.09	8,009,593	1.37
	November 4, 2016	-4,000	0.00	8,005,593	1.37
	November 11, 2016	786,000	0.13	8,791,593	1.50
	November 11, 2016	-6,300	0.00	8,785,293	1.50
	November 18, 2016	114	0.00	8,785,407	1.50
	December 2, 2016	28,225	0.01	8,813,632	1.51
	December 9, 2016	-322,000	-0.06	8,491,632	1.45
	December 16, 2016	100,000	0.02	8,591,632	1.47
	December 16, 2016	-570,100	-0.10	8,021,532	1.37
	December 23, 2016	-446,752	-0.08	7,574,780	1.29
	December 30, 2016	184,000	0.03	7,758,780	1.33
	December 30, 2016	-86,800	-0.01	7,671,980	1.31
	January 13, 2017	-100,000	-0.02	7,571,980	1.29
	January 20, 2017	240,422	0.04	7,812,402	1.34
	January 27, 2017	-2,000	-0.01	7,810,402	1.33
	February 3, 2017	100,000	0.02	7,910,402	1.35
	February 10, 2017	-252,000	-0.04	7,658,402	1.31
	February 17, 2017	-100,000	-0.02	7,558,402	1.29
	February 24, 2017	487,500	0.08	8,045,902	1.37
	March 17, 2017	-150,000	-0.03	7,895,902	1.35
	March 24, 2017	169,000	0.03	8,064,902	1.38
	March 24, 2017	-165,000	-0.03	7,899,902	1.35
	March 31, 2017	476,000	0.08	8,375,902	1.43
	At the end of the year (or on the date of separation, if separated during the year)			8,375,902	1.43
5.	**Stichting Depositary APG Emerging Markets Equity Pool**				
	At the beginning of the year	7,445,434	1.27	7,445,434	1.27
	Datewise increase/decrease in shareholding during the year				
	April 15, 2016	-204,631	-0.03	7,240,803	1.24
	April 29, 2016	-156,567	-0.03	7,084,236	1.21

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

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
	May 13, 2016	107,694	0.02	7,191,930	1.23
	May 20, 2016	-73,136	-0.01	7,118,794	1.22
	May 27, 2016	92,169	0.02	7,210,963	1.23
	June 10, 2016	39,797	0.01	7,250,760	1.24
	June 17, 2016	46,009	0.01	7,296,769	1.25
	July 15, 2016	-81,529	-0.01	7,215,240	1.23
	July 22, 2016	38,878	0.01	7,254,118	1.24
	July 29, 2016	-6,183	0.00	7,247,935	1.24
	August 5, 2016	-20,541	0.00	7,227,394	1.24
	August 19, 2016	-153,623	-0.03	7,073,771	1.21
	August 26, 2016	-85,806	-0.01	6,987,965	1.19
	September 2, 2016	779,136	0.13	7,767,101	1.33
	September 16, 2016	-155,919	-0.03	7,611,182	1.30
	September 23, 2016	-15,585	0.00	7,595,597	1.30
	September 30, 2016	-256,333	-0.04	7,339,264	1.25
	October 7, 2016	-28,501	0.00	7,310,763	1.25
	October 14, 2016	64,949	0.01	7,375,712	1.26
	October 21, 2016	-293,882	-0.05	7,081,830	1.21
	November 4, 2016	-407,250	-0.07	6,674,580	1.14
	November 18, 2016	-188,746	-0.03	6,485,834	1.11
	November 25, 2016	232,521	0.04	6,718,355	1.15
	December 2, 2016	-557,429	-0.10	6,160,926	1.05
	December 16, 2016	214,918	0.04	6,375,844	1.09
	January 20, 2017	399,811	0.07	6,775,655	1.16
	January 27, 2017	124,348	0.02	6,900,003	1.18
	February 3, 2017	140,009	0.02	7,040,012	1.20
	March 3, 2017	-194,107	-0.03	6,845,905	1.17
	March 10, 2017	-172,547	-0.03	6,673,358	1.14
	March 17, 2017	-437,721	-0.07	6,235,637	1.06
	March 31, 2017	212,845	0.04	6,448,482	1.10
	At the end of the year (or on the date of separation, if separated during the year)			6,448,482	1.10
6.	**Jhunjhunwala Rakesh Radheshyam**				
	At the beginning of the year	6,525,000	1.12	6,525,000	1.12
	Datewise increase/decrease in shareholding during the year				
	October 7, 2016	-175,000	-0.03	6,350,000	1.09
	January 6, 2017	800,000	0.14	7,150,000	1.22
	January 6, 2017	-800,000	-0.14	6,350,000	1.09
	March 31, 2017			6,350,000	1.08
	At the end of the year (or on the date of separation, if separated during the year)			6,350,000	1.08
7.	**SBI Magnum Equity Fund**				
	At the beginning of the year	5,465,293	0.93	5,465,293	0.93
	Datewise increase/decrease in shareholding during the year				
	April 8, 2016	636,216	0.11	6,101,509	1.04
	April 8, 2016	-85,341	-0.01	6,016,168	1.03
	April 15, 2016	687	0.00	6,016,855	1.03
	April 15, 2016	-916	0.00	6,015,939	1.03
	April 22, 2016	1,998	0.00	6,017,937	1.03
	April 29, 2016	4,551	0.00	6,022,488	1.03
	April 29, 2016	-1,282	0.00	6,021,206	1.03

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

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
	May 6, 2016	102,691	0.02	6,123,897	1.05
	May 13, 2016	200,588	0.03	6,324,485	1.08
	May 20, 2016	8,679	0.00	6,333,164	1.08
	May 27, 2016	16,416	0.00	6,349,580	1.09
	May 27, 2016	-120	0.00	6,349,460	1.09
	June 3, 2016	110,458	0.02	6,459,918	1.10
	June 3, 2016	-60,000	-0.01	6,399,918	1.09
	June 10, 2016	1,221	0.00	6,401,139	1.09
	June 10, 2016	-853	0.00	6,400,286	1.09
	June 17, 2016	118,559	0.02	6,518,845	1.11
	June 24, 2016	16,062	0.00	6,534,907	1.12
	June 30, 2016	211,172	0.04	6,746,079	1.15
	June 30, 2016	-9,136	0.00	6,736,943	1.15
	July 1, 2016	99,990	0.02	6,836,933	1.17
	July 1, 2016	-37	0.00	6,836,896	1.17
	July 8, 2016	393,276	0.07	7,230,172	1.24
	July 8, 2016	-5,500	0.00	7,224,672	1.23
	July 15, 2016	177	0.00	7,224,849	1.23
	July 15, 2016	-8,503	0.00	7,216,346	1.23
	July 22, 2016	1,258	0.00	7,217,604	1.23
	July 22, 2016	-404	0.00	7,217,200	1.23
	July 29, 2016	5,403	0.00	7,222,603	1.23
	August 5, 2016	5,980	0.00	7,228,583	1.24
	August 12, 2016	212,300	0.04	7,440,883	1.27
	August 12, 2016	-203,000	-0.03	7,237,883	1.24
	August 19, 2016	2,321	0.00	7,240,204	1.24
	August 26, 2016	9,982	0.00	7,250,186	1.24
	August 26, 2016	-50	0.00	7,250,136	1.24
	September 2, 2016	20,315	0.00	7,270,451	1.24
	September 2, 2016	-1,500	0.00	7,268,951	1.24
	September 9, 2016	20,602	0.00	7,289,553	1.25
	September 16, 2016	825,127	0.14	8,114,680	1.39
	September 16, 2016	-90,000	-0.02	8,024,680	1.37
	September 23, 2016	16,738	0.00	8,041,418	1.37
	September 30, 2016	15,211	0.00	8,056,629	1.38
	September 30, 2016	-28,701	0.00	8,027,928	1.37
	October 7, 2016	201,088	0.03	8,229,016	1.41
	October 14, 2016	4,197,793	0.72	12,426,809	2.12
	October 21, 2016	174,877	0.03	12,601,686	2.15
	October 28, 2016	93,179	0.02	12,694,865	2.17
	November 4, 2016	76,607	0.01	12,771,472	2.18
	November 11, 2016	211,624	0.04	12,983,096	2.22
	November 18, 2016	107,733	0.02	13,090,829	2.24
	November 25, 2016	213,204	0.04	13,304,033	2.27
	November 25, 2016	-26,600	0.00	13,277,433	2.27
	December 2, 2016	27,713	0.00	13,305,146	2.27
	December 9, 2016	18,258	0.00	13,323,404	2.28
	December 9, 2016	-50,000	-0.01	13,273,404	2.27
	December 16, 2016	40,424	0.01	13,313,828	2.28

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

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
	December 23, 2016	75,823	0.01	13,389,651	2.29
	December 30, 2016	69,766	0.01	13,459,417	2.30
	January 6, 2017	455,229	0.08	13,914,646	2.38
	January 6, 2017	-50,358	-0.01	13,864,288	2.37
	January 13, 2017	106,974	0.02	13,971,262	2.39
	January 13, 2017	-6,300	0.00	13,964,962	2.39
	January 20, 2017	8,615	0.00	13,973,577	2.39
	January 20, 2017	-11,601	0.00	13,961,976	2.39
	January 27, 2017	90,804	0.02	14,052,780	2.40
	February 3, 2017	95,795	0.02	14,148,575	2.42
	February 3, 2017	-1,179	0.00	14,147,396	2.42
	February 10, 2017	150,472	0.03	14,297,868	2.44
	February 10, 2017	-6,383	0.00	14,291,485	2.44
	February 17, 2017	223,905	0.04	14,515,390	2.48
	February 17, 2017	-114,100	-0.02	14,401,290	2.46
	February 24, 2017	16,739	0.00	14,418,029	2.46
	March 3, 2017	183,196	0.03	14,601,225	2.50
	March 3, 2017	-8,000	0.00	14,593,225	2.49
	March 10, 2017	83,256	0.01	14,676,481	2.51
	March 10, 2017	-6	0.00	14,676,475	2.51
	March 17, 2017	2,790	0.00	14,679,265	2.51
	March 24, 2017	208	0.00	14,679,473	2.51
	March 24, 2017	-391,116	-0.07	14,288,357	2.44
	March 31, 2017	55,463	0.01	14,343,820	2.45
	March 31, 2017	-332	0.00	14,343,488	2.45
	At the end of the year (or on the date of separation, if separated during the year)			14,343,488	2.45
8.	**Government of Singapore**				
	At the beginning of the year	4,329,905	0.74	4,329,905	0.74
	Datewise increase/decrease in shareholding during the year				
	April 8, 2016	324,019	0.06	4,653,924	0.80
	April 15, 2016	7	0.00	4,653,931	0.80
	April 22, 2016	-130,360	-0.02	4,523,571	0.77
	April 29, 2016	-62,511	-0.01	4,461,060	0.76
	May 6, 2016	-110,651	-0.02	4,350,409	0.74
	May 13, 2016	-10	0.00	4,350,399	0.74
	June 3, 2016	132,510	0.02	4,482,909	0.77
	June 10, 2016	92,616	0.02	4,575,525	0.78
	July 8, 2016	-72,042	-0.01	4,503,483	0.77
	July 22, 2016	-6,416	0.00	4,497,067	0.77
	July 29, 2016	-53,020	-0.01	4,444,047	0.76
	August 5, 2016	-32,960	-0.01	4,411,087	0.75
	August 12, 2016	-1,705	0.00	4,409,382	0.75
	September 2, 2016	-27,251	0.00	4,382,131	0.75
	September 9, 2016	3,695	0.00	4,385,826	0.75
	September 16, 2016	-108	0.00	4,385,718	0.75
	October 7, 2016	-74,066	-0.01	4,311,652	0.74
	November 4, 2016	-9,269	0.00	4,302,383	0.74
	November 11, 2016	-8,900	0.00	4,293,483	0.73

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

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
	November 25, 2016	-57	0.00	4,293,426	0.73
	December 2, 2016	332,549	0.06	4,625,975	0.79
	December 9, 2016	-8,598	0.00	4,617,377	0.79
	December 30, 2016	27,492	0.00	4,644,869	0.79
	January 6, 2017	25,643	0.00	4,670,512	0.80
	January 20, 2017	8,556	0.00	4,679,068	0.80
	February 3, 2017	-156,832	-0.03	4,522,236	0.77
	February 10, 2017	-54,807	-0.01	4,467,429	0.76
	February 17, 2017	-257,835	-0.04	4,209,594	0.72
	March 3, 2017	-19,923	0.00	4,189,671	0.72
	March 10, 2017	-9,745	0.00	4,179,926	0.71
	March 31, 2017	-42,076	-0.01	4,137,850	0.71
	At the end of the year (or on the date of separation, if separated during the year)			4,137,850	0.71
9.	**Morgan Stanley Mauritius Company Limited**				
	At the beginning of the year	2,650,791	0.45	2,650,791	0.45
	Datewise increase/decrease in shareholding during the year				
	Apri 8, 2016	700	0.00	2,651,491	0.45
	Apri 15, 2016	192,339	0.03	2,843,830	0.49
	Apri 22, 2016	182,700	0.03	3,026,530	0.52
	Apri 29, 2016	189,405	0.03	3,215,935	0.55
	May 6, 2016	1,400	0.00	3,217,335	0.55
	May 13, 2016	3,500	0.00	3,220,835	0.55
	May 27, 2016	4,200	0.00	3,225,035	0.55
	June 3, 2016	9,100	0.00	3,234,135	0.55
	June 10, 2016	17,286	0.00	3,251,421	0.56
	June 17, 2016	15,506	0.00	3,266,927	0.56
	June 24, 2016	14,810	0.00	3,281,737	0.56
	July 8, 2016	72,100	0.01	3,353,837	0.57
	July 22, 2016	351,497	0.06	3,705,334	0.63
	July 29, 2016	47,966	0.01	3,753,300	0.64
	August 5, 2016	93,855	0.02	3,847,155	0.66
	August 12, 2016	-2,438	0.00	3,844,717	0.66
	August 19, 2016	-20,397	0.00	3,824,320	0.65
	August 26, 2016	-282,021	-0.05	3,542,299	0.61
	September 2, 2016	-98,134	-0.02	3,444,165	0.59
	September 9, 2016	-759	0.00	3,443,406	0.59
	September 16, 2016	-11,894	0.00	3,431,512	0.59
	September 23, 2016	146,368	0.03	3,577,880	0.61
	September 30, 2016	2,491	0.00	3,580,371	0.61
	October 7, 2016	-232,310	-0.04	3,348,061	0.57
	October 14, 2016	100,270	0.02	3,448,331	0.59
	October 21, 2016	13,952	0.00	3,462,283	0.59
	October 28, 2016	394,553	0.07	3,856,836	0.66
	November 4, 2016	-70,033	-0.01	3,786,803	0.65
	November 11, 2016	-312,211	-0.05	3,474,592	0.59
	November 18, 2016	-91,088	-0.02	3,383,504	0.58
	November 25, 2016	-91,909	-0.02	3,291,595	0.56
	December 2, 2016	-102,087	-0.02	3,189,508	0.55

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

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
	December 9, 2016	39,125	0.01	3,228,633	0.55
	December 16, 2016	198,312	0.03	3,426,945	0.59
	December 23, 2016	108,776	0.02	3,535,721	0.60
	December 30, 2016	-111,159	-0.02	3,424,562	0.59
	January 6, 2017	-219,339	-0.04	3,205,223	0.55
	January 13, 2017	-3,498	0.00	3,201,725	0.55
	January 20, 2017	-44,555	-0.01	3,157,170	0.54
	January 27, 2017	9,918	0.00	3,167,088	0.54
	February 3, 2017	-18,244	0.00	3,148,844	0.54
	February 10, 2017	242,596	0.04	3,391,440	0.58
	February 17, 2017	91,231	0.02	3,482,671	0.60
	February 24, 2017	151,364	0.03	3,634,035	0.62
	March 3, 2017	13,762	0.00	3,647,797	0.62
	March 10, 2017	196,944	0.03	3,844,741	0.66
	March 17, 2017	298,811	0.05	4,143,552	0.71
	March 24, 2017	191,222	0.03	4,334,774	0.74
	March 31, 2017	-13,913	0.00	4,320,861	0.74
	At the end of the year (or on the date of separation, if separated during the year)			4,320,861	0.74
10.	**Vanguard Emerging Markets Stock Index Fund, A Series**				
	At the beginning of the year	4,129,281	0.71	4,129,281	0.71
	Datewise increase/decrease in shareholding during the year				
	Apri 8, 2016	15,344	0.00	4,144,625	0.71
	Apri 22, 2016	7,569	0.00	4,152,194	0.71
	Apri 29, 2016	-7,133	0.00	4,145,061	0.71
	May 6, 2016	-4,561	0.00	4,140,500	0.71
	June 10, 2016	11,801	0.00	4,152,301	0.71
	June 17, 2016	-7,032	0.00	4,145,269	0.71
	June 24, 2016	23,909	0.00	4,169,178	0.71
	July 22, 2016	9,252	0.00	4,178,430	0.71
	July 29, 2016	28,026	0.00	4,206,456	0.72
	August 5, 2016	22,489	0.00	4,228,945	0.72
	August 12, 2016	23,715	0.00	4,252,660	0.73
	August 19, 2016	33,728	0.01	4,286,388	0.73
	September 9, 2016	15,270	0.00	4,301,658	0.74
	October 7, 2016	16,288	0.00	4,317,946	0.74
	October 14, 2016	11,198	0.00	4,329,144	0.74
	October 21, 2016	38,175	0.01	4,367,319	0.75
	October 28, 2016	15,270	0.00	4,382,589	0.75
	November 11, 2016	33,085	0.01	4,415,674	0.75
	November 25, 2016	40,211	0.01	4,455,885	0.76
	December 2, 2016	22,905	0.00	4,478,790	0.77
	January 6, 2017	12,336	0.00	4,491,126	0.77
	January 13, 2017	26,214	0.00	4,517,340	0.77
	January 20, 2017	12,336	0.00	4,529,676	0.77
	February 3, 2017	37,008	0.01	4,566,684	0.78
	February 17, 2017	10,280	0.00	4,576,964	0.78
	March 24, 2017	23,445	0.00	4,600,409	0.79
	March 31, 2017	21,120	0.00	4,621,529	0.79
	At the end of the year (or on the date of separation, if separated during the year)			4,621,529	0.79

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
	Directors				
1.	Mr. K. Ragunathan	–	–	–	–
	At the end of the year	–	–	–	–
2.	Mr. K. Nithyananda Reddy	27,524,700	4.70	27,524,700	4.70
	October 7, 2016 - Sale	-2,165,128	-0.37	25,359,572	4.33
	At the end of the year			25,359,572	4.33
3.	Mr. N. Govindarajan	750,000	0.13	750,000	0.13
	September 22, 2016 - Sale	-20,000	0.00	730,000	0.12
	March 21, 2017 - Sale	-530,000	-0.09	200,000	0.03
	March 28, 2017 - Sale	-200,000	-0.03	–	–
	At the end of the year			–	–
4.	Dr. M. Sivakumaran	14,691,360	2.51	14,691,360	2.51
	March 3, 2017 - Sale	-200,000	-0.04	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.	Mr. Rangaswamy Rathakrishnan Iyer	–	–	–	–
	At the end of the year	–	–	–	–
	Key Managerial Personnel				
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
	At the end of the year			800	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ Million)

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	12,452.6	28,786.0	–	41,238.6
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	37.7	–	–	37.7
Total (i+ii+iii)	12,490.3	28,786.0	–	41,276.3
Change in indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	(7,983.3)	(2,733.4)	–	(10,716.7)
Net change				(10,716.7)
Indebtedness at the end of the financial year				
i. Principal amount	4,486.5	26,052.6	–	30,539.1
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	20.5	–	–	20.5
Total (i+ii+iii)	4,507.0	26,052.6	–	30,559.6

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager (₹ Million)

Sl. No.	Particulars of remuneration	Name					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						
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	13.69	30.16	13.69	24.23	6.25	88.02
	b. Value of perquisites under Section 17(2) of the Income Tax Act, 1961	1.30	4.15	1.30	2.30	0.63	9.68
	c. Profits in-lieu of salary under Section 17(3) of the Income tax Act, 1961	–	–	–	–	–	–
2.	Stock option	–	–	–	–	–	–
3.	Sweat equity	–	–	–	–	–	–
4.	Commission						
	- as % of profit	–	90.00	–	–	–	90.00
	- others	–	–	–	–	–	–
5.	Others - Contribution to PF	0.02	0.02	0.02	0.02	0.02	0.10
	Total (A)	**15.01**	**124.33**	**15.01**	**26.55**	**6.90**	**187.80**
	Ceiling as per the Act (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)						2,209.89

B. Remuneration to other directors (₹ Million)

Sl. No.	Particulars of remuneration	Name of Directors					Total amount
1.	Independent Directors	Mr. K. Ragunathan	Mr. M. Sitarama Murty	Dr. D. Rajagopala Reddy*	Dr. (Mrs.) Avnit Bimal Singh	Mr. Rangaswamy Rathakrishnan Iyer	
	Fees for attending board/ committee meetings	0.42	0.47	0.35	0.32	0.10	1.66
	Commission	–	–	–	–	–	–
	Others	–	–	–	–	–	–
	Total (1)	**0.42**	**0.47**	**0.35**	**0.32**	**0.10**	**1.66**
2.	Other Non-Executive Directors	Mr. P.V. Ramprasad Reddy	Mr. P. Sarath Chandra Reddy				
	Fees for attending board/ committee meetings	0.15	0.05	–	–	–	0.20
	Commission	–	–	–	–	–	–
	Others	–	–	–	–	–	–
	Total (2)	**0.15**	**0.05**	**–**	**–**	**–**	**0.20**
	Total (B) = (1+2)						**1.86**
	Total managerial remuneration (A+B)						**189.66**
	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)						2,430.88

*Resigned during the year.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (₹ Million)

Sl. No.	Particulars of remuneration	Key Managerial Personnel			Total amount
		Company Secretary		CFO	
		Mr. A. Mohan Rami Reddy (up to May 31, 2016)	Mr. B. Adi Reddy (with effect from June 1, 2016)	Mr. S. Subramanian	
1.	Gross salary				
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.46	2.22	9.84	12.52
	b. Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.13	0.28	1.02	1.43
	c. Profits in-lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock option	–	–	–	–
3.	Sweat equity	–	–	–	–
4.	Commission	–	–	–	–
5.	Others - Contribution to PF	0.01	0.02	0.02	0.05
	Total	**0.60**	**2.52**	**10.88**	**14.00**

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

Hyderabad
June 20, 2017

Annexure-4

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:

a. Oil-free refrigerant circulation technology (Reduction in greenhouse gas emissions and energy saving);

b. Cooling tower fans control with respect to water temperature: Energy saving;

c. Power capacitors installed at various utility panels (end load center). We have calculated power on basis of ampere with/without capacitors connected to load;

d. Auto controlling arranged by installed VFD vs. pressure transmitter for RT pump resulting in power saving;

e. LED street light replacement in place of conventional sodium vapor lamp. LED lamp replacement of CFL lamp;

f. Installation of VFDs for reactors, resulted in power saving;

g. Replacement of low efficient pumps with high efficient pumps;

h. Reduction in coal consumption by running power plant - 2 & 3;

i. Reduction in coal consumption due to heat recovery from contaminated condensate;

j. Cost saving through reducing of screw feeder feeding percentage from 52% to 45%, reduced the crushed coal consumption also by fine tuning other parameters like: Air box pressure, improvement in condensate recovery;

k. Condensate recovery increase from 41% to 62%;

l. Introduced Max100 oil for -15^{0}C, 60 TR chilling plant for power saving;

m. Arranged mechanical seal & 10 sq. mts condenser for SRA019 to reduce the distillation time and reduce the solvent losses;

n. Kaizen initiatives introduced in Units 4, 10, 15 and 16. It covers apart from other areas, the monitoring of power, water and effluent and daily discussion at various levels takes place. All levels of management are involved in this cultural transformation. This has created lot of discipline in employees for judicious use of energy. Apart from analyzing data in daily Kaizen, projects for energy improvement in specific areas are taken up;

o. At Unit 7, high wattage sodium water lamps and CFL lamps are replaced by LED lamps resulting in savings;

p. Lighting Servo transformer put in operation at Unit 12 with reduced voltage 180-200V for about 10% reduction in lighting load;

q. Cooling tower fan cut-off integrated with UMS system at Unit 15 resulting in savings;

r. Lower RPM motors replaced with higher RPM motors at Unit 7;

s. Steam and AHU condensate recovery systems improved at Unit 7 for water saving of 10,800KL/annum;

t. Conventional ammonia chiller replaced at Unit 12 with a screw chiller for saving in power consumption;

u. Laundry water is reused at Unit 12 saving about 1,500KL per annum.

ii. Steps taken by the Company for utilizing alternate sources of energy:

a. Power trading through open access using wind/solar power;

b. Solar power plant at Unit 11;

The Company established a 30MW captive solar power plant at a project cost of ₹1,150 million at Varisam, Pydibhimavaram, Srikakulam District under the APTRANSCO Captive Scheme. After feasibility studies and with necessary approvals, the Company undertook the project on turnkey basis and has fully commissioned the plant.

c. At Units 7 & 15, daylight system installed in warehouse and service areas to use natural energy. This resulted in approximately 2 lakh units of power saving per annum;

d. Briquettes are used in Units 7 & 15 instead of coal for boiler operations.

iii. Capital investment on energy conservation equipments:

a. Replacement of old vacuum with new energy efficient vacuum pump & 132 kV sub-station in place of existing 33 kV sub-station at Unit 1;

b. Removing of old 10 numbers of air compressors (more than 15 years) & installed energy efficient air compressor at Unit 5;

c. Existing VAM are not giving the required performance; Hence, changed with latest technology VAM having better performance;

d. Existing cooling tower fills replaced by usage of energy efficient timber CT & oil free refrigeration system from M/s. Hi-Freeze at Unit 9;

e. Automatic nitrogen blanketing systems to save excess nitrogen going from vent at almost all API units;

f. Hot water system installed at Unit 1 for dehumidification instead of electrical dehumidifier for ensuring savings;

g. VFDs installed for AHU/cooling fan/chiller pumps at Units 6, 7 & 15 for energy reduction.

B. TECHNOLOGY ABSORPTION

Efforts made towards technology absorption:

Technology absorption is not involved as the process for manufacture of active ingredients/formulation is being developed in-house by the Company.

Benefits derived like product improvement, cost reduction, product development or import substitution:

Cost optimization initiative with respect to less expensive active ingredients, excipients, packaging materials changed over in commercialized products. These will result in annualized savings worth millions of rupees when approved and implemented.

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

₹ Million

	2016-17	2015-16
Capital	**940.7**	306.6
Recurring	**4,963.3**	4,119.0
Total R&D expenditure	**5,904.0**	4,425.6
As a % of total gross turnover	**6.04**	4.75

C. Foreign exchange earnings and outgo

Foreign exchange earned in terms of actual inflows and foreign exchange outgo during the year in terms of actual outflows:

₹ Million

	2016-17	2015-16
Foreign exchange earned		
Exports	**75,760.7**	70,926.8
Others	**77.0**	88.3
	75,837.7	71,015.1
Foreign exchange outgo		
Exports	**27,088.8**	26,193.3
Others	**3,135.5**	2,605.1
	30,224.3	28,798.4

for and on behalf of he Board

K. Ragunathan
Chairman
DIN: 00523576

Hyderabad
June 20, 2017

Annexure-5

[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 (MR-3)

For the financial year ended March 31, 2017

The Members
M/s. Aurobindo Pharma Limited
CIN: L24239TG1986PLC015190
Hyderabad

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Aurobindo Pharma Limited (APL) [CIN:L24239TG1986PLC015190] (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided to us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions/clauses of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
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;
    d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/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;
6. Telangana Shops and Establishment Act, 1988 (erstwhile AP Shops and Establishment Act, 1988);
7. Employees' State Insurance Act, 1948 and the Employees' State Insurance (General) Regulations, 1950;
8. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' Provident Funds Scheme, 1952;
9. The Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1965;
10. The Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
11. The Drugs and Cosmetics Act, 1940;
12. The Narcotic Drugs and Psychotropic Substances Act, 1985;
13. The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950 and State Rules framed under the Act;
14. The Inflammable Substances Act, 1952;
15. The Poisons Act, 1919;
16. The Air (Prevention and control of pollution) Act, 1981;
17. The Water (Prevention and control of pollution) Act, 1981;
18. The Payment of Gratuity Act, 1972;
19. The Maternity Benefits Act, 1961;
20. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We 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 complied with the provisions of the acts, rules, regulations, guidelines, and standards etc. mentioned above.

We 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. Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes.

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.

We 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.

for **D V Rao & Associates**
Company Secretaries

CS Vasudeva Rao Devaki
Practicing Company Secretary
FCS # 8888; COP # 12123

Hyderabad
June 20, 2017

This Report is to be read with our letter which is annexed as Annexure A and forms an integral part of this report.

Annexure-A

The Members
M/s. Aurobindo Pharma Limited
Hyderabad

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We 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 review was done to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we 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. Our examination was limited to the verification of procedures.

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.

for **D V Rao & Associates**
Company Secretaries

CS Vasudeva Rao Devaki
Practicing Company Secretary
FCS # 8888; COP # 12123

Hyderabad
June 20, 2017

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 programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

   - 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.

   The CSR Policy has been placed on the Company's website at: http://www.aurobindo.com/about-us/corporate-governance

   The Company has established Aurobindo Pharma Foundation for primarily undertaking CSR activities. Accordingly, the Company has started CSR activities under the said Foundation.

   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/social-responsibility/csr-activities

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	For the financial year		
	2015-16	2014-15	2013-14
Net profit as per Section 198 of the Companies Act, 2013 for the preceding three financial years	21,802,389,485	19,968,441,698	16,054,997,357

		₹
4.	Average net profit for three years	19,275,276,180
	Prescribed CSR expenditure (2% of average net profit)	385,505,524
	CSR amount unspent as on March 31, 2016	153,153,754
	Total CSR amount available for the year 2016-17	538,659,278
	CSR amount spent for the year ended March 31, 2017	193,584,277
	CSR amount unspent as on March 31, 2017	345,075,001

Note: An amount of ₹121,485,075 was the commitment as on March 31, 2017 for the CSR activities approved and yet to be carried out. On completion of these programs and payment, the net unspent CSR amount as on March 31, 2017 will be ₹223,589,926.

Purposes for which the amount was spent on CSR during the financial year is 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.	Construction of government degree college and donated college furniture and dual desks, construction of class rooms in various government schools, distributed dual desks and donated various types of school furniture for government schools, payment of salaries of vidya volunteers, repairing of class rooms/toilets/painting/ providing water in government schools, colleges under swachh bharat/ construction of school compoud wall, distributed school bags & note books in various government schools. Aurobindo has donated amount for summer special coaching to 10th class students studying in various government schools. Aurobindo has donated amount towards employment enhancing vocational skills, donated amount for secondary grade teacher coaching for the socially & economically backward students towards education purpose. Aurobindo Pharma Foundation has donated amount towards construction of class rooms for underprivileged students and provided financial support to pursue education for two poor students, and donated amount towards setting up of libraries in several orphanages and renovation of orphanage.	Promoting education	Government Degree College, Patancheru, Sangareddy District, Telangana; Construction of four class rooms at Government Primary school, Pashamylaram Village, Patancheru Mandal, Sangareddy District, Telangana; Construction of additional class rooms at Isnapur Government Primary School, Patancheru Mandal, Sangareddy District, Telangana; 2 class rooms construction at Government Primary School, Palpanoor Village, Hatnoora Mandal of Sangareddy District, Telangana; Repairs at Government Primary School done at Borpatla Village, Hatnoora Mandal, Sangareddy District, Telangana; Donated dual desks to various government schools located in Sircilla Rajanna, Karimnagar, Sangareddy, Ranga Reddy and Hyderabad districts of Telangana; and in several villages located in Srikakulam, Vizianagaram districts, Menakuru and Peyyalapalem villages of Nellore district of Andhra Pradesh; Vidya Volunteers at Government Primary & ZP High schools in Patancheru, Hatnoora & Jinnaram Mandals of Medak District, Bachupally & Mallampet villages, Quthbullapur Mandal, Ranga Reddy District, Telangana; Pydibhimavaram & surrounding villages (Srikakulam & Vizianagaram Districts of Andhra Pradesh); Toilets construction at government schools, Government Women's Junior & Degree College and at Ambedkar stadium in Sangareddy Town, Sangareddy District; and toilet construction in Gomaram & Veldurthi villages of Narsapur Mandal and at Pulpanoor Village of Hatnoora Mandal, Sangareddy District, Telangana; Repairing of class rooms, toilets and painting works at government school at Bachupally, Ranga Reddy District, Telangana; Painting works for doors and walls at Tekkali & Kotabommali ZP girls high school, Srikakulam District, Andhra Pradesh. Distributed school bags and note books in various government schools located in Medak, Mahboobnagar and Ranga Reddy districts of Telangana and Srikakulam, Vizianagaram, Visakhapatnam, Nellore	73,157,801	73,157,801	73,157,801	Direct, and through NGO 'Kollapur Study Circle'; Mahabodhi Society'; Trusts 'IIMAA Hyderabad Charitable Trust'; 'Sai Sevasangh'; 'Nachiketa Tapovan'; 'Lekhadeep'; 'Älluri Sita Rama Raju Vignana Kendhram'.

(Contd.)

Purposes for which the amount was spent on CSR during the financial year is 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
			and Chittor districts of Andhra Pradesh and Maha Bhodhi Vidhyalayam at Mahindra Hills, Hyderabad; Given financial assistance to poor students residing at Uppal, Hyderabad and Chintalapudi Village, Guntur District, Andhra Pradesh; Free education for SC/ST and poor students through Nachiketha Vidhya Mandir at Kodugal Village, Jadcherla Mandal, Mahboobnagar District, Telangana;				
	Aurobindo Pharma Foundation has donated amount towards providing free education to orphans, semi-orphans and under privileged girl children and to provide subsidized education to the children of urban under privileged families through Udbhav School.		Free education to 300 orphans through Sri Satya Sai Vidhya Mandir School, Moosapet, Hyderabad, Telangana; Subsidized education to orphans, poor students through Udbhav School, Rasoolpura, Hyderabad;				
	Aurobindo Pharma Foundation has given financial support to mentally handicapped children towards skill development activities.		Skill development for mentally handicapped through Lekhadeep, located at AG's Colony, Near Erragadda, Hyderabad, Telangana; Dual desks and school furniture at Menakur, Naidupeta Mandal, Nellore District, Andhra Pradesh; Government school at Bhadurpura, Hyderabad;				
	Aurobindo Pharma Foundation has donated amount towards construction of skill development centre and provide health, education & culture.		Construction of skill development centre, Alluri Sita Rama Raju Vignana Kendram, Visakahapatnam District, Andhra Pradesh.				
ii.	Aurobindo Pharma has donated an additional amount to LV Prasad Eye Institute (Aurobindo Geriatric Eye Care Centre), Visakhapatnam;	Promoting preventive health care & sanitation, road safety for public	LV Prasad Eye Institute, GMR Varalaxmi Campus, Visakhapatnam District, Andhra Pradesh State;	52,671,050	52,671,050	125,828,851	Direct, and through NGO 'Dr. Jetty Sesha Reddy Memorial Trust'; 'Jampur Welfare Association'; 'Ashray - Akruti'.
	Aurobindo has donated medical equipments, beds, passenger lift to Dr. P.V. Ramachandra Reddy's People's Poly Clinic hospital, Nellore for treatment of socially, economically backward groups;		Supplied beds, medical equipments, passenger lift etc. to Dr. P.V. Ramachandra Reddy's People's Poly Clinic, Nellore, Andhra Pradesh;				
	Aurobindo has donated additional amount towards construction & supply of medical equipment to diabetic hospital for senior citizens & socially, economically backward groups;		Donated amount towards construction of hospital Dr. Jetty Sesha Reddy Memorial Trust at Nellore District of Andhra Pradesh;				

(Contd.)

Purposes for which the amount was spent on CSR during the financial year is detailed (Contd.)

(₹)

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
	Aurobindo Pharma has donated amount towards conducting health check up camps and towards providing free medicines to poor people at New Delhi; Constructed community toilets for under privileged families and donated bleaching powder to Pydibhimavaram gram panchayat;		Donated amount to Jampur Welfare Association, New Delhi for conducting free health check up camps and distribution of free medicines for the poor people, constructed community toilets at SC/ST colony, Pydibhimavaram and supplied bleaching powder bags at Pydibhimavaram gram panchayat, Ranasthalam Mandal, Srikakulam District, Andhra Pradesh;				
	An additional amount was donated towards rehabilitation & skill development of hearing impaired handicapped children;		Donated amount for Ashray - Akruthi, Srinagar Colony, Hyderabad for hearing impaired children;				
	Paying monthly maintenance expenses to two fire stations;		Paid maintenance expenses to Industrial Fire Safety Association, Gundlamachnoor Village, Hatnoora Mandal, Sangareddy District, Telangana; and to Industrial Fire Safety Association, Pydibhimavaram, Ranasthalam Mandal, Srikakulam District, Andhra Pradesh;				
	Aurobindo Pharma Foundation has donated amount for treatment of poor lady patient suffering from cancer disease.		Cancer patient residing at Hyderabad;				
	Aurobindo Pharma Foundation has donated eye equipments, wheel chairs, diesel generator, inverter, patient waiting chairs and other medical equipments to 'Lions Club of Narsapur Snehabandu Charitable Trust'.		Lions Club of Narsapur Snehabandu, Narsapur Mandal, Sangareddy District, Telangana.				
iii.	Aurobindo has set up water purification project (RO) water plants with Any Time Water (ATW) cards & coin system, RO vending machines, digging of bore wells, provided sintex tanks, laid the pipelines, provided 3 phase & submersible motors, construction of 40KL overhead water tanks for drinking water purpose. Supplying drinking water through water tankers, construction of sheds to install RO water plants, strengthening of water tank for drinking water purpose, provided purified, chilled drinking water through water kiosks.	Making available safe drinking water	Installed RO water plant at Pashamylaram Village, Patancheru Mandal of Sangareddy District, Telangana; RO water plants at Ghanpur & Wanaparthy Mandals of Mahboobnagar District, Telangana; Water vending machines in several busy places like government hospital, bus stand in Siddipet town of Siddipet district, Telangana; RO water plant at Vulli Bhadra Village, water vending machine at Community health centre, Bhogapuram and several other villages in Vizianagaram district; RO plant at Pharma City, Salapavanipalem & E-Marripalem, of Visakhapatnam District, Andhra Pradesh; RO plant at Mentada, Gudem at Tekkali Mandal and several other villages of	3,140,375	13,140,375	138,969,226	Direct and through NGO 'Bala Vikasa'.

(Contd.)

Purposes for which the amount was spent on CSR during the financial year is detailed (Contd.)

(₹)

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
	Aurobindo Pharma Foundation has donated amount towards the construction of 40KL capacity RCC water tank, resting on the ground water tank.		Srikakulam District and constructed 2 number 40 KL overhead water tanks at Mentada & Dhonupeta villages of Ranasthalam Mandal, Srikakulam District; Provided drinking water through water tankers at Pydibhimavaram, Ranasthalam Mandal, Srikakulam District of Andhra Pradesh and at Pashamylaram and surrounding villages of Patancheru Mandal, Sangareddy District, and at Gaddapotharam Village, Medak District, Telangana; Dug borewells and donated motor pumps and all other accessories at Gundlamachnoor and Pulpanoor Villages of Hatnoora Mandal, Sangareddy District, Telangana and Alladapalem Village, Srikakulam District, Andhra Pradesh.				
iv.	a. Aurobindo has distributed food and water, in several parts of Hyderabad, during heavy rains, under disaster relief. Donated medical cot, mattress, 3 seater chair to government hospitals, donated healthcare equipments. Aurobindo has donated towards medical and health programs. Donated amount towards providing services for poor and destitute in rural areas. b. A project to set up fully automated centralized kitchen to cook hot, nutritious food for 25,000 under privileged people.	Eradicating hunger, poverty, malnutrition and preventive health care	a. Several (Brahmanwadi, Alwal etc) flood affected areas due to heavy rains in September 2016 at Hyderabad, Telangana. Sangareddy and Patancheru government hospitals, Sangareddy District; Paigah colony children's park, Hyderabad, Telangana towards providing medical and health programs in and around Hyderabad district of Telangana. 'Sai Krupa'- home for the aged, located at Kummarapalli village, Chittoor District, Andhra Pradesh. b. Srikakulam District of Andhra Pradesh.	68,074,502	3,074,502	142,043,728	a. Through Hare Krishna Charitable Foundation; Direct, through 'Sundarayya Vignana Kendram' and 'Sri Srinivasa Charitable Trust'. b. Through Hare Krishna Charitable Foundation. Allotment of land by local authorities is pending.
v.	Aurobindo has donated amount to rural sportsmen & women for training in rural sports, nationally recognized sports, paraolympic and olympic sports. Aurobindo Pharma Foundation has donated amount to rural sportswomen & men for training in rural sports and nationally recognized sports.	Promotion of rural sports	Kothapalli Village, Kothamunchur Post, Valmikipuram Mandal, Chittoor District, Andhra Pradesh; Kowkuntla Village, Chevella Mandal, Ranga Reddy District; Moti Nagar and Karimnagar Districts of Telangana and towards skill development of girls in rural sports paid for girls school located in Vizianagaram District of Andhra Pradesh.	1,280,000	1,280,000	143,323,728	Direct

(Contd.)

Purposes for which the amount was spent on CSR during the financial year is detailed (Contd.)

(₹)

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.	Aurobindo has donated amount to conduct, prepare detailed report on protection of lake. Donated towards laying/ widening/repairing of rural roads and construction of village sewage water drainage system. Construction of culvert for public purpose, laying of roads towards welfare of farmers and under 'Haritha Haram' Program, planted trees and erected tree plastic, iron and cement tree guards and monthly maintenance of plants. Donated amount towards skill development & employement enhancing programs and setting up of public library for the rural youth. Donated amount towards development of poor Indian farmers. Aurobindo Pharma Foundation has donated amount towards laying, widening, repairing of rural roads. Towards safety of public, repaired and renovated police station at Pydibhimavaram.	Rural development projects, environmental sustainability, ecological balance & conservation of natural resources & animal welfare.	Rural development projects, environmental sustainability, ecological balance & conservation of natural resources & animal welfare. Ameenpur lake, Miyapur Mandal, Sangareddy District, Telangana; Widening of road from NH-9 to Chitkul Village, from Sivalayam to graveyard at Chikul Village, Patancheru Mandal, Sangareddy District; Metal road at Mentada Village and Saragadapeta Village, Ranasthalam Mandal, Srikakulam District, Andhra Pradesh; Laying of CC roads and underground drainage at Mentapalli Village, Vanaparthi Mandal, Mahboobnagar District; laying of road for the welfare of farmers from Mallana Temple to Yetugadda at Borpatla Village, Sangareddy District, Telangana; Adoption of 2 villages in Borpatla of Sangareddy District, Telangana and Peyalapalem in Nellore District of Andhra Pradesh; Planted trees, erected plastic tree guards & cement tree guards and paying monthly maintenance expenses at Borpatla Village, Hatnoora Mandal, Sangareddy District, Polepally Village, Jadcherla Mandal, Mahboobnagar District; erected tree guards at Bachupally Village, Ranga Reddy District, Telangana and at Pydibhimavaram in Srikakulam District and Parwada in Visakhapatnam Districts of Andhra Pradesh; An additional amount was donated to 'Sri Venugopala Swami Mandir' Goshala located at Janwada Village, Shankarpalli Mandal, Ranga Reddy District, Telangana; Skill development and setting up of public library for rural youth at Nalgonda District, Sangareddy town of Sanga Reddy District, Telangana and at Krishna District of Andhra Pradesh; CC Road from Saragadapet to Kandivalasa Village, Ranasthalam Mandal, Srikakulam District; Repaired and renovated police station at Pydibhimavaram Village, Ranasthalam Mandal, Srikakulam District, Andhra Pradesh;	42,185,310	42,185,310	185,509,038	Direct, and through NGOs MAS, Mallu Venkat Narsimha Reddy Vignana Kendram, Visalandhara Vignana Kendram, Consortium of Indian Farmer's Association. Mandipally Grama Panchayat, Industrial Fire Safety Association, Pashamylaram.

(Contd.)

Purposes for which the amount was spent on CSR during the financial year is detailed (Contd.)

(₹)

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
	Aurobindo Pharma Foundation has contributed towards construction of individual toilets, Integrated House Hold Latrine (IHHL) scheme in village.		Contributed for individual toilets at Mandipally Gram Panchayath, Dhanwada Mandal, Mahaboobnagar District, Telangana;				
	For public safety purpose Aurobindo Pharma Foundation has donated amount purchase of fire tender and monthly maintenance.		Industrial Fire Safety Association, Pashamylaram, Patancheru Mandal, Sangareddy District, Telangana;				
	Towards public safety installed CCTV cameras.		Contributed towards supply & installation of CCTV cameras at Nizampet cross roads to Coca-Cola Company, Miyapur, Hyderabad;				
	Aurobindo Pharma Foundation has donated amount to Sri Rama Jeeva Seva Sadan towards animal welfare.		Donated to Sri Rama Jeeva Seva Sadan Goshala located at Nandigama Village, Patancheru Mandal, Sangareddy District, Telangana State.				
vii.	Contribution towards old age home expansion 'Maharshi Vanaprastha Ashramam,' an old age home.	Setting up of old age homes	'Maharshi Vanaprastha Ashram' - old age home at Nandigaon Village, Patancheru Mandal, Sangareddy District, Telangana State.	750,000	750,000	186,259,038	Direct
viii.	Salaries paid by Aurobindo Pharma to CSR staff exclusively working on CSR activities and salaries paid by Aurobindo Pharma Foundation to staff exclusively working on Foundation activities, TDS payments, purchase of computer for Aurobindo Pharma Foundation, printing & stationary expenses of Aurobindo Pharma Foundation.	CSR expenditure	Covering all the Aurobindo Pharma Limited and Aurobindo Pharma Foundation India Offices and facilities.	7,325,239	7,325,239	193,584,277	Direct
	TOTAL			**248,584,277**	**193,584,277**	**193,584,277**	

5. The Company could not spend entire two per cent of average net profits of the last three financial years. Out of the sanctioned amounts, some of the works are on-going projects and once the works are completed, the committed amounts will be released. The Company is making efforts to identify the projects for spending the unspent amount.

6. We hereby confirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

	K. Nithyananda Reddy	**N. Govindarajan**
Hyderabad	Chairman of the CSR Committee	Managing Director
June 20, 2017	DIN: 01284195	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 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 & Whole-time Director	40:1
b.	Mr. N. Govindarajan, Managing Director	329:1
c.	Dr. M. Sivakumaran, Whole-time Direcetor	40:1
d.	Mr. M. Madan Mohan Reddy, Whole-time Director	70:1
e.	Mr. P. Sarath Chandra Reddy, Whole-time Director	18:1

ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year:

	Name & designation	Increment percentage
a.	Mr. K. Nithyananda Reddy, Vice Chairman & Whole-time Director	4.81
b.	Mr. N. Govindarajan, Managing Director	37.31
c.	Dr. M. Sivakumaran, Whole-time Direcetor	4.74
d.	Mr. M. Madan Mohan Reddy, Whole-time Director	73.94
e.	Mr. S. Subramanian, Chief Financial Officer*	9.68
f.	Mr. P. Sarath Chandra Reddy, Whole-time Director	–
g.	Mr. A. Mohan Rami Reddy, Vice President (Legal) & Company Secretary (upto May 31, 2016)	–
h.	Mr. B. Adi Reddy, Company Secretary (with effect from June 1, 2016)	–
	*Excluding long-term incentive payable biennial.	

Mr. P. Sarath Chandra Reddy was appointed as Whole-time Director of the Company with effect from June 1, 2016.

Mr. A. Mohan Rami Reddy, Vice President (Legal) & Company Secretary retired from the services of the Company with effect from June 1, 2016. No increment was given to him during 2016-17.

Mr. B. Adi Reddy was appointed as Company Secretary of the Company with effect from June 1, 2016.

iii. The percentage increase in the median remuneration of employees in the financial year was 12.31%.

iv. The number of permanent employees on the rolls of the Company as on March 31, 2017 was 13,982.

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 13.88% as against 12.52% 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.

Annexure-7 (Contd.)

Financial year 2016-17

Top 10 employees in terms of remuneration drawn during the year

Sr. No.	Name	Designation	Remuneration received (₹ Million)	Qualification & Experience	Date of Commencement of employment	Age (Years)	The last employment held by such employee before joining the Company
1.	Mr. N. Govindarajan	Managing Director	124.33	B.E., 27 years	October 7, 2010	48	Shasun Chemicals & Drugs Limited
2.	Mr. Sanjeev Indravadan Dani	Chief Operating Officer & Head - Formulations	28.57	B.Pharm., M.B.A., 33 years	July 9, 2015	57	Ranbaxy Laboratories Limited
3.	Mr. M. Madan Mohan Reddy	Whole-time Director	26.55	M.Sc., 27 years	May 27, 2003	57	Ranit Pharma Limited
4.	Dr. A. Rama Mohana Rao	President - Corporate QA	25.74	PhD, 29 years	May 7, 2001	55	Biological E Limited
5.	Dr. V. K. Handa	President - Chemical Research	20.26	PhD, 34 years	January 1, 1999	65	Ranbaxy Research Laboratories
6.	Mr. Atul Sadashiv Shastri	Associate President - Operations	19.97	M.Pharm., 27 Years	December 8, 2014	51	Ranbaxy Laboratories Limited
7.	Mr. K. Nithyananda Reddy	Vice Chairman & Whole-time Director	15.01	M.Sc., 30 years	January 1, 1989	59	Tini Pharma Limited
8.	Dr. M. Sivakumaran	Whole-time Director	15.01	M.Sc., PhD, 44 years	January 1, 1989	74	TTK Pharma Limited
9.	Mr. Satnam Singh Loomba	Senior Vice President - Operations	12.02	B.Tech., 26 Years	December 1, 2015	49	Sun Pharmaceutical Industries Limited
10.	Dr. Makkapati Satakarni	President - Biologics	10.98	B.Tech., PhD, M.B.A., 10 years	February 3, 2016	36	Intas Pharma

Employees drawing a remuneration of ₹1.02 crore or above per annum

Sr. No.	Name	Designation	Remuneration received (₹ Million)	Qualification & Experience	Date of Commencement of employment	Age (Years)	The last employment held by such employee before joining the Company
1.	Mr. S. Subramanian	Chief Financial Officer	10.88	B.Sc., C.A., C.S., I.C.W.A.I., 31 years	November 1, 2013	56	RSB Global, Pune
2.	Mr. V. Naga Prasad	President - FRD	10.79	M. Pharm., 25 years	March 16, 2006	50	Ranbaxy Research Laboratories
3.	Mr. Ashok Kumar Saxena	Senior Vice President - Operations	10.20	B. Pharm., P.G.D.M., 25 years	December 17, 2015	47	Shaline Healthcare, Dubai

Employed for part of the year with a average salary above ₹8.5 lakhs per month

Sr. No.	Name	Designation	Remuneration received (₹ Million)	Qualification & Experience	Date of Commencement of employment	Age (Years)	The last employment held by such employee before joining the Company
1.	Dr. S. Vijaya Kumar	President - Operations	7.97	M.Tech., PhD, 28 years	November 2, 2016	51	Jubilant Generics Limited
2.	Dr. Jayant Karajgi	President - FRD	4.39	M.Pharm., PhD, 26 years	September 2, 2011	50	Famy Care Limited
3.	Dr. T. V. S. K. Vittal	Senior Vice President - CRD	1.18	PhD, 25 years	October 15, 2014	47	Sai Life Sciences

Note:
1. Gross remuneration includes salary, taxable allowances, commission, value of perquisites as per the Income Tax Rules, 1962 and Company contribution to providend fund.
2. Nature of employment and duties: Contractual and in accordance with the terms and conditions as per Company's rules.
3. No employee is a relative of any Director or Key Managerial Personnel of the Company except Mr. K. Nithyananda Reddy, who is a relative of Mr. P. Sarath Chandra Reddy, Director of the Company.
4. The percentage of equity shares held by each of the employee in the Company within the meaning of clause (III) of sub-rule (2) of Rule 5 is not applicable.

For and on behalf of the Board

K. Ragunathan
Chairman
DIN: 00523576

Hyderabad
June 20, 2017

Report on Corporate Governance

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 stakeholder 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 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, 2017, the Board consists of ten Directors. Five of them are Executive and five are Non-Executive Directors. 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, 2017

Name	Category	Number of Board Meetings attended	Attendance at the last AGM held on August 24, 2016	Number of directorships in other companies*	Number of committee positions held in other companies**		No. of shares of ₹1 each held in the Company
					Chairman	Member	
Mr. K. Ragunathan	Non-Executive Independent	4	Yes	2	–	–	–
Mr. K. Nithyananda Reddy	Promoter and Executive	4	Yes	9	–	–	25,359,572
Mr. N. Govindarajan	Executive	4	Yes	5	–	–	–
Dr. M. Sivakumaran	Executive	4	Yes	4	–	–	14,491,360
Mr. M. Madan Mohan Reddy	Executive	4	Yes	10	–	1	2,010
Mr. P.V. Ramprasad Reddy	Promoter and Non-Executive	3	Yes	2	–	–	18,000,000
Mr. P. Sarath Chandra Reddy	Executive	4	Yes	7	–	–	–
Mr. M. Sitarama Murty	Non-Executive Independent	4	Yes	1	1	–	–
Dr. (Mrs.) Avnit Bimal Singh	Non-Executive Independent	4	Yes	–	–	–	–
Mr. Rangaswamy Rathakrishnan Iyer[2]	Non-Executive Independent	1	NA	4	–	2	–

* The directorships are in the companies incorporated under the Companies Act, 1956/2013.

** Includes only Audit and Stakeholders Relationship Committee.

Note:

1. Leave of absence was granted on request to those directors who could not attend the meeting(s).
2. Mr. Rangaswamy Rathakrishnan Iyer, who was appointed as an Independent Director of the Company with effect from February 9, 2017 has attended one Board Meeting held since that date.
3. Dr. D. Rajagopala Reddy who resigned from the Board with effect from February 10, 2017, attended four meetings held upto that date.

During the year, four Board Meetings were held on the following dates:

Date of meeting	Board strength	No. of Directors present
May 30, 2016	10	10
August 23, 2016	10	10
November 14, 2016	10	10
February 9, 2017	11	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 program

Senior management personnel of the Company make presentations to the Board Members on periodical basis, briefing them on the operations of the Company, plans, strategies, 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/aboutus/corporate-governance

Details of Directors proposed for appointment/re-appointment at the Annual General Meeting

Dr. M. Sivakumaran and Mr. P Sarath Chandra Reddy retire by rotation and being eligible, seek re-appointment. Mr. Rangaswamy Rathakrishnan Iyer is proposed to be appointed as an Independent Director of the Company.

Dr. M. Sivakumaran, aged 74 years, presently is a Whole-time Director of the Company. He holds a Master's Degree in Science and has been awarded a PhD in Organic Chemistry. He has about 42 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. He is a Director on the boards of the subsidiaries of Aurobindo Pharma Limited viz., APL Research Centre Limited, APL Healthcare Limited, Curepro Parentarals Limited and Tergene Biotech Private Limited. He holds 14,491,360 equity shares of ₹1 each in the Company. He is not related to any other director of the Company.

Mr. P. Sarath Chandra Reddy, aged 32 years, is a graduate in Business Administration. He is a second generation entrepreneur experienced in general management and has expertise in project executions. He is presently a Whole-time Director of the Company and also director in PVR Holdings Private Limited and Aurobindo Infra Projects Private Limited. He is also a director in subsidiary companies of Aurobindo Pharma Limited viz., APL Health Care Limited, Auro Peptides Limited, Curepro Parenterals Limited, Auronext Pharma Private Limited and Tergene Biotech Private Limited. He does not hold any shares in the Company. He is related to Mr. P.V. Ramprasad Reddy and Mr. K. Nithyananda Reddy, Directors of the Company.

Mr. Rangaswamy Rathakrishnan Iyer, aged 64 years, holds a Post Graduate degree in Commerce and MBA in Finance from Bombay University. He has about 35 years of experience as an advisor/consultant to various multinational and indian pharma companies in the areas of business strategy and business development. He has been the industry advisor to consulting firms and advised in the areas of intellectual property rights/ regulatory matters and has also worked on advocacy with the government and the Indian pharma companies. He has worked on behalf of the pharma industry with the Government of India on matters relating to drug pricing policy and intellectual property rights. In recognition of his contribution to the industry, he was adjudged as the 33rd most influential person in the Global Pharmaceutical Industry by World Pharmaceutical Frontiers in 2009, a leading UK Pharma magazine. He is presently Director in Sanofi India Limited, Atul Bioscience Limited, Cybernoid Healthcare Private Limited and 11.2 Advisors Private Limited. He is a member of the Audit Committee and Nomination and Remuneration Committee and is the Chairman of Corporate Social Responsiblity Committee of Sanofi India Limited, a listed entity. He does not hold any shares in the Company. He is not related to any other 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 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013.

Role of Audit Committee

The role of the Audit Committee 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 forming part of 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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

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 invitees to the meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee.

Mr. M. Sitarama Murty, Chairman of the Committee, is a Non-Executive, Independent Director having expertise in accounting and financial management. Mr. K. Ragunathan and Dr. D. Rajagopala Reddy (up to February 9, 2017) and Mr. Rangaswamy Rathakrishnan Iyer (with effect from February 9, 2017) are the members of the Committee.

During the year, the Audit Committee met five times on May 30, 2016; August 23, 2016; November 14, 2016; February 9, 2017 and March 30, 2017.

The attendance at the Audit Committee meetings during the financial year 2016-17 is as under:

Name of the Committee Member	No. of meetings held during his tenure	Attended
Mr. M. Sitarama Murty	5	5
Mr. K. Ragunathan	5	5
Mr. D. Rajagopala Reddy[1]	4	4
Mr. Rangaswamy Rathakrishnan Iyer[2]	1	1

Note: [1] Dr. D. Rajagopala Reddy ceased to be member with effect from February 10, 2017. He attended all the four meetings held during his tenure.

[2] Mr. Rangaswamy Rathakrishnan Iyer was appointed as a member of Audit Committee with effect from February 9, 2017. He attended the only meeting held after his appointment.

NOMINATION AND REMUNERATION/COMPENSATION COMMITTEE

Brief description of terms of reference of the Nomination and Remuneration/Compensation Committee

- 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;
- 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, Dr. D. Rajagopala Reddy (up to February 9, 2017) and Mr. K. Ragunathan (with effect from February 9, 2017) are other Members of the Committee. During the year, the Nomination and Remuneration/Compensation Committee met four times on May 30, 2016; February 9, 2017; March 9, 2017 and March 30, 2017.

Meeting and attendance during the year

The attendance at the Nomination and Remuneration/Compensation Committee meetings during the financial year 2016-17 is as under:

Name of the Committee Member	No. of meetings held during his tenure	Attended
Dr. (Mrs.) Avnit Bimal Singh	4	4
Mr. M. Sitarama Murty	4	4
Dr. D. Rajagopala Reddy[1]	2	2
Mr. K. Ragunathan[2]	2	2

Note: [1] Dr. D. Rajagopala Reddy ceased to be a member of the Nomination and Remuneration/Compensation Committee with effect from February 10, 2017. He attended two meetings held during his tenure.

[2] Mr. K. Ragunathan was appointed as a member of Nomination and Remuneration/Compensation Committee with effect from February 9, 2017. He attended two meetings held after his appointment.

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 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/corporate-governance

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

REMUNERATION OF DIRECTORS

Details of remuneration paid to Directors during the financial year 2016-17 are as follows:

a. Executive Directors ₹

Name	Salary	Benefits (Perquisites)	Bonus	Pension	Commission	Contribution to P.F.	Total
Mr. K. Nithyananda Reddy	13,693,329	1,300,004	–	–	–	21,600	15,014,933
Dr. M. Sivakumaran	13,693,329	1,300,004	–	–	–	21,600	15,014,933
Mr. M. Madan Mohan Reddy	24,226,659	2,299,996	–	–	–	21,600	26,548,255
Mr. N. Govindarajan	30,154,736	4,153,084	–	–	90,000,000	21,600	124,329,420
Mr. P. Sarath Chandra Reddy	6,250,000	625,000			–	21,600	6,896,600
TOTAL	**88,018,053**	**9,678,088**	**–**	**–**	**90,000,000**	**108,000**	**187,804,141**

Mr. K. Nithyananda Reddy, Dr. M. Sivakumaran, Mr. M. Madan Mohan Reddy and Mr. N. Govindarajan were re-appointed as executive directors with effect from June 1, 2015 for a period of 3 years and Mr. P. Sarath Chandra Reddy was appointed as an Executive Director with effect from June 1, 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.

Mr. N. Govindarajan, Managing Director was granted 500,000 options under Employee Stock Option Plan - 2006 (ESOP) of the Company which would entitle him to convert the same into 500,000 equity shares of ₹1 each. 250,000 options were added to the outstanding options granted to Mr. N. Govindarajan on adjustment of bonus shares in the ratio of 1:1 allotted to the shareholders on July 22, 2015. Mr. N. Govindarajan exercised entire options granted and vested and no options were outstanding out of the options granted to him as on March 31, 2017. 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.

Non-Executive Directors are paid sitting fee for attending the Board and Committee meetings. Sitting fee of ₹50,000 is being paid to Non-Executive Directors for attending each meeting of the Board of Directors and ₹25,000 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	475,000
Mr. K. Ragunathan	425,000
Dr. D. Rajagopala Reddy (up to February 9, 2017)	350,000
Dr. (Mrs.) Avnit Bimal Singh	325,000
Mr. P.V. Ramprasad Reddy	150,000
Mr. Rangaswamy Rathakrishnan Iyer (with effect from February 9, 2017)	100,000
Mr. P. Sarath Chandra Reddy	50,000

Mr. P. Sarath Chandra Reddy was a Non Executive Director upto May 31, 2016. He has been appointed as a Whole-time Director of the Company with effect from June 1, 2016.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition

Dr. (Mrs.) Avnit Bimal Singh, a Non-Executive Independent Director is the Chairperson of the Committee (with effect from February 9, 2017) 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.

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 year ended March 31, 2017, the Company has received and resolved 50 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/corporate-governance.

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/social-responsibility/csr-activities.

GENERAL BODY MEETINGS

Details of the last three Annual General Meetings are as under:

Year	Location	Date	Time	No. of Special Resolutions passed
2014	Taj Deccan, Hyderabad	August 27, 2014	4.00 p.m.	Nil
2015	Taj Deccan, Hyderabad	August 27, 2015	3.00 p.m.	1
2016	Hotel Taj Krishna, Hyderabad	August 24, 2016	3.30 p.m.	Nil

No special resolution passed last year through postal ballot.

MEANS OF COMMUNICATION

The Company has a website www.aurobindo.com. The quarterly and half yearly financial statements 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

The presentations made to the investors, analysts are placed on the Company's website www.aurobindo.com

The Management Discussion and Analysis forms part of this Report and is provided separately in the Annual Report

GENERAL SHAREHOLDERS INFORMATION

30th Annual General Meeting

As mentioned in the Notice, the 30th Annual General Meeting of the Company will be held on Thursday, August 31, 2017 at 3.00 p.m. at Kaveri Ball Room, Hotel Trident, Hi-tech City, Near Cyber Towers, Madhapur, Hyderabad - 500 081.

Financial year

The financial year of the Company is April to March.

Financial calendar (tentative and subject to change) of the financial year 2017-18 is as follows:

Unaudited financial results for	Declaration on or before
1st Quarter	August 14, 2017
2nd Quarter	November 14, 2017
3rd Quarter	February 14, 2018
4th Quarter	May 30, 2018

Payment of dividend

The Company has paid interim dividend of 125% (₹1.25 per equity share of ₹1 each) in the month of December, 2016, on the equity share capital of the Company for the year 2016-17. The Board of Directors of the Company at its meeting held on May 29, 2017 has approved second interim dividend of 125% (₹1.25 per equity share of ₹1 each) on the equity share capital of the Company for the year 2016-17. Thus the total dividend, including the second interim dividend for the year ended March 31, 2017 will aggregate to 250% (₹2.50 per equity share of ₹1 each) on the equity share capital of the Company for the year 2016-17. The Board of Directors does not recommend any further dividend for the year 2016-17.

Name and address of each stock exchange(s) at which the shares are listed

The Company's shares are listed on the following stock exchanges:

Stock Exchanges	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

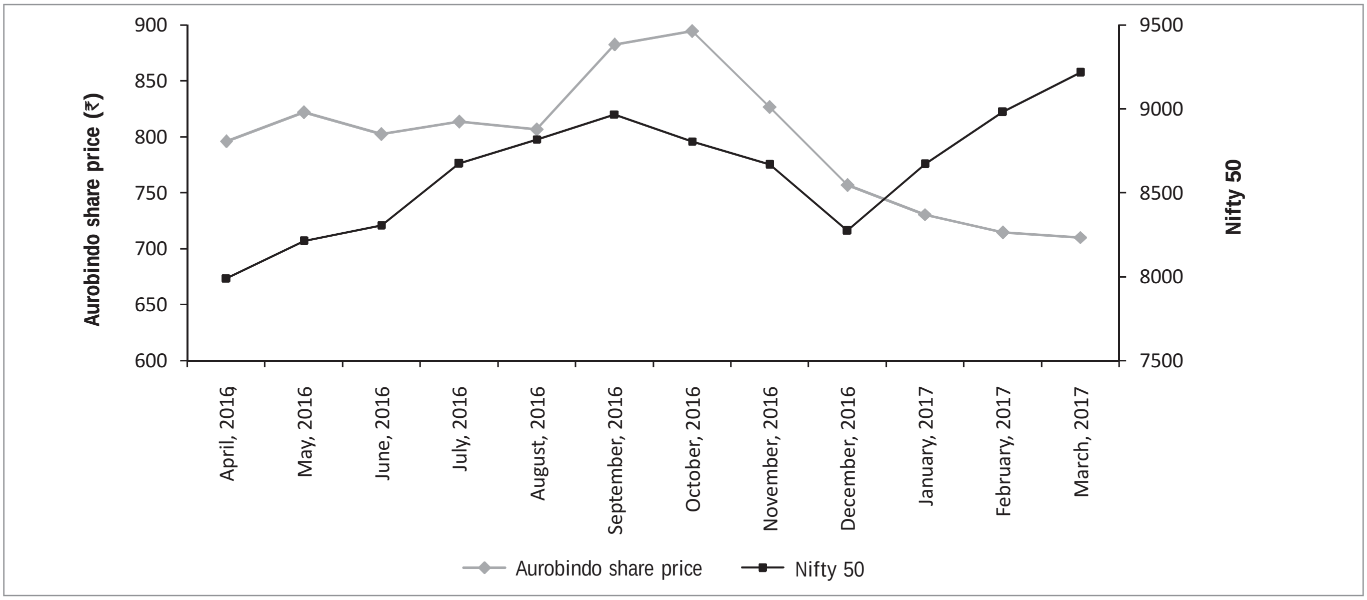
Listing fees for the financial year 2017-18 has been paid to the above stock exchanges.

ISIN: **INE406A01037**

Market price data

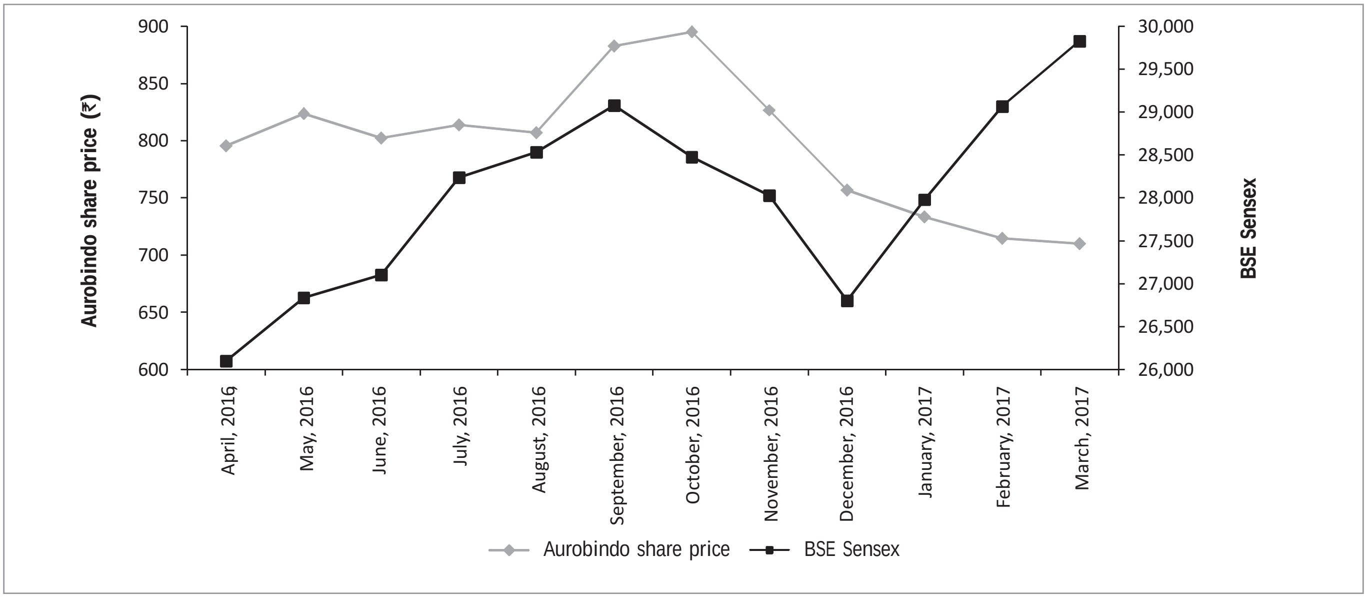
High, low during each month in 2016-17 and volume of shares traded on NSE

		NSE (₹)				Nifty 50	
	Month	High	Low	Close	Volume	High	Low
2016	April	796.00	720.00	759.95	29,593,960	7992.00	7516.85
	May	822.35	712.50	785.30	29,170,618	8213.60	7678.35
	June	802.70	667.05	742.50	32,499,782	8308.15	7927.05
	July	813.95	743.00	791.45	29,985,486	8674.70	8287.55
	August	806.80	729.00	790.85	44,886,954	8819.20	8518.15
	September	882.80	766.35	855.45	48,261,214	8968.70	8591.25
	October	895.00	798.60	818.05	44,136,842	8806.95	8506.15
	November	826.75	680.10	740.80	49,539,499	8669.60	7916.40
	December	756.90	621.90	669.30	44,286,112	8274.95	7893.80
2017	January	730.80	661.10	681.80	28,570,678	8672.70	8133.80
	February	714.65	628.25	677.20	58,221,013	8982.15	8537.50
	March	710.35	649.90	675.20	44,554,943	9218.40	8860.10



High, low during each month in 2016-17 and volume of shares traded on BSE

		BSE (₹)				BSE Sensex	
	Month	High	Low	Close	Volume	High	Low
2016	April	795.50	720.00	760.95	3,148,194	26100.54	24523.20
	May	823.55	713.50	785.55	2,690,902	26837.20	25057.93
	June	802.50	665.35	743.40	2,745,783	27105.41	25911.33
	July	814.00	742.80	792.30	2,578,994	28240.20	27034.14
	August	807.00	730.10	790.65	4,401,746	28532.25	27627.97
	September	882.75	767.20	854.90	4,747,652	29077.28	27716.78
	October	895.00	779.40	817.35	3,351,651	28477.65	27488.30
	November	826.80	681.10	739.85	4,606,956	28029.80	25717.93
	December	756.90	622.00	669.05	3,581,358	26803.76	25753.74
2017	January	733.40	661.35	682.30	2,530,272	27980.39	26447.06
	February	714.75	629.00	677.20	3,982,858	29065.31	27590.10
	March	710.00	652.00	675.15	5,897,613	29824.62	28716.21



There was no suspension of trading in securities of the Company during the year under review.

Registrar to an issue and share transfer agents

M/s. Karvy Computershare Private Limited is the Registrars & Share Transfer Agents and Depository Transfer Agents of the Company. Any request pertaining to investor relations may be forwarded to the following address:

Ms. C. Shobha Anand
Karvy Computershare 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 Computershare Private Limited as its Registrars and Share Transfer Agents 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 Computershare Private Limited to facilitate dematerialization of shares. The Members may contact for the redressal of their grievances to either M/s. Karvy Computershare Private Limited or to the Company Secretary, Aurobindo Pharma Limited.

Distribution of shareholding

Distribution Schedule as on March 31, 2017

Category	Shareholders	%	No. of Shares	₹	%
1 - 5000	189,255	98.93	31,297,135	31,297,135	5.34
5001 - 10000	904	0.47	6,707,081	6,707,081	1.15
10001 - 20000	374	0.19	5,507,240	5,507,240	0.94
20001 - 30000	162	0.08	4,035,581	4,035,581	0.69
30001 - 40000	82	0.04	2,875,182	2,875,182	0.49
40001 - 50000	60	0.03	2,760,999	2,760,999	0.47
50001 - 100000	146	0.08	10,370,371	10,370,371	1.77
100001 & above	340	0.18	522,328,820	522,328,820	89.15
TOTAL	**191,323**	**100.00**	**585,882,409**	**585,882,409**	**100.00**

Categories of shareholders as on March 31, 2017

Category	No. of shares	%
Promoters & Directors	303,927,944	51.88
NRIs/FIIs/FPIs	125,443,926	21.41
FIs/Banks	2,326,571	0.40
Mutual Funds	70,942,658	12.11
Insurance companies	1,456,754	0.25
Body corporates	18,994,294	3.24
General public and others	62,790,262	10.71
TOTAL	**585,882,409**	**100.00**

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

The Company is not carrying on any commodity business and has also not undertaken any hedging activities; hence, same are not applicable to the Company.

Plant locations of manufacturing and R&D facilities

Unit No.	Address
Unit-I	Survey No.379, 385, 386, 388 to 396 & 269, Borpatla Village, Hatnoora Mandal, Sangareddy District, 502 296, 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, 500 090, 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, TSIIC, EPIP, IDA, Pashamylaram, Pattancheru Revenue Mandal, Sangareddy District, 502 307, 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, 502 307, Telangana.
Unit-VI	Survey No. 329/39 & 329/47, Chitkul Village, Patancheru Mandal, Sangareddy District, 502 307, Telangana.
Unit-VII (SEZ)	Sy.Nos. 411/P, 425/P, 434/P, 435/P & 458/P, Plot No.S1/A, Special Economic Zone (Pharma), TSIIC, Green Industrial Park, Polepally Village, Jedcherla Mandal, Mahaboob Nagar District, 509 302, Telangana.
Unit-VIII	Survey No.10 & 13, Gaddapothram, Industrial Development Area - Kazipally Industrial Area, Jinnaram Mandal, Sangareddy District, 502 319, Telangana.
Unit-IX	Survey No.369, 370, 371 & 374, Gundlamachanoor, Hatnoora Mandal, Sangareddy District, 502 296, 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, 524 126, Andhra Pradesh.
Unit-XI	Survey No.61-69, Industrial Development Area, Pydibhimavaram, Ranasthalam Mandal, Srikakulam District, 532 409, Andhra Pradesh.
Unit-XII	Survey No.314, Bachupally Village, Bachupally Mandal, Medchal-Malkajgiri District, 500 090, Telangana.
Unit-XIV	JN Pharma City, Plot No. 17, Road No.10, 11 & 19, 20, E Bonangi Village, Parawada Mandal, Visakhapatnam District, 531 021, Andhra Pradesh.
Unit-XV	JN Pharma City, Plot No. 17A, Road No.10, 11 & 19, 20, E Bonangi Village, Parawada Mandal, Visakhapatnam District, 531 021, Andhra Pradesh.
Unit-XVI*	Plot No. S-5/B, S-6 & S-7, Survey No. 408 to 412, 418 to 435, 437 to 445, 452 to 459, TSIIC, SEZ, Polepally Village, Jadcherla Mandal, Mahaboob Nagar District, 509 302, Telangana.
Unit-XVII*	Survey No.77 & 78, Indrakaran Village, Kandi Mandal, Sangareddy District, 502 203, Telangana.
Unit-XVIII*	Survey No.69, 70, 71 & 72, Indrakaran Village, Kandi Mandal, Sangareddy District, 502 203, Telangana.
APLRC-I [@]	Survey No. 313 & 314, Bachupally Village, Bachupally Mandal, Medchal-Malkajgiri District, 500 090, Telangana.
APLRC-II [@]	Survey No.71 & 72, Indrakaran Village, Kandi Mandal, Sangareddy District, 502 203, 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).

* Facility under construction/development

[@] Research and Development Center

Address for correspondence

Registered Office	Corporate Office	Name & Designation of Compliance Officer
Aurobindo Pharma Limited (CIN - L24239TG1986PLC015190) Plot No.2, Maitri Vihar, Ameerpet Hyderabad - 500 038, Telangana Phone : +91 40 2373 6370 Fax : +91 40 2374 7340 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 4044/4059 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

Email: ig@aurobindo.com

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 Securities and Exchange Board of India (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/corporate-governance

Details of Non-Compliance and Penalties

There were no instances of non-compliance or penalties/strictures by the stock exchanges/Securities and Exchange Board of India/statutory authorities on any matter related to capital markets during the last three years.

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/corporate-governance

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 Securities and Exchange Board of India (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 at: http://www.aurobindo.com/about-us/corporate-governance

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 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:

Separate persons were appointed for the post of Chairman and Managing Director and the Internal Auditor reports directly to the Audit Committee.

The disclosures of the compliance with corporate governance requirements specified in Regulations 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' (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 had a comprehensive Code of Conduct for prevention of insider trading in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, 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.

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/corporate-governance

CEO and CFO Certification

The Managing Director (Chief Executive officer) and Chief Financial Officer have submitted a compliance certificate to the Board as contemplated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Declaration

I, N. Govindarajan, Managing Director, hereby declare that as provided under the Securities and Exchange Board of India (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, 2017.

For Aurobindo Pharma Limited

N. Govindarajan
Managing Director

Hyderabad, June 20, 2017

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, 2017, 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 beset 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.

S. Chidambaram
Company Secretary in Practice
C.P. No. 2286

Hyderabad, June 20, 2017

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

We hereby certify that:

a. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2017 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. 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 financial 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:

   i. significant changes in internal control over financial reporting during the year.

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. 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 over financial reporting.

For Aurobindo Pharma Limited

	N. Govindarajan	**S. Subramanian**
Hyderabad, May 29, 2017	Managing Director	Chief Financial Officer

Independent Auditors' Report

The Members of
Aurobindo Pharma Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Aurobindo Pharma Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act')with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the 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 March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose 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 Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report;
   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 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 on its financial position in its standalone Ind AS financial statements - Refer Note 31(C) to the standalone Ind AS 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;
      iv. The Company has provided requisite disclosures in Note 12(D) to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm's Registration Number: 101049W/E300004

per **VIKAS KUMAR PANSARI**
Partner
Membership No. 093649

Hyderabad, May 29, 2017

Annexure 1 referred to in paragraph 1 of our report of even date

Re: Aurobindo Pharma Limited ('the Company')

i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c. According to information and explanations given by the management, the title deeds of immovable properties, included in 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 March 31, 2017 (₹)	Net block as at March 31, 2017 (₹)
Land	5	Freehold land	131,777,536	131,777,536
Building	1	Freehold building	35,341,469	16,374,923
TOTAL			**167,119,005**	**148,152,459**

ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

iii. According to the 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. 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.

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 Companies Act, 2013 apply and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has made investments and given guarantees/provided security which is in compliance with the provisions of Section 186 of the Companies Act, 2013.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

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 Companies Act, 2013, related to the manufacture of Active Pharmaceutical Ingredients and Formulations and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

vii. a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, sales tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c. According to the records of the Company, the dues outstanding of income tax, sales tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Nature of the statute	Nature of the dues	Disputed Amount (₹)	Paid under protest (₹)	Period to which the amount relates	Forum where dispute is pending
Central Excise and Customs Act, 1944	Excise duty and penalty	9,224,104	5,559,640	2007-08, 2008-09, 2009-10, 2010-11	CESTAT
	Customs duty and penalty	8,709,455	346,340	2002-03, 2003-04, 2004-05, 2005-06	CESTAT
	Excise duty	14,606,598	14,471,641	2005-06	Commissioner of Central Excise
	Interest and penalty	14,013,0666	1,181,753	2006-07, 2007-08, 2008-09, 2009-10	CESTAT
	Excise duty and penalty	2,035,680	1,017,840	2009-10, 2010-11	CESTAT
	Excise duty and penalty	5,980,852	–	2006-07, 2007-08, 2008-09, 2009-10, 2010-11	CESTAT

(Contd.)

Nature of the statute	Nature of the dues	Disputed Amount (₹)	Paid under protest (₹)	Period to which the amount relates	Forum where dispute is pending
	Customs duty and penalty	4,689,566	3,739,566	2011-12, 2012-13	Commissioner of Customs - Appeals
	Excise duty and penalty	6,278,701	1,809,138	2000-01, 2001-02, 2002-03	CESTAT
	Excise duty	3,962,773	3,962,773	2012-13	Revision Authority
	Interest	2,297,939	2,297,939	2007-08, 2008-09, 2009-10, 2010-11	Revision Authority
	Excise duty	4,760,055	–	2006-07, 2007-08	High Court
	Excise duty	4,490,484	–	2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12	CESTAT
	Excise duty and penalty	636,956	318,478	2008-09	CESTAT
	Excise duty and penalty	1,226,000	1,176,000	2012-13	CESTAT
	Excise duty	100,943	–	2012-13, 2013-14, 2014-15	Commissioner of Central Excise (Appeals)
	Excise duty and penalty	83,242	83,242	2008-09, 2009-10	CESTAT
	Excise duty and penalty	1,989,820	1,889,820	2014-15, 2015-16	Commissioner of Central Excise (Appeals)
	Excise duty and penalty	84,215	–	2014-15	Commissioner of Central Excise (Appeals)
	Excise duty	5,665,193	5,336,665	2012-13, 2013-14	Revision Authority
	Service tax	3,369,212	428,697	2012-13	CESTAT
	Service tax	11,295,379	2,066,239	2011-12	CESTAT
	Service tax	12,308,490	9,376,541	2006-07, 2007-08, 2008-09, 2009-10, 2010-11	CESTAT
	Service tax	97,222,192	–	2005-06, 2007-08, 2008-09, 2009-10, 2010-11	CESTAT
	Service tax	69,299,037	5,197,428	2011-12	CESTAT
	Service tax	429,697	429,697	2012-13	CESTAT
	Service tax	32,871,546	2,465,366	2013-14	CESTAT
	Service tax	120,542,613	–	2014-15	CESTAT
	Service tax	49,083,119	-	2014-15, 2015-16	Commissioner (Appeals)
Income Tax Act, 1961	Income tax	190,070,479	–	2008-09	ITAT
	Income tax	31,585,269	–	2010-11	ITAT
	Income tax	991,130	–	2013-14	Commissioner of Income Tax (Appeals)

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a bank or government. There are no dues which are payable to financial institutions or debenture holders.

ix. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any money way of initial public offer/further public offer/debt instruments and hence, not commented upon.

x. Based upon 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 the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

xvi. According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm's Registration Number: 101049W/E300004

per **VIKAS KUMAR PANSARI**
Partner
Membership No. 093649
Hyderabad, May 29, 2017

Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Aurobindo Pharma Limted

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Aurobindo Pharma Limited ('the Company') as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting 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, 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 unauthorized 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting 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.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm's Registration Number: 101049W/E300004

per **VIKAS KUMAR PANSARI**
Partner
Membership No. 093649
Hyderabad, May 29, 2017

Balance Sheet as at March 31, 2017

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment		3	**32,116.2**	25,681.3	21,900.1
Capital work–in–progress		3	**8,783.1**	7,421.4	2,271.9
Intangible assets under development			**286.7**	–	–
Financial assets	Investments	4(A)	**16,819.3**	11,833.3	9,939.5
	Trade receivables	11(A)	**–**	–	–
	Loans	5(A)	**463.6**	296.0	82.4
	Others	6(A)	**807.4**	520.9	367.8
Non current tax assets (Net)		7	**579.6**	447.5	439.4
Other non–current assets		8(A)	**1,383.8**	1,641.6	975.4
Deferred tax assets (Net)		9	**0.8**	68.6	506.7
			61,240.5	47,910.6	36,483.2
CURRENT ASSETS					
Inventories		10	**24,336.2**	24,316.0	21,450.5
Financial assets	Investments	4(B)	**0.2**	0.2	196.4
	Trade receivables	11(B)	**37,736.3**	43,809.7	38,137.9
	Cash and cash equivalents	12(A)	**336.4**	3,308.1	111.3
	Loans	5(B)	**102.5**	94.8	88.9
	Other financial assets	6(B)	**165.8**	59.0	22.0
Other current assets		8(B)	**6,311.3**	6,157.2	4,722.3
			68,988.7	77,745.0	64,729.3
			130,229.2	125,655.6	101,212.5
EQUITY AND LIABILITIES					
Equity					
Equity share capital		13	**585.9**	585.2	292.0
Other equity		14	**83,775.9**	68,073.3	53,663.4
			84,361.8	68,658.5	53,955.4
NON–CURRENT LIABILITIES					
Financial liabilities	Borrowings	15(A)	**1,189.0**	3,347.6	6,871.6
Provisions		16(A)	**208.7**	212.6	226.5
			1,397.7	3,560.2	7,098.1
CURRENT LIABILITIES					
Financial liabilities	Borrowings	15(B)	**27,512.7**	34,171.5	23,142.2
	Trade payables	17	**12,677.0**	12,786.7	11,460.4
	Other financial liabilities	18	**3,364.6**	5,638.7	4,853.3
Other current liabilities		19	**300.4**	270.5	194.3
Provisions		16(B)	**615.0**	499.3	370.4
Current tax liabilities		20	**–**	70.2	138.4
			44,469.7	53,436.9	40,159.0
			130,229.2	125,655.6	101,212.5
Summary of significant accounting		2.2			

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per **Vikas Kumar Pansari**
Partner
Membership No. 93649
Hyderabad, May 29, 2017

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

B. Adi Reddy
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2017

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Notes	**Year ended March 31, 2017**	Year ended March 31, 2016
INCOME	Revenue from operations	21	**97,812.1**	93,227.6
	Other income	22	**1,359.5**	1,883.6
	TOTAL INCOME		**99,171.6**	95,111.2
EXPENSES	Cost of materials consumed	23	**46,041.9**	44,258.0
	Purchase of traded goods		**112.1**	63.1
	Changes in inventory of work-in-progress and finished goods	24	**313.2**	(1,415.9)
	Employee benefits expense	25	**9,273.0**	8,070.5
	Finance costs	26	**451.6**	2,293.1
	Depreciation	27	**2,861.7**	2,630.0
	Other expenses	28	**18,332.4**	17,734.0
	TOTAL EXPENSES		**77,385.9**	73,632.8
PROFIT BEFORE TAX			**21,785.7**	21,478.4
TAX EXPENSE	Current tax	29	**4,620.6**	5,182.3
	Tax credit - Minimum Alternate Tax		**(642.8)**	–
	Deferred tax		**740.3**	29.1
	TOTAL TAX EXPENSE		**4,718.1**	5,211.4
PROFIT FOR THE YEAR			**17,067.6**	16,267.0
OTHER COMPREHENSIVE INCOME (OCI)				
	Items that will not to be reclassified to profit or loss in subsequent periods:			
	Re-measurement losses on employee defined benefit plans		**(85.8)**	(22.0)
	Deferred tax		**29.7**	7.6
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (Net of tax)			**(56.1)**	(14.4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (Net of tax)			**17,011.5**	16,252.6
EARNINGS PER EQUITY SHARE		30		
	Basic (₹)		**29.16**	27.85
	Diluted (₹)		**29.16**	27.84
	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 financial statements.

As per our report of even date.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per **Vikas Kumar Pansari**
Partner
Membership No. 93649

Hyderabad, May 29, 2017

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

B. Adi Reddy
Company Secretary

Statement of changes in equity for the year ended March 31, 2017

(All amounts in Indian Rupees million, except share data and where otherwise stated)

A. SHARE CAPITAL

	March 31, 2017	March 31, 2016	April 1, 2015
Equity shares of ₹1 each issued, subsribed and fully paid	**585.9**	585.2	292.0
	585.9	585.2	292.0

B. OTHER EQUITY

	Reserves and surplus						OCI	
	Capital reserve	Capital redemption reserve	Employee stock options outstanding (Refer Note 32)	Securities premium	General reserve	Retained earnings	FVTOCI reserve	Total equity
At April 1, 2015	91.1	90.0	26.3	3,551.5	7,888.4	42,080.2	(64.1)	53,663.4
Profit for the year	–	–	–	–	–	16,267.0	–	16,267.0
Other comprehensive income (Net of tax)	–	–	–	–	–	–	(14.4)	(14.4)
Premium on exercise of employee stock options	–	–	–	70.8	–	–	–	70.8
Amount utilized towards issue of fully paid bonus shares	–	–	–	(292.0)	–	–	–	(292.0)
Share based payment (Refer Note 32)	–	–	(4.2)	–	–	–	–	(4.2)
Exercise of share options	–	–	(9.4)	9.4	–	–	–	–
Dividend paid	–	–	–	–	–	(1,343.7)	–	(1,343.7)
Dividend distribution tax	–	–	–	–	–	(273.6)	–	(273.6)
At March 31, 2016	91.1	90.0	12.7	3,339.7	7,888.4	56,729.9	(78.5)	68,073.3
Profit for the year	–	–	–	–	–	17,067.6	–	17,067.6
Premium on exercise of employee stock options	–	–	–	65.9	–	–	–	65.9
Other comprehensive income (Net of tax)	–	–	–	–	–	–	(56.1)	(56.1)
Share based payment (Refer Note 32)	–	–	(1.4)	–	–	–	–	(1.4)
Exercise of share options	–	–	(10.4)	10.4	–	–	–	–
Dividend paid	–	–	–	–	–	(1,141.1)	–	(1,141.1)
Dividend distribution tax	–	–	–	–	–	(232.3)	–	(232.3)
At March 31, 2017	**91.1**	**90.0**	**0.9**	**3,416.0**	**7,888.4**	**72,424.1**	**(134.6)**	**83,775.9**

Cash Flow Statement for the year ended March 31, 2017

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Year ended March 31, 2017	Year ended March 31, 2016
CASH FLOW FROM			
OPERATING ACTIVITIES	Net profit before tax	**21,785.7**	21,478.4
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortization	**2,861.7**	2,630.0
	Provision for doubtful receivables/advances/other assets (Net)	**(60.2)**	475.4
	Bad debts	**41.0**	–
	Provision for diminution on non–current investment	**–**	455.0
	Loss on non current investment	**145.3**	–
	Loss on current investment	**–**	0.1
	Profit on sale of investment (Net)	**–**	(63.8)
	Balances no longer required written back	**(81.8)**	(4.9)
	Unrealized foreign exchange (gain)/loss (Net)	**(108.5)**	184.4
	Loss on sale of assets (Net)	**34.3**	10.6
	Re–measurement losses on employee defined benefit plans	**(85.8)**	(22.0)
	Share based payments	**0.2**	(5.5)
	Dividend accrued on investment	**(95.6)**	(54.0)
	Interest expense	**402.0**	595.6
	Interest income	**(75.4)**	(48.7)
	Dividend income	**–**	–
	Operating profit before working capital changes	**24,762.9**	25,630.6
	Movements in working capital:		
	Decrease/(increase) in trade receivables	**5,320.2**	(6,088.9)
	Increase in inventories	**(20.2)**	(2,865.5)
	Increase in loans	**(10.8)**	(15.0)
	Increase in other financial assets	**(203.4)**	(120.5)
	Increase in other current/non-current assets	**(661.0)**	(1,471.1)
	Increase in trade payables	**65.7**	1,433.0
	Increase in provision for retirement benefits	**111.7**	115.0
	Decrease other financial liabilities	**–**	–
	Increase in other current liabilities	**29.8**	76.2
	Cash generated from operations	**29,394.9**	16,693.8
	Direct taxes paid (Net of refunds)	**(4,822.9)**	(4,842.0)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**24,572.0**	11,851.8
CASH FLOW USED IN			
INVESTING ACTIVITIES	Purchase of fixed assets, including capital work-in-progress,		
	capital advances and payables for capital goods	**(9,909.3)**	(11,681.3)
	Purchase of intangibles	**(286.7)**	–
	Proceeds from sale of fixed assets	**20.9**	15.3
	Purchase of non-current investments made in subsidiaries	**(5,407.5)**	(2,559.8)
	Proceeds of current investments	**–**	276.3
	Proceeds of non-current investments	**287.1**	217.3
	Intercorporate deposit repaid/(given)	**–**	10.0
	Loans made to subsidiaries	**(164.5)**	(214.5)
	Loans repaid by subsidiaries	**–**	–
	Interest received	**39.5**	35.6
	Dividend received	**–**	–
Net cash flow used in investing activities (B)		**(15,420.5)**	(13,901.1)

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Year ended March 31, 2017	Year ended March 31, 2016
CASH FLOW USED IN			
FINANCING ACTIVITIES	Proceeds from issuance of share capital	**66.6**	72.0
	Proceeds from long-term borrowings	**–**	–
	Repayment of long-term borrowings	**(4,522.0)**	(3,676.1)
	Proceeds from short-term borrowings (Net)	**(7,043.4)**	11,014.5
	Interest paid	**(419.3)**	(645.2)
	Dividend	**(1,139.5)**	(1,341.9)
	Tax on dividend	**(232.3)**	(273.6)
Net cash flow from/(used in) financing activities (C)		**(13,289.9)**	5,149.7
Net increase in cash and cash equivalents (A+B+C)		**(4,138.4)**	3,100.4
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**2,839.0**	(261.4)
Cash and cash equivalents at the end of the year [Refer Note 12(C)]		**(1,299.4)**	2,839.0

As per our report of even date.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per **Vikas Kumar Pansari**
Partner
Membership No. 93649

Hyderabad, May 29, 2017

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

B. Adi Reddy
Company Secretary

Notes to Financial Statements for the year ended March 31, 2017

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, Maithri Vihar, 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. Its shares are listed on two recognized stock exchanges in India.

The Company is principally engaged in manufacturing and marketing of active pharmaceutical ingredients, generic pharmaceuticals and related services. These financial statements were authorized for issue in accordance with the resolution of the Directors on May 29, 2017.

2. Statement of significant accounting policies

2.1 Basis of preparation

The Company's management had previously issued its audited financial statements for the year ended March 31, 2016 on May 30, 2016 that were prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP').

With effect from April 1, 2016, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016. Accordingly, the Company's management has now prepared these financial statements in compliance with Ind AS. These financial statements for the year ended March 31, 2017 including comparative information are the first the Company has prepared in accordance with Ind AS. In preparing these financial statements under Ind AS, the Company's opening balance sheet was prepared as at April 1, 2015, the date of transition to Ind AS. These financial statements comprise the Balance Sheets as at March 31, 2017 and March 31, 2016, the Opening Balance Sheet as at April 1, 2015 (transition date), the Statements of Profit and Loss, the Statements of Cash Flows and the Statements of Changes in Equity for the year ended March 31, 2017 and for the year ended March 31, 2016, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as 'Financial Statements'). Refer Note 50 for information on how the Company has adopted Ind AS.

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following;

- financial instruments/financial assets measured at fair value or amortized cost;
- employee defined benefit assets/ liability recognized as the net total of the fair value of plan assets, and actuarial losses/gains, and the present value of defined benefit obligation.

2.2 Significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign exchange transactions

The 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 recognized in OCI or profit or loss are also recognized 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 recognized as income or as expenses in the year in which they arise.

c. 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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.

d. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. 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 recognized:

Sale of goods: Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, where applicable and recognized based on the terms of the agreements entered into with the customers. Any additional amounts based on terms of agreement entered into with customers, is recognized in the period when the collectability becomes probable and a reliable measure of the same is available. Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rendering of services: Revenue from sale of dossiers/licenses/services is recognized in accordance with the terms of the relevant agreements as accepted and agreed with the customers. Revenue from contract research operations is recognized in accordance with the terms of the relevant contracts with customers and when the agreed milestones are achieved, which are substantiated by the performance of related service work.

Interest income: For all debt instruments measured either at amortized cost or at fair value through other comprehensive income (FVTOCI), interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividend income: Revenue is recognized 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 recognized 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.

e. 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.

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 Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized 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 recognized 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 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 buildings	20	10-60
Freehold buildings	15-60	10-60
Plant and machinery	5-20	3-40
Furniture and fittings	10	10
Vehicles	4-8	8
Office equipment	5	5

An item of property, plant and equipment and any significant part initially recognized is derecognized 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 derecognized.

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.

For transition to Ind AS, the Company has decided to continue with the carrying value of all of its property, plant and equipment as at April 1, 2015 (transition date) measured as per the previous GAAP and are that carrying value as its deemed cost as of the transition date.

f. Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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 recognized in the statement of profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized 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 recognized as intangible assets under development. These assets are not amortized, 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 recognized as an expense in the statement of profit and loss.

Subsequent expenditure on in process research and development project acquired separately and recognized as an intangible asset is:

- recognized as an expense, if it is research expenditure;
- recognized 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 amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognized 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.

g. Government grants and subsidies

Government grants are recognized where 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 recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

h. Inventories

Inventories are valued at lower of cost, determined on 'Weighted average' basis and net realizable 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 realizable 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.

i. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. 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.

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 recognized 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 or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the 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.

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.

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 in accordance with the Indian Income Tax Act, 1961. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized 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 liability 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 recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 realized 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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized 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 recognized 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. For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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. Finance leases are capitalized 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 recognized 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 recognized 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 recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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 recognized 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 recognized over the lease term on the same basis as rental income. Contingent rents are recognized 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. Provisions

Provisions are recognized 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 recognized 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 recognized as a finance cost.

n. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise 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. 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 recognized, 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 recognized 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 recognized as at the beginning and end of that period and is recognized 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 recognized 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.

p. 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 capitalized 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.

q. 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 recognized in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized 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 recognized 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 recognized. 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 recognized for the asset in prior periods/years. Such reversal is recognized in the 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.

r. 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 recognized 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 recognized on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the 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:

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 P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. 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 P&L.

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 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 recognized in OCI. There is no recycling of amounts from OCI to P&L, 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 recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (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, 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 amortized cost, e.g. loans, deposits, debt securities, etc.

ii. Trade receivables that result from transactions that are within the scope of Ind AS 18.

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 recognizes 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 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 recognizing 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 analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head other expenses/other income in the P&L. 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 recognized 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 P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company 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 Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized 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 recognized in the statement of profit or 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 recognized 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
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in P&L.
FVTPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized 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 amortized 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 P&L 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

s. 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 recognized 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 recognized 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.

t. Cash dividend and non cash distribution to equity holders

The Company recognizes a liability to make cash and non cash distribution to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.Non cash distribution are measured at fair value of the assets distributed with fair value re-measurement recognized directly in equity.

u. Standards issued but not yet effective & not early adopted by the Company

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated. These amendments does not have any recognition or measurement impact but requires additional disclosure to be given by the Company.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Leasehold buildings	Freehold buildings	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total tangible assets
At cost or valuation									
At April 1, 2015 (Deemed cost)	136.0	359.6	12.0	5,248.0	15,614.5	352.7	46.5	130.8	21,900.1
Additions	–	1,785.5	–	701.1	3,708.9	154.3	64.9	25.5	6,440.2
Disposals	–	–	–	–	25.8	0.3	6.3	0.1	32.5
At March 31, 2016	136.0	2,145.1	12.0	5,949.1	19,297.6	506.7	105.1	156.2	28,307.8
Additions	–	1,087.9	–	1,592.5	6,261.9	243.1	124.1	46.1	9,355.6
Disposals	–	–	–	0.2	70.1	0.2	10.8	0.3	81.6
At March 31, 2017	**136.0**	**3,233.0**	**12.0**	**7,541.4**	**25,489.4**	**749.6**	**218.4**	**202.0**	**37,581.8**
Depreciation/amortization									
Charge for the year	4.2	–	1.3	247.2	2,240.4	66.2	30.6	43.2	2,633.1
Disposals	–	–	–	–	3.6	–	3.0	–	6.6
At March 31, 2016	4.2	–	1.3	247.2	2,236.8	66.2	27.6	43.2	2,626.5
Charge for the year	4.2		1.3	269.8	2,440.1	77.0	37.0	36.0	2,865.4
Disposals				–	20.4	–	5.6	0.3	26.3
At March 31, 2017	**8.4**	**–**	**2.6**	**517.0**	**4,656.5**	**143.2**	**59.0**	**78.9**	**5,465.6**
Net book value									
At April 1, 2015	136.0	359.6	12.0	5,248.0	15,614.5	352.7	46.5	130.8	21,900.1
At March 31, 2016	131.8	2,145.1	10.7	5,701.9	17,060.8	440.5	77.5	113.0	25,681.3
At March 31, 2017	**127.6**	**3,233.0**	**9.4**	**7,024.4**	**20,832.9**	**606.4**	**159.4**	**123.1**	**32,116.2**

Capital work-in-progress ₹8,783.1 (March 31, 2016 ₹7,421.4; April 1, 2015: ₹2,271.9) (including expenditure during construction period) (Refer Note 34).

Intangible assets under development ₹286.7 (March 31, 2016: ₹Nil; April 1, 2015: ₹Nil).

1. The title deeds of land and buildings aggregating to ₹166.5 (March 31, 2016: ₹161.9; April 1, 2015: ₹161.9) are pending transfer to the Company's name.
2. Depreciation for the year include ₹3.7 (March 31, 2016: ₹3.1) taken as pre-operative capital expenditure on capital projects pending capitalization.
3. Details of finance lease - Refer Note 31(A).
4. Details of capital research and development - Refer Note 37.
5. Refer Note 15 for details of security of property, plant and equipment subject to charge to secured borrowings.
6. For property, plant and equipment existing as at April 1, 2015, i.e. date of transition to Ind AS, the Company has used Indian GAAP carrying values as deemed cost as permitted by Ind AS 101 - First time adoption. Accordingly, the net written down value as per previous GAAP as at April 1, 2015 has been considered as deemed cost under Ind AS.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

			March 31, 2017		March 31, 2016		April 01, 2015	
		Face value	Quantity	Value	Quantity	Value	Quantity	Value
4.	**INVESTMENTS**							
A.	**Non current investments**							
	Unquoted in equity shares							
	Investments carried (at cost, unless stated otherwise)							
	In subsidiaries							
	Aurobindo Pharma USA Inc, U.S.A.*	–	**100% of**	**2,832.3**	100% of	2,833.9	100% of	2,832.6
			Paid–in–capital		Paid–in–capital		Paid–in–capital	
	APL Pharma Thai Ltd, Thailand	100 Baht	**979,200**	**145.6**	979,200	145.6	979,200	145.6
	Aurobindo Pharma Industria Farmaceutica Ltda, Brazil	1 Real	**10,124,795**	**80.0**	10,124,795	80.0	10,124,795	80.0
	[At cost less provision for other than temporary diminution							
	in value of ₹180.0 (March 31, 2016: ₹180.0; April 1 , 2015: ₹180.0)]							
	Helix Healthcare B.V., The Netherlands	–	**100% of**	**7,298.9**	100% of	3,970.5	100% of	3,605.4
	[At cost less provision for other than temporary diminution		**Paid–in–capital**		Paid–in–capital		Paid–in–capital	
	in value of ₹2,795.0 (March 31, 2016: ₹2,795.0; April 1, 2015: ₹2,340.0)]							
	APL Research Centre Limited, India	10	**12,260,000**	**122.6**	12,260,000	122.6	12,102,750	121.0
	APL Health Care Limited, India	10	**130,000,000**	**1,300.0**	87,500,000	875.0	55,537,600	555.4
	All Pharma (Shanghai) Trading Company Limited, China	–	**100% of**	**27.5**	100% of	27.5	100% of	27.5
			Paid–in–capital		Paid–in–capital		Paid–in–capital	
	APL Holdings (Jersey) Limited, Jersey	1 Euro	**–**	**–**	–	–	3,637,824	233.6
	Aurobindo Pharma Produtos Farmaceuticos Ltda, Brazil	1 Real	**99,000**	**2.1**	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	94,274,000	942.7
	Auro Peptides Limited, India	10	**95,000**	**1.0**	95,000	1.0	95,000	1.0
	Aurobindo Antibiotics Limited, India	10	**900,000**	**9.0**	50,000	0.5	50,000	0.5
	Curepro Parenterals Limited, India	10	**13,310,107**	**1,989.5**	5,783,600	860.5	2,150,000	315.5
	Hyacinths Pharma Private Limited, India	10	**10,540,998**	**175.3**	9,740,998	167.3	8,490,998	154.8
	Silicon life sciences Private Limited, India	10	**–**	**–**	44,867,500	432.4	43,617,500	419.9
	AuroZymes Limited, India	10	**50,000**	**0.5**	50,000	0.5	50,000	0.5
	Tergene Biotech Private Limited	10	**3,390,000**	**33.9**	3,390,000	33.9	–	–
	In others							
	Jeedimetla Effluent Treatment Limited	100	**753**	**0.1**	753	0.1	753	0.1
	Patancheru Envirotech Limited	10	**103,709**	**1.0**	103,709	1.0	103,709	1.0
	Progressive Effluent Treatment Limited	100	**1,000**	**0.1**	1,000	0.1	1,000	0.1
	TOTAL (A)		**15,318.0**		10,853.1		9,439.3	
	Investments in Preference shares (at amortized cost)							
	In subsidiaries							
	Auro Peptides Limited, India	100	**7,350,000**	**735.0**	6,600,000	660.0	5,000,000	500.0
	(9.5% Cumulative preference shares redeemable at par within							
	five years from the date of issue)							
	Tergene Biotech Private Limited	100	**900,000**	**90.0**	400,000	40.0	–	–
	(10.5% Cumulative preference shares redeemable at par within							
	five years from the date of issue)							
	Auronext Pharma Private Limited, India	100	**6,161,520**	**616.1**	2,800,000	280.0	–	–
	(9.5% Cumulative preference shares redeemable at par within							
	five years from the date of issue)							
	APL Health Care Limited, India	100	**600,000**	**60.0**	–	–	–	–
	(9.5% Cumulative preference shares redeemable at par within							
	five years from the date of issue)							
	TOTAL (B)		**1,501.1**		980.0		500.0	

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Face value	March 31, 2017 Quantity	March 31, 2017 Value	March 31, 2016 Quantity	March 31, 2016 Value	April 01, 2015 Quantity	April 01, 2015 Value
INVESTMENTS *(Contd.)*							
Investment in government securities (at cost)							
Kisan Vikas Patra			**–**		–		–
National Savings Certificate [includes held by income tax authorities ₹0.1 (March 31, 2016: ₹0.1; April 1, 2015: ₹0.1)]			**0.2**		0.2		0.2
TOTAL (C)			**0.2**		0.2		0.2
TOTAL (A+B+C)			**16,819.3**		11,833.3		9,939.5
Aggregate value of unquoted investments			**16,819.3**		11,833.3		9,939.5
Aggregate amount of impairment in value of investments			**2,975.0**		2,975.0		2,520.0
*Includes employee stock options given to group employees considered as investment as per Ind AS							
B. Current investments							
Unquoted							
at fair value through profit and loss							
Citadel Aurobindo Biotech Limited, India	100	**70,000**	**–**	70,000	–	70,000	–
[Aggregate provision for diminution in value of ₹7.0 (March 31, 2016: ₹7.0)]							
Sino-Pharma Group Datong Weiqida Zhong khag Pharma Company Limited, China	–	**–**	**–**	–	–	10%	196.2
						Paid–in–Capital	
Quoted							
at fair value through profit and loss							
Andhra Bank	10	**4,520**	**0.2**	4,520	0.2	4,520	0.2
			0.2		0.2		196.4
Aggregate value of unquoted investments			**–**		–		196.2
Aggregate value of quoted investments			**0.2**		0.2		0.2
Market value of quoted investments			**0.2**		0.2		0.2
Aggregate amount of impairment in value of investments			**7.0**		7.0		7.0

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
5. LOANS			
(Unsecured, considered good)			
A. Non-current			
Loans to subsidiaries (Refer Note 40)*	**407.0**	242.5	28.0
Loans to employees	**56.6**	53.5	54.4
	463.6	296.0	82.4
*Loan of ₹407.0 (March 31, 2016: 242.5; April 1, 2015: ₹28.0) has been given to wholly owned subsidiaries towards project development cost, at interest rate of 9.5% p.a.			
B. Current			
Loans to employees	**102.5**	94.8	78.9
Intercorporate deposits	**–**	–	10.0
	102.5	94.8	88.9

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
6.	**OTHER FINANCIAL ASSETS**			
	(Unsecured, considered good unless stated otherwise)			
	A. Non-current			
	Dividend accrued on investments in preference shares	**149.8**	54.2	0.3
	Share application money	**–**	12.5	33.9
	Non–current bank balances (Refer Note 12(B))	**–**	–	0.3
	Security deposits			
	Considered good*	**657.6**	454.2	333.3
	Doubtful	**0.4**	0.4	0.4
		658.0	454.6	333.7
	Provision for doubtful deposit	**0.4**	0.4	0.4
		657.6	454.2	333.3
		807.4	520.9	367.8
	*Non–current deposits includes restricted deposits pledged with Enforcement Directorate of ₹32.6 (March 31, 2016, ₹32.6; April 01, 2015: ₹32.6)			
	B. Current			
	Foreign currency forward contracts	**94.8**	24.0	–
	Interest accrued on deposits	**32.0**	24.7	22.0
	Interest accrued but not due on loans to subsidiaries	**39.0**	10.3	–
		165.8	59.0	22.0
7.	**NON-CURRENT TAX ASSETS (Net)**			
	Advance income-tax (Net of provision for taxation)	**579.6**	447.5	439.4
		579.6	447.5	439.4
	Refer Note 29 for details of income tax expense			
8.	**OTHER ASSETS**			
	(Unsecured, considered good unless stated otherwise)			
	A. Non-current			
	Export incentives receivable	**463.3**	272.3	285.1
	Export rebate claims receivable	**288.8**	–	–
	Capital advances			
	Considered good	**409.5**	1,174.3	499.6
	Doubtful	**0.8**	0.8	0.8
		410.3	1,175.1	500.4
	Provision for doubtful advances	**0.8**	0.8	0.8
		409.5	1,174.3	499.6
	Advances other than capital advances			
	Considered good	**18.0**	20.8	24.0
	Doubtful	**30.1**	30.1	30.1
		48.1	50.9	54.1
	Provision for doubtful advances	**30.1**	30.1	30.1
		18.0	20.8	24.0
	Balance with statutory/government authorities			
	Considered good	**204.2**	174.2	166.7
	Doubtful	**38.1**	38.1	38.1
		242.3	212.3	204.8
	Provision for doubtful advances	**38.1**	38.1	38.1
		204.2	174.2	166.7
		1,383.8	1,641.6	975.4

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
OTHER FINANCIAL ASSETS (Contd.)			
B. CURRENT			
Advances other than capital advances	**1,838.2**	1,024.7	1,199.7
Balance with statutory/government authorities	**1,256.4**	956.7	917.4
Insurance claim receivable	**–**	0.1	92.7
Export rebate claims receivable	**782.0**	2,004.9	1,802.5
Export incentives receivable			
Considered good	**2,434.7**	2,170.8	710.0
Doubtful	**44.8**	44.8	–
	2,479.5	2,215.6	710.0
Provision for doubtful receivable	**44.8**	44.8	–
	2,434.7	2,170.8	710.0
	6,311.3	6,157.2	4,722.3

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
9. DEFERRED TAX ASSETS (Net)			
Deferred tax asset			
Receivables, financial assets at amortized cost	**223.2**	244.0	79.5
Employee benefits	**275.7**	242.1	206.0
Unused tax credits	**2,836.3**	2,193.6	2,610.1
Deferred tax liability			
Property plant and equipment	**3,334.4**	2,611.1	2,388.9
	0.8	68.6	506.7

Movement in deferred tax assets/deferred tax liabilities

	As at April 1, 2016	Recognized in statement of profit and loss	Recognized in OCI	As at March 31, 2017
Deferred tax asset				
Receivables, financial assets at amortized cost	244.0	(20.8)	–	**223.2**
Employee benefits	242.1	3.9	29.7	**275.7**
Unused tax credits	2,193.6	642.7	–	**2,836.3**
Deferred tax liability				
Property plant and equipment	2,611.1	723.3	–	**3,334.4**
	68.6	(97.5)	29.7	**0.8**

	As at April 1, 2015	Tax credit utilized	Recognized in statement of profit and loss	Recognized in OCI	As at March 31, 2016
Deferred tax asset					
Receivables, financial assets at amortized cost	79.5	–	164.5	–	244.0
Employee benefits	206.0	–	28.5	7.6	242.1
Unused tax credits	2,610.1	(416.5)	–	–	2,193.6
Deferred tax liability					
Property plant and equipment	2,388.9	–	222.2	–	2,611.1
	506.7	(416.5)	(29.2)	7.6	68.6

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
10.	**INVENTORIES**			
	(Valued at lower of cost and net realizable value)			
	Raw materials	**12,297.8**	12,118.0	10,948.6
	Packing materials	**1,577.9**	1,366.3	1,278.6
	Work-in-progress	**7,788.2**	7,954.6	6,478.8
	Finished goods	**1,499.4**	1,646.2	1,706.1
	Stores, spares and consumables	**1,172.9**	1,230.9	1,038.4
		24,336.2	24,316.0	21,450.5
	Details of material in transit included in inventories above			
	Raw materials	**665.9**	228.6	334.0
	Finished goods	**80.6**	176.9	322.1
11.	**TRADE RECEIVABLES**			
	(Unsecured, considered good unless stated otherwise)			
	A. Non-current			
	Doubtful	**175.6**	143.8	32.2
	Allowance for doubtful debts	**175.6**	143.8	32.2
		–	–	–
	B. Current			
	Considered good	**37,736.3**	43,809.7	38,137.9
	Doubtful	**355.0**	447.0	128.0
		38,091.3	44,256.7	38,265.9
	Allowance for doubtful debts	**355.0**	447.0	128.0
		37,736.3	43,809.7	38,137.9
	No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Refer Note 40 for dues from related parties.			
12.	**CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES**			
	A. Cash and cash equivalents			
	Cash on hand	**3.9**	5.4	6.0
	Balance with banks:			
	On current accounts	**285.3**	2,326.3	77.5
	On cash credit accounts	**31.3**	962.0	15.3
	On unpaid dividend account	**15.9**	14.4	12.5
		336.4	3,308.1	111.3
	B. Other bank balances			
	Margin money deposits - Given against bank guarantees/performance guarantees	**–**	–	0.3
		–	–	0.3
	Amount disclosed under non–current assets [Refer Note 6(A)]	**–**	–	(0.3)
		–	–	–
	C. For the purpose of statement of cash flows, cash and cash equivalents comprise of following:			
	Cash and cash equivalents as above	**336.4**	3,308.1	111.3
	Less: Cash credit [Refer Note 15(B)]	**(1,635.8)**	(469.1)	(372.7)
		(1,299.4)	2,839.0	(261.4)

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES (Contd.)

D. Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016

	SBN*	Other denominations	Total
Closing cash on hand - November 8, 2016	2.3	4.1	6.4
Add: Permitted receipts	–	0.8	0.8
Add: Withdrawal from bank	–	0.9	0.9
Less: Permitted payments	–	2.2	2.2
Less: Amount deposited into bank	2.3	0.6	2.9
Closing cash on hand - December 30, 2016	–	3.0	3.0

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs Number S.O.3407(E), dated November 8, 2016.

13. EQUITY SHARE CAPITAL	March 31, 2017	March 31, 2016	April 1, 2015
a. Authorized share capital			
660,000,000 (March 31, 2016: 660,000,000; April 1, 2015: 660,000,000)			
equity shares of ₹1 each	660.0	660.0	660.0
1,000,000 (March 31, 2016: 1,000,000; April 1, 2015: 1,000,000)			
preference shares of ₹100 each	100.0	100.0	100.0
	760.0	760.0	760.0

b. Issued, subscribed and fully paid-up equity shares

	Equity Shares	
	Numbers	Value
As at April 1, 2015	291,982,275	292.0
Issued during the year under bonus issue	291,982,275	292.0
Issued during the year under Employees Stock Option Plan (ESOP)	1,205,036	1.2
As at March 31, 2016	585,169,586	585.2
Issued during the year under Employees Stock Option Plan (ESOP)	712,823	0.7
As at March 31, 2017	585,882,409	585.9

c. Terms/rights attached to equity shares

The 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 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.

For the year ended 31 March 2017, the amount of dividend per share declared as distributions to equity shareholders was ₹2.5 (March 31, 2016: ₹2.5). Refer Note 14(c) for details of dividend declared/recognized in financial statements.

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% equity shares in the Company

	As at April 1, 2015	
	Numbers	% holding
Mrs. P. Suneela Rani	100,661,990	34.48%
	As at March 31, 2016	
	Numbers	% holding
Mrs. P. Suneela Rani	205,036,760	35.04%
	As at March 31, 2017	
	Numbers	**% holding**
RPR Sons Advisors Private Limited & Mrs. P. Suneela Rani (Joint holders)	**196,376,250**	**33.52%**

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownership of shares and beneficial ownership is with RPR Enterprises, a partnership firm.

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

EQUITY SHARE CAPITAL (Contd.)

e. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date:

Equity shares allotted as fully paid bonus shares by capitalization of securities premium	Numbers
March 31, 2017	–
March 31, 2016	291,982,275
March 31, 2015	–
March 31, 2014	–
March 31, 2013	–

f. For details of shares reserved for issue under Employee Sstock Option Plan (ESOP) of the Company, Refer Note 32.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
14. OTHER EQUITY			
Capital reserve	**91.1**	91.1	91.1
Capital redemption reserve	**90.0**	90.0	90.0
Stock options outstanding	**0.9**	12.7	26.3
Securities premium account	**3,416.0**	3,339.7	3,551.5
General reserve	**7,888.4**	7,888.4	7,888.4
Net surplus in the statement of profit and loss	**72,424.1**	56,729.9	42,080.2
OCI	**(134.6)**	(78.5)	(64.1)
	83,775.9	68,073.3	53,663.4
a. For details of stock options Refer Note 32			
b. The disaggregation of changes in reserves and surplus and OCI are disclosed in statement of changes in equity.			
c. The detailes of distribution of dividend made and proposed are as under:			
Cash dividends on equity shares declared and paid during the year			
Interim dividend for the year ended March 31, 2017: ₹1.95 per share (March 31, 2016: ₹2.80 per share)	**1,141.1**	1,343.7	
Dividend Distribution Tax on interim dividend	**232.3**	273.6	
	1,373.4	1,617.3	
Proposed dividend on equity shares declared at year end*			
Interim dividend for the year ended March 31, 2017: ₹1.25 per share (March 31, 2016: ₹0.70 per share)	**732.4**	409.6	
Dividend Distribution Tax on final dividend	**149.1**	83.4	
	881.5	493.0	

* Under Ind AS dividend is recognized as a liability in the period in which it is declared by the parent company. Accordingly, the above dividend and dividend distribution tax has not been recognized in the consolidated financial statements for the year ended March 31.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
15. BORROWINGS			
A. Non-current			
Term loans from banks (Secured)			
Term loans in Foreign currency	**1,189.0**	3,091.9	6,458.3
Other loans (Unsecured)			
Long-term maturities of deferred sales tax loan	**–**	255.7	413.3
	1,189.0	3,347.6	6,871.6

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
BORROWINGS (Contd.)				
B.	**Current**			
	Term loans from banks (Secured)			
	Current maturities of term loans in Foreign currency	**1,837.4**	3,975.2	3,750.0
	Other loans			
	Current maturities of deferred sales tax loan (Unsecured)	**–**	160.0	132.0
	Loans repayable on demand from banks - working capital loans			
	Cash credit facilities (Secured)	**1,635.8**	469.1	372.7
	Woking capital demand loan (Unsecured)	**750.0**	–	–
	Buyers credit (Unsecured)	**–**	–	784.6
	Packing credit loans (Secured)	**324.3**	2,490.9	8,259.0
	Packing credit loans (Unsecured)	**24,100.3**	22,785.7	12,677.4
	Bill discounting (Unsecured)	**702.3**	8,425.8	1,048.5
		29,350.1	38,306.7	27,024.2
	Amount disclosed under the head 'Other financial liabilities' (Refer Note 18)	**(1,837.4)**	(4,135.2)	(3,882.0)
		27,512.7	34,171.5	23,142.2
C.	**Details of secured and unsecured borrowings**			
	The aggregate amount of borrowing includes:			
	Secured borrowings	**4,986.5**	10,027.1	18,840.0
	Unsecured borrowings	**25,552.6**	31,627.2	15,055.8

D. Terms of borrowings

i. Secured term loans in foreign currency carry interest in the range of LIBOR plus 1% to 1.5%. Out of these loans, loans amounting to ₹540.5 (March 31, 2016 ₹1,104.3; April 1, 2015: ₹1,562.5) are repayable in one (March 31, 2016: two; April 1, 2015: three) equal instalments in 6th (March 31, 2016 5th, 6th, April 1, 2015: 4th, 5th and 6th) years from the respective final draw down, and loans amounting to ₹648.5 (March 31, 2016 ₹1,987.7; April 1, 2015: ₹1,666.7) is repayable at the end of 4th, 5th and 6th years from the respective final draw down and loan amounting ₹Nil (March 31, 2016 ₹Nil; April 1, 2015: ₹3,229.2) is repayable at the end of 5th year from the respective final draw down date.

ii. Deferred sales tax loan is interest free and payable in various instalments as per sales tax deferment scheme. During the current year, the Company has repaid the entire amount of deferred sales tax loan.

iii. Term loans are secured by first *pari passu* charge on all the present and future fixed assets, both movable and immoveable property of the Company.

iv. All secured loans payable on demand and secured short term loans from banks are secured by first charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future).

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
16.	**PROVISIONS**			
A.	**Non-current**			
	For employee benefits			
	Gratuity [Refer Note 33(b)]	**208.7**	212.6	226.5
		208.7	212.6	226.5
B.	**Current**			
	For employee benefits			
	Gratuity [Refer Note 33(b)]	**65.0**	65.0	30.0
	Compensated absences	**550.0**	434.3	340.4
		615.0	499.3	370.4

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
17.	**TRADE PAYABLES**			
	Total outstanding dues of micro enterprises and small enterprises (Refer Note 35)	**238.6**	276.3	–
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**12,438.4**	12,510.4	11,460.4
		12,677.0	12,786.7	11,460.4
	a. Trade payable are non interest baring and normally settled between credit period of 30 to 180 days.			
	b. Refer note 48 for the Company's credit risk management process.			
18.	**OTHER FINANCIAL LIABILITIES (AT AMORTIZED COST)**			
	Current maturities of long-term borrowings [Refer Note 15(B)]	**1,837.4**	4,135.2	3,882.0
	Payable for capital goods	**1,489.3**	1,449.9	869.9
	Security deposits	**1.5**	1.5	1.5
	Unclaimed dividend (Refer Note 36)	**15.9**	14.4	12.5
	Interest accrued but not due on borrowings	**20.5**	37.7	87.4
		3,364.6	5,638.7	4,853.3
19.	**OTHER LIABILITIES**			
	Advance from customers	**71.0**	54.6	44.6
	Statutory liabilities	**229.4**	215.9	149.7
		300.4	270.5	194.3
20.	**CURRENT TAX LIABILITIES**			
	Provision for income tax (Net of advance tax)	**–**	70.2	138.4

		Year ended March 31, 2017	Year ended March 31, 2016
21.	**REVENUE FROM OPERATIONS**		
	Sale of products (including excise duty)	**95,321.9**	90,773.3
	Sale of services	**71.7**	16.3
	Other operating revenues		
	Scrap sales	**86.5**	78.6
	Export incentives	**2,332.0**	2,359.4
		97,812.1	93,227.6
22.	**OTHER INCOME**		
	Interest income on financials assets (carried at amortized cost)		
	Bank deposits	**–**	–
	Other deposits and receivables	**138.2**	92.0
	Loans to subsidiaries	**32.8**	10.7
	Dividend income on investments (carried at fair value through profit or loss)	**–**	–
	Provision for doubtful receivables/advances written back (Net)	**60.2**	–
	Profit on investments (Net)	**–**	63.8
	Bad debts recovered from trade receivables	**0.7**	0.4
	State subsidy received	**–**	215.2
	Foreign exchange gain (Net)	**989.3**	1,436.7
	Miscellaneous income	**138.3**	64.8
		1,359.5	1,883.6

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Year ended March 31, 2017	Year ended March 31, 2016
23.	**COST OF MATERIALS CONSUMED**		
	Raw material consumed		
	Opening stock	**12,118.0**	10,948.6
	Add: Purchases	**41,326.3**	41,117.2
		53,444.3	52,065.8
	Less: Closing stock	**12,297.8**	12,118.0
	Cost of raw material consumed	**41,146.5**	39,947.8
	Packing materials consumed	**4,895.4**	4,310.2
		46,041.9	44,258.0

		March 31, 2017	March 31, 2016	Decrease/(Increase)
24.	**CHANGES IN INVENTORY OF WORK-IN-PROGRESS AND FINISHED GOODS**			
	Inventories at the end of the year			**March 31, 2017**
	Finished goods	**1,499.4**	1,646.2	**(146.8)**
	Work-in-progress	**7,788.2**	7,954.6	**(166.4)**
		9,287.6	9,600.8	**(313.2)**
	Inventories at the beginning of the year			March 31, 2016
	Finished goods	**1,646.2**	1,706.1	59.9
	Work-in-progress	**7,954.6**	6,478.8	(1,475.8)
		9,600.8	8,184.9	(1,415.9)
		313.2	(1,415.9)	

		Year ended March 31, 2017	Year ended March 31, 2016
25.	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages and bonus	**8,537.0**	7,432.8
	Contribution to provident and other funds [Refer Note 33(a)]	**272.7**	238.3
	Gratuity expense [Refer Note 33(b)]	**121.6**	106.2
	Leave encashment expense	**189.5**	158.0
	Staff welfare expenses	**152.0**	140.7
	Share based payment	**0.2**	(5.5)
		9,273.0	8,070.5
26.	**FINANCE COSTS**		
	Interest	**402.0**	595.6
	Bank charges	**49.6**	57.1
	Exchange difference to the extent considered as an adjustment to borrowing costs	**–**	1,640.4
		451.6	2,293.1
27.	**DEPRECIATION**		
	Depreciation of tangible assets	**2,861.7**	2,630.0
		2,861.7	2,630.0

(All amounts in Indian Rupees million, except share data and where otherwise stated)

			Year ended March 31, 2017	Year ended March 31, 2016
28.	**OTHER EXPENSES**			
	Conversion charges		**326.2**	420.5
	Consumption of stores and spares		**1,395.0**	1,379.1
	Chemicals consumed		**1,647.9**	1,528.2
	Power and fuel		**4,050.9**	3,930.6
	Carriage inward		**413.8**	386.5
	Factory maintenance		**266.0**	240.2
	Effluent treatment expenses		**156.8**	116.2
	Excise duty on sales		**1,741.6**	1,565.8
	Excise duty on changes in inventory		**4.1**	12.2
	Repairs and maintenance			
	i. Plant and machinery		**751.8**	642.6
	ii. Buildings		**409.9**	278.6
	iii. Others		**19.3**	36.8
	Rent [Refer Note 31(A)]		**73.9**	71.1
	Rates and taxes		**304.8**	125.8
	Printing and stationery		**107.9**	114.1
	Postage and telephones		**59.1**	56.1
	Insurance		**137.8**	152.3
	Legal and professional charges		**1,052.1**	597.4
	Directors sitting fees		**1.9**	2.7
	Remuneration to statutory auditors (Refer Note 38)		**15.6**	17.6
	Sales commission		**351.0**	404.0
	Carriage outwards		**1,979.8**	1,972.1
	Selling expenses		**112.1**	97.0
	Rebates and discounts		**68.9**	83.9
	Travelling and conveyance		**183.5**	176.6
	Vehicle maintenance expenses		**4.5**	4.9
	Analytical charges		**709.7**	538.0
	Provision for impairment of investments		**–**	455.0
	Donations (Refer Note 39)		**8.3**	3.4
	Registration and filing charges		**856.2**	1,073.5
	Loss on sale of fixed assets (Net)		**34.3**	10.6
	Allowance for doubtful receivables/advances/other assets (Net)		**–**	475.4
	Bad debts		**41.0**	–
	Loss on non current investments		**145.3**	–
	Loss on current investments		**–**	0.1
	Corporate social responsibility expenditure (Refer Note below)		**193.6**	187.6
	Miscellaneous expenses		**707.8**	577.5
			18,332.4	17,734.0
	Details of CSR expenditure			
	a. Gross amount required to be spent by the Company during the year		**424.5**	282.2
	b. Amount spent during the year ending on March 31, 2017:	in cash	Yet to be paid in cash	Total
	i. Construction/acquisition of any asset	–	–	–
	ii. On purposes other than (i) above	193.6	–	193.6
	c. Amount spent during the year ending on March 31, 2016:			
	i. Construction/acquisition of any asset	–	–	–
	ii. On purposes other than (i) above	187.6	–	187.6

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Year ended March 31, 2017	Year ended March 31, 2016
29.	**INCOME TAX**		
	The major components of income tax expense for the year ended March 31, 2017 and March 31, 2016 are		
	Statement of profit and loss		
	Current income tax charge	4,620.6	5,182.3
	Deferred tax/tax credit - relating to origination and reversal of temporary differences	97.5	29.1
		4,718.1	5,211.4
	Other comprehensive income		
	Deferred tax - net loss on remeasurements of defined benefit plans	29.7	7.6
		29.7	7.6
	Reconciliation of effective tax rate for the year ended March 31, 2017 and March 31, 2016		
	Profit before tax	21,785.7	21,478.4
	Enacted tax rate in India	34.608%	34.608%
	Tax at statutory tax rate	7,539.6	7,433.2
	Effect of:		
	Weighted deduction allowed for research and development expenditure	(1,278.3)	(963.1)
	Income exempted from tax	(1,313.4)	(1,482.3)
	Others	(229.8)	223.6
	Total	(2,821.5)	(2,221.8)
	Income tax expense	4,718.1	5,211.4
	Effective tax rate	21.657%	24.264%

a. During the year ended March 31, 2017 and March 31, 2016 the Company has paid dividend to share holders, 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.

b. There are no unrecognized deferred tax assets and liabilities as at March 31, 2017 and March 31, 2016.

30. EARNINGS PER EQUITY SHARE

The following reflects the income and share data used in the computation of basic and diluted earnings per share:

	March 31, 2017	March 31, 2016
Earnings		
Profit after taxation considered for calculation of basic and diluted earnings per share	17,067.6	16,267.0
Shares		
Weighted average number of equity shares considered for calculation of basic earnings per share (a)*	585,213,641	584,157,080
Effect of dilution on account of Employee Stock Options granted (b)*	9,782	162,549
Weighted average number of equity shares considered for calculation of diluted earnings per share (a+b)*	585,223,423	584,319,629
*Adjusted for bonus issue		
Earnings per share of face value ₹1		
Basic (₹)	29.16	27.85
Diluted (₹)	29.16	27.84

(All amounts in Indian Rupees million, except share data and where otherwise stated)

31. 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 recognized in the Statement of Profit and Loss is ₹73.9 (March 31, 2016: ₹ 71.1). The Company has not recognized any contingent rent as expense in the Statement of Profit and Loss.

ii. The Company has entered into non cancellable leases for office premises in current year and previous year. These leases have remaining non cancellable period of 5 months (March 31, 2016: 17 months; April 1, 2015: 29 months). The lease includes an escalation clause in the lease agreement. Future minimum lease rentals under non cancellable operating leases are as follows:

		March 31, 2017	March 31, 2016	April 1, 2015
a.	With in one year	21.1	42.3	40.3
b.	After one year and not more than three years	–	18.0	60.3
c.	After three years and not more than five years	–	–	–

Finance lease - Company has lessee

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.

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 (March 31, 2016: ₹25.5; April1, 2015: ₹25.5).

The net carrying amount of the buildings obtained on finance lease: ₹9.5 (March 31, 2016: ₹10.8; April1, 2015: ₹12.1).

B. Capital and other commitments

	March 31, 2017	March 31, 2016	April 1, 2015
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	4,115.1	2,901.3	3,538.0

C. Contingent liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Outstanding bank guarantees	877.6	989.0	718.5
Corporate guarantees for loans taken by wholly owned subsidiaries**	2,339.5	6,267.5	3,090.7
Claims arising from disputes not acknowledged as debts - indirect taxes (excise duty and service tax)*#	320.4	282.4	272.4
Claims arising from disputes not acknowledged as debts - direct taxes*	586.3	308.8	308.8
Claims against the Company not acknowledged as debts - other duties/claims*^	150.3	150.3	150.3

* 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 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.

Excludes ₹13.4 (March 31, 2016 ₹13.4; April 1, 2015 ₹13.4) where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. All these cases are under litigation and are pending with various authorities, expected timing of resulting outflow of economic benefits cannot be specified.

** 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 maters 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 likelihood of any loss is not probable.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

32. 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 September 18, 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 October 30, 2006; July 31, 2007; October 31, 2007; December 16, 2011; June 19, 2012; January 09, 2013; January 28, 2013 and August 09, 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 summarized below:

Grant	Grant date	Number of options granted*	Exercise price*	Weighted average fair value of option at grant date*
1st Grant	October 30, 2006	175,000	60.35	73.10
2nd Grant	July 31, 2007	25,000	66.18	78.82
3rd Grant	October 31, 2007	90,000	57.25	68.18
4th Grant	December 16, 2011	1,753,800	45.80	54.35
5th Grant	June 19, 2012	300,000	53.03	57.42
6th Grant	January 9, 2013	500,000	100.35	119.22
7th Grant	January 28, 2013	1,483,170	93.70	111.32
8th Grant	August 9, 2013	57,000	80.65	96.30

*Adjusted for bonus issue.

The details of activity under the Scheme ESOP 2006 are summarized below:

	March 31, 2017	March 31, 2016
Options outstanding at the beginning of the year	**1,027,120**	1,556,145
Granted during the year	**–**	–
Additional options on adjustment of bonus issue @1:1 on July 22, 2015	**–**	1,143,470
Vested/exercisable during the year	**638,932**	1,497,564
Exercised during the year	**712,823**	1,205,036
Forfeited during the year subject to reissue	**258,078**	467,459
Options outstanding at end of the year	**56,219**	1,027,120
Exercisable at the end of the year	**27,719**	987,120
Weighted average exercise price for all the above options (₹)*	**88.76**	60.27
Weighted average fair value of options at the date of grant (₹)*	**105.63**	71.57

*₹ for March 31, 2015 not adjusted for bonus issue.

The details of share options outstanding are summarized below:

	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)
As at March 31, 2017	99 to 109	56,219	2.23
As at March 31, 2016	54 to 112	1,027,120	3.41

(All amounts in Indian Rupees million, except share data and where otherwise stated)

The following table lists the assumptions used for the plan:

	March 31, 2017			
Grant	**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**

	March 31, 2016			
Grant	Dividend yield	Expected volatility	Risk-free interest rate	Expected life of options granted in years
4th Grant	0.86%	4.32%	8%	4
7th Grant	0.80%	0.31%	8%	4
8th Grant	0.61%	0.31%	8%	4

33. EMPLOYEE BENEFITS

a. Disclosures related to defined contribution plan

	March 31, 2017	March 31, 2016
Provident fund contribution recognized as expense in the Statement of Profit and Loss	**252.1**	220.2

b. Disclosures related to defined benefit plan of the parent company

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.

The plan is funded with Life Insurance Corporation in the form of a qualifying insurance policy. The following tables summarize the components of net benefit expense recognized in the statement of profit and loss, the fund status and amounts recognized in the balance sheet:

	March 31, 2017	March 31, 2016
Net employee benefit expense (included under employee benefit expenses)		
Current service cost	**114.4**	94.0
Interest on defined benefit liability	**18.1**	18.7
Net employee benefit expenses*	**132.5**	112.7
*Includes ₹10.9 (March 31, 2016: ₹6.5) transferred to capital work-in-progress		
Details of the employee benefits obligations and plan assets are as follows:		
Present value of funded obligation	**818.3**	618.1
Fair value of plan assets	**544.6**	340.5
Net defined benefit liability	**273.7**	277.6
Details of changes in present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	**618.1**	503.4
Current service cost	**114.4**	94.0
Interest on defined benefit obligation	**47.9**	38.6
Benefits paid	**(47.3)**	(40.0)
Remeasurement due to:		
Actuarial loss arising from changes in experience	**14.4**	11.9
Actuarial loss arising from changes in demographic assumptions	**–**	–
Actuarial loss arising from changes in financial assumptions	**70.8**	10.1
Closing defined benefit obligation	**818.3**	618.0

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	March 31, 2017	March 31, 2016
Details of changes in fair value of plan assets are as follows:		
Opening fair value of plan assets	**340.5**	246.9
Interest on plan assets	**29.8**	20.0
Employer contribution	**222.2**	113.3
Benefits paid	**(47.3)**	(40.0)
Remeasurement due to - actual return on plan assets less interest on plan assets	**(0.6)**	0.3
Closing fair value of plan assets	**544.6**	340.5
Sensitivity analysis		
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	**381.1**	291.2
Add: effect of salary growth rate	**437.2**	326.8
Defined benefit obligation with effect of projected salary growth	**818.3**	618.0
Defined benefit obligation, using discount rate plus 50 basis points	**769.2**	581.8
Defined benefit obligation, using discount rate minus 50 basis points	**871.9**	657.8
Defined benefit obligation, using salary growth rate plus 50 basis points	**864.4**	652.6
Defined benefit obligation, using salary growth rate minus 50 basis points	**774.8**	585.5
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Funds managed by insurers	**100.00%**	100.00%
The principal assumptions used in determining gratuity obligations for the Company's plans are shown below		
Discount rate (p.a.)	**7.40%**	7.95%
Expected salary increase (p.a.)		
Until 2 years	**10.00%**	10.00%
Beyond 2 years	**7.00%**	7.00%
Maturity profile of the defined benefit obligation		
Weighted average duration of defined benefit obligation (in years)	**12.53**	12.28
Expected future cash flow of gratuity		
Within 12 months	**43.0**	30.3
Between 2 and 5 years	**160.8**	133.9
Between 5 and 10 years	**223.5**	173.3
Beyond 10 years	**2,099.6**	1,730.6

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 Company expects to contribute ₹65.0 (March 31, 2016: ₹65.0) during the year ended March 31, 2018 (March 31, 2017) 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.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

34. Capital work-in-progress includes expenditure during construction period pending capitalization:

	March 31, 2017	March 31, 2016	April 1, 2015
Balance brought forward	**960.2**	367.0	485.5
Add: Incurred during the year			
Salaries, wages and bonus	**443.5**	315.9	43.1
Consumption of material for testing	**249.1**	196.3	–
Consumption of stores and spares	**208.3**	118.6	–
Carriage inward	**1.5**	1.2	0.2
Power and fuel	**270.2**	100.2	5.4
Conversion charges	**50.8**	29.9	1.7
Rates and taxes	**30.7**	1.9	2.3
Printing and stationery	**8.6**	8.6	0.2
Postage and telephones	**2.5**	1.2	0.1
Insurance	**(1.0)**	1.2	0.9
Legal and professional charges	**8.9**	2.5	0.1
Travelling and conveyance	**10.4**	11.1	1.0
Depreciation	**3.7**	3.1	2.3
Factory maintenance	**46.5**	25.5	5.2
Miscellaneous expenses	**69.7**	47.6	10.5
	2,363.6	1,231.8	558.5
Less: Capitalized to fixed assets during the year	**1,027.8**	271.6	191.5
Balance carried forward	**1,335.8**	960.2	367.0

35. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	March 31, 2017	March 31, 2016	April 1, 2015
The principal amount remaining unpaid as at the end of the year.	**238.6**	276.3	–
The amount of interest accrued and remaining unpaid as at the end of the year.	**–**	–	–
Amount of interest paid by the Company in terms of Section 16, of Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	**–**	–	–
Amount of interest due and payable for the period of delay in making payment without the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	**–**	–	–
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.	**–**	-	–

36. 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 March 31, 2017 (March 31, 2016: ₹Nil; (April 1, 2015: ₹Nil).

37. 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:

	March 31, 2017	March 31, 2016
Material and stores and spares consumption	**894.0**	859.3
Power and fuel	**106.3**	82.0
Repairs and maintenance	**41.6**	34.4
Employee benefit expenses	**1,196.6**	959.7
Analytical charges	**659.3**	507.2
Legal & professional charges	**846.0**	269.8
Registration and filing fee	**793.2**	1,036.3
Depreciation	**238.7**	229.3
Others	**187.6**	140.9
TOTAL	**4,963.3**	4,118.9

(All amounts in Indian Rupees million, except share data and where otherwise stated)

b. Details of capital expenditure incurred for research and development are given below:

	March 31, 2017	March 31, 2016
Buildings	129.6	8.9
Plant and machinery		
Plant and machinery	145.4	52.7
Lab equipment	530.1	197.9
Pipes and valves	14.3	4.9
Data processing equipment	28.5	12.0
Electrical installations	48.0	4.7
Office equipment	4.2	4.1
Furniture	40.6	21.4
TOTAL	940.7	306.6

38. Remuneration to statutory auditors

	March 31, 2017	March 31, 2016
As Auditors :		
Statutory audit	7.9	7.9
Limited review - standalone	2.1	2.1
Limited review - consolidation	3.0	–
In other capacity:		
Certification	0.2	0.7
Others	1.5	6.0
Reimbursement of expenses and taxes	0.9	0.9
	15.6	17.6

39. Donation to political parties

	March 31, 2017	March 31, 2016
Communist Party of India (Marxist)	0.5	0.5
Bharatiya Janata Party	2.0	–
	2.5	0.5

40. 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., U.S.A.
4. Aurobindo Pharma Industria Farmaceutica Ltda, Brazil
5. Helix Healthcare B.V., The Netherlands
6. APL Holdings (Jersey) Limited, Jersey (Liquidated w.e.f. November 18, 2015)
7. Aurobindo Pharma Produtos Farmaceuticos Ltda, Brazil
8. APL Healthcare Limited, India
9. Auronext Pharma Private Limited, India
10. APL Research Centre Limited, India
11. Auro Pharma Inc., Canada
12. Aurobindo Pharma (Pty) Limited, South Africa
13. Aurobindo Pharma (Australia) Pty Limited, Australia (Liquidated w.e.f. April 10, 2015)
14. Agile Pharma B.V., The Netherlands
15. Auro Healthcare (Nigeria) Limited, Nigeria
16. Aurobindo ILAC Sanayi ve Ticaret Limited, Turkey
17. Aurobindo Pharma (Singapore) Pte Limited, Singapore (Liquidated w.e.f. December 31, 2015)
18. Aurobindo Pharma Japan K.K., Japan

(Contd.)

19. Aurex B.V. (Formerly Pharmacin B.V.), The Netherlands
20. Aurobindo Pharma GmbH, Germany
21. Aurobindo Pharma (Portugal) Unipessoal LDA, Portugal
22. Laboratorios Aurobindo S.L., Spain
23. Aurobindo Pharma B.V., The Netherlands*
24. Aurobindo Pharma (Romania) s.r.l., Romania
25. Aurobindo Pharma (Italia) S.r.l., Italy
26. Aurobindo Pharma (Malta) Limited, Malta
27. APL IP Company Limited, Jersey (Liquidated w.e.f. November 18, 2015)
28. APL Swift Services (Malta) Limited, Malta
29. Milpharm Limited, U.K.
30. Aurolife Pharma LLC, U.S.A.
31. Auro Peptides Limited, India
32. Auro Medics Pharma LLC, U.S.A.
33. Aurobindo Pharma NZ Limited, New Zealand (Liquidated w.e.f. April 10, 2015)
34. Aurovida Farmaceutica S.A. DE C.V., Mexico
35. Curepro Parenterals Limited, India
36. Hyacinths Pharma Private Limited, India
37. Silicon life sciences Private Limited, India
38. AuroZymes Limited, India
39. Aurobindo Pharma Columbia S.A.S., Columbia
40. Aurovitas, Unipessioal LDA, Portugal
41. Arrow Generiques SAS, France
42. Actavis B.V., The Netherlands*
43. Auro Health LLC, U.S.A.
44. Aurobindo Antiboitics Limited, India
45. Pharmacin B.V. (Formerly Aurex B.V.), The Netherlands
46. Actavis France SAS, France (Merged with Arrow Generiques SAS w.e.f. April 1, 2015)
47. 1980 Puren Pharma GmbH (Formerly Actavis Management GmbH), Germany
48. Puren Pharma GmbH & Co., KG (Formerly Actavis Deutschland GmbH & Co., KG), Germany
49. Aurovitas Spain SA (Formerly Actavis Spain SA)
50. Natrol LLC, U.S.A.
51. Aurobindo Pharma Limited S.R.L., Dominican Republic (Liquidated w.e.f. December 18, 2014)
52. Aurovitas Pharma Polska, Poland (w.e.f. March 31, 2017)
53. Aurogen South Africa (Pty) Limited, South Africa (w.e.f. January 25, 2017)
54. Aurobindo Pharma USA LLC, U.S.A. (w.e.f. April 14, 2016)
55. Auro AR LLC USA, U.S.A. (w.e.f. May 2, 2017)
56. Auro Vaccines LLC, U.S.A. (w.e.f. January 27, 2017)

*Aurobindo Pharma B.V. was merged with Actavis B.V. Subsequently, the name of Actavis B.V. was changed to Aurobindo Pharma B.V. w.e.f. July 1, 2015.

Joint ventures

1. Novagen Pharma (Pty) Limited, South Africa (Joint benture of a subsidiary)
2. Eugia Pharma Specialities Limited
3. Tergene Biotech Private Limited, India (w.e.f. April 1, 2015)

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

(All amounts in Indian Rupees million, except share data and where otherwise stated)

10. Veritaz Healthcare Limited, India
11. Alex Merchant PTE. LTD, Singapore
12. Trident Petrochemicals DMCC, Dubai
13. Axis Clinicals LLC, U.S.A.
14. Alex Merchant DMCC, Dubai
15. Crest Cellulose Private Limited, India
16. East Pharma Technologies, India (Partnership firm)

Key managerial 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 (From June 1, 2016)
5. Mr. N. Govindarajan, Managing Director
6. Mr. Santhanam Subramanian, Chief Financial Officer
7. Mr. A. Mohan Rami Reddy, Company Secretary (Upto May 31, 2016)
8. Mr. B. Adi Reddy, Company Secretary (w.e.f. June 1, 2016)
9. Mr. K. Ragunathan, Independent Director
10. Mr. M. Sitarama Murty, Independent Director
11. Mr. D. Rajagopala Reddy, Independent Director
12. Dr. Avnit Bimal Singh, Independent Director
13. Mr. Rangaswamy Rathakrishnan Iyer, Independent Director

Relatives to key managerial personnel

1. Mr. P. Sarath Chandra Reddy (Son-in-law of Mr. K. Nithyananda Reddy, Whole-time Director) (Upto May 31, 2016)
2. Mr. Vishnu M. Sriram (Son-in-law of Dr. M. Sivakumaran, Whole-time Director)

Transactions with related parties

	Particulars	March 31, 2017	March 31, 2016	April 1, 2015
a.	**Loans given and repayment thereof**			
	Transactions with subsidiaries			
	AuroZymes Limited, India			
	Receipt against loan and interest	**0.9**	–	0.8
	Interest accrued	**6.1**	2.8	0.8
	Loan given	**16.0**	19.5	20.5
	Balance receivable	**62.1**	42.8	20.5
	Silicon Life Sciences Private Limited, India			
	Receipt against loan and interest	**–**	–	0.1
	Interest accrued	**31.4**	7.9	0.1
	Loan given	**108.5**	195.0	7.5
	Balance receivable	**342.4**	210.4	7.5
	Helix Healthcare B.V., The Netherlands			
	Receipt against loan and interest	**–**	–	781.4
	Interest accrued	**–**	–	6.2
	Auro Peptides Limited			
	Receipt against loan and interest	**–**	–	502.1
	Interest accrued	**–**	–	34.3
	Loan given	**–**	–	174.1
	Auronext Pharma Private Limited, India			
	Receipt against loan and interest	**40.0**	–	–
	Interest accrued	**1.5**	–	–
	Loan given	**80.0**	–	–
	Balance receivable	**41.5**	–	–

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Particulars	March 31, 2017	March 31, 2016
b.	**Sale/purchase of goods, services and other transactions**		
	Transactions with subsidiaries		
	APL Pharma Thai Limited, Thailand		
	Sale of goods/(returns)	**(35.4)**	485.9
	ALL Pharma (Shanghai) Trading Company Limited, China		
	Purchases	**14.9**	1,045.6
	Reimbursement of expenses	**5.7**	12.5
	Purchase of fixed assets	**–**	44.3
	Sale of goods	**–**	–
	Aurobindo Pharma Produtos Farmaceuticos Ltda, Brazil		
	Sale of goods	**121.6**	642.5
	Reimbursement of expenses	**0.8**	1.7
	Sales commission	**21.7**	16.8
	APL Swift Services (Malta) Limited, Malta		
	Sale of goods	**2,715.7**	2,412.1
	Reimbursement of expenses paid	**40.7**	19.9
	Reimbursement of expenses received	**86.6**	
	Aurobindo Pharma USA Inc., U.S.A.		
	Sale of goods	**20,628.9**	22,023.5
	Reimbursement of expenses	**–**	19.6
	Purchases	**–**	28.7
	Aurobindo Pharma Industria Farmaceutica Ltda, Brazil		
	Sale of goods	**560.6**	572.7
	Reimbursement of expenses	**4.8**	8.8
	Auro Pharma Inc., Canada		
	Sale of goods	**425.9**	364.4
	Reimbursement of expenses	**–**	0.9
	Aurobindo Pharma (Pty) Limited, South Africa		
	Sale of goods	**108.7**	365.3
	Reimbursement of expenses paid	**0.1**	0.2
	Sales commission	**0.2**	18.9
	Pharmacin B.V., The Netherlands (Formerly Aurex B.V.)		
	Sale of goods	**8.6**	4.7
	Aurex B.V., The Netherlands (Formerly Pharmacin B.V.)		
	Sale of goods	**29.1**	88.3
	Sales commission	**4.4**	–
	Reimbursement of expenses	**0.1**	22.6
	Milpharm Limited, U.K.		
	Sale of goods	**1,573.2**	1,089.7
	Reimbursement of expenses	**16.6**	20.6
	Aurolife Pharma LLC, U.S.A.		
	Sale of goods	**2,906.0**	2,879.2
	Reimbursement of expenses	**5.0**	1.2
	Reimbursement of expenses received	**18.8**	–
	Aurobindo Pharma Japan K.K., Japan		
	Sale of goods	**397.5**	302.4
	Reimbursement of expenses	**–**	0.1
	Sales commission	**26.3**	25.1
	Aurobindo Pharma (Malta) Limited, Malta		
	Reimbursement of expenses	**1.3**	0.1

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Auronext Pharma Private Limited, India		
Sale of goods	361.8	87.6
Purchases	41.8	46.9
Rent received	1.8	1.8
Reimbursement of expenses	17.7	13.6
Laboratorios Aurobindo S.L., Spain		
Sale of goods	397.2	715.3
Reimbursement of expenses	0.1	1.5
Reimbursement of expenses received	0.4	2.1
Auro Medics Pharma LLC, U.S.A.		
Sale of goods	9,312.2	5,778.2
Reimbursement of expenses received	7.1	0.3
Auro Healthcare (Nigeria) Limited, Nigeria		
Sales commission	3.2	3.3
APL Healthcare Limited, India		
Sale of fixed assets	0.4	–
Reimbursement of Expenses Received	1.0	0.8
Auro Peptides Ltd, India		
Rent Received	6.8	6.3
Reimbursement of expenses received	42.6	32.9
Purchase of fixed assets	–	0.1
Sale of goods	0.9	3.2
Purchases	1.8	64.7
Silicon Life Sciences Private Limited, India		
Sale of goods	90.4	170.7
Sale of fixed assets	–	2.0
Purchases	41.4	151.6
Purchase of services	–	5.8
Reimbursement of expenses received	0.6	0.2
Eugia Pharma Specialities Limited, India		
Sale of goods	0.5	4.2
Sale of fixed assets	–	1.2
Reimbursement of expenses received	2.4	–
Aurovida Farmaceutica, SA DE CV, Mexico		
Sale of goods	26.8	2.9
Aurobindo Pharma B.V., The Netherlands*		
Sale of goods	287.3	–
Reimbursement of expenses	12.1	–
Aurobindo Pharma (Portugal) Unipessoal LDA, Portugal		
Reimbursement of expenses	47.0	27.6
Aurobindo Colombia S.A.S., Colombia		
Sale of goods	188.5	39.1
Reimbursement of expenses	7.5	1.3
Arrow Generiques S.A.S., France		
Sale of goods	2.7	–
Reimbursement of expenses	–	0.9
Reimbursement of expenses received	2.7	3.1
Aurobindo Pharma B.V. (Formerly Actavis B.V.), The Netherlands*		
Sale of goods	–	315.5
Reimbursement of expenses	–	13.0

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Particulars	March 31, 2017	March 31, 2016
	Aurovitas Spain SAS, Spain		
	Sale of goods	8.0	26.4
	Reimbursement of expenses received	1.0	0.2
	Reimbursement of expenses paid	–	–
	Aurovitas Unipessoal, Portugal		
	Reimbursement of expenses	17.7	40.9
	Aurobindo Pharma GmbH, Germany		
	Reimbursement of expenses	0.2	3.7
	Aurobindo Pharma Italia, Italy		
	Reimbursement of expenses received	1.3	–
	Purchases	–	0.1
	Auro Health LLC, U.S.A.		
	Sale of goods	14.2	–
	Auro Health LLC, U.S.A.		
	Balance receivable	11.7	–
	Puren Pharma GmbH & Co., KG, Germany		
	Reimbursement of Expenses received	0.7	–
c.	**Sale/purchase of goods, services and other transactions**		
	Transactions with joint venture		
	Novagen Pharma (Pty) Limited, South Africa		
	Sale of goods	274.9	558.1
	Reimbursement of expenses received	–	0.2
d.	**Transactions with enterprises over which key management personnel or their**		
	relatives exercise significant influence		
	Pravesha Industries Private Limited, India		
	Sale of goods	0.1	–
	Purchases	1,804.3	1,755.5
	Rent and electricity charges received	0.2	1.0
	Sri Sai Packaging, India		
	Sale of goods	0.3	0.4
	Purchases	194.3	195.6
	Axis Clinicals Limited, India		
	Purchase of services	553.1	438.9
	Axis Clinicals LLC, U.S.A.		
	Purchase of services	31.8	10.5
	Trident Chemphar Limited, India		
	Sale of goods	22.5	–
	Purchases	764.5	696.1
	Pranit Packaging Private Limited, India		
	Purchases	165.5	165.3
	Sale of goods	–	–
	Pranit Projects Private Limited, India		
	Purchase of services (Civil services)	0.8	19.5
	SGD Pharma India Limited, India (Formerly Cogent Glass Limited)		
	Purchases	675.1	561.7
	Orem Access Bio Inc, India		
	Purchases	204.6	114.3
	Veritaz Healthcare Limited, India		
	Sale of goods	95.3	2.7
	Purchase of services	–	–
	Rent received	–	0.3

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Particulars	March 31, 2017	March 31, 2016
	Trident Petrochemicals DMCC, Dubai		
	Purchases	–	164.6
	Alex Merchants DMCC, Dubai		
	Purchases	555.8	–
	Crest Cellulose Private Limited, India		
	Purchases	52.9	–
	East Pharma Techonologies, India		
	Purchases	9.6	–
e.	**Transactions with key managerial personnel or their relatives**		
	Mr. K. Nithyananda Reddy		
	Managerial remuneration	15.0	14.3
	Rent expense	2.4	2.2
	Dr. M. Sivakumaran		
	Managerial remuneration	15.0	14.3
	Mr. M. Madan Mohan Reddy		
	Managerial remuneration	26.5	15.2
	Mr. P. Sarath Chandra Reddy		
	Managerial remuneration	6.9	–
	Director sitting fees	0.1	0.4
	Mr. Vishnu M. Sriram		
	Remuneration	4.8	4.4
	Equity allotment-ESOP	–	0.2
	Mr. N. Govindarajan		
	Managerial Remuneration	124.3	90.5
	Equity allotment-ESOP	–	22.9
	Mr. Santhanam Subramanian		
	Remuneration	10.9	11.9
	Mr. A. Mohan Rami Reddy		
	Remuneration	0.6	3.3
	Equity allotment-ESOP	–	0.3
	Mr. B. Adi Reddy		
	Remuneration	2.5	–
	Mr. P.V. Ramprasad Reddy		
	Director sitting fees	0.2	0.2
	Mr. K. Ragunathan, Independent Director		
	Director sitting fees	0.4	0.5
	Mr. M. Sitarama Murty, Independent Director		
	Director sitting fees	0.5	0.7
	Mr. D. Rajagopala Reddy, Independent Director (Upto Feberuary 9, 2017)		
	Director sitting fees	0.4	0.6
	Mrs. Avnit Bimal Singh, Independent Director		
	Director sitting fees	0.3	0.4
	Mr. Rangaswamy Rathakrishnan Iyer, Independent Director (From February 9, 2017)		
	Director sitting fees	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 equiavlent 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 amouts owed by related parties during the year ended March 31, 2017 (March 31, 2016: ₹Nil; April 1, 2015: ₹Nil). 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.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

f. Loans and advances in the nature of loans to subsidiaries - Maximum amount outstanding

	Closing Balance as at March 31,			Maximum outstanding at any time during the year ended March 31,		
	2017 ₹	2016 ₹	2015 ₹	**2017** ₹	2016 ₹	2015 ₹
Auro Peptides Limited, India	**–**	–	–	**–**	–	462.1
Helix Healthcare B.V., The Netherlands	**–**	–		**–**	–	746.9
AuroZymes Limited, India	**56.0**	40.0	20.5	**56.0**	40.0	20.5
Silicon Life Sciences Private Limited, India	**311.0**	202.5	7.5	**311.0**	202.5	7.5
Auronext Pharma Private Limited, India	**40.0**	–	–	**40.0**	–	–

g. Balances with subsidiaries at the year end

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
APL Pharma Thai Limited, Thailand			
Balance receivable	**–**	361.9	102.3
Balance payable	**22.5**	–	–
ALL Pharma (Shanghai) Trading Company Limited, China			
Balance receivable	**–**	1.0	1.0
Balance payable	**13.7**	21.3	885.3
Helix Healthcare B.V., The Netherlands			
Equity contribution	**–**	820.2	373.0
Corporate guarantee for loans	**–**	2,337.2	2,082.9
Aurobindo Pharma Produtos Farmaceuticos Ltda, Brazil			
Balance receivable	**72.0**	532.7	509.0
Balance payable	**–**	1.9	3.2
APL Swift Services (Malta) Limited, Malta			
Balance receivable	**1,840.8**	2,428.9	1,863.1
Balance payable	**25.8**	7.9	3.0
Aurobindo Pharma USA Inc., U.S.A.			
Balance receivable	**9,990.7**	15,132.6	16,815.2
Balance payable	**5.4**	8.7	7.1
Corporate guarantee for loans	**953.7**	7,155.5	–
Aurobindo Pharma Industria Farmaceutica Ltda, Brazil			
Balance receivable	**248.4**	135.7	289.9
Balance payable	**0.8**	–	0.9
Auro Pharma Inc., Canada			
Balance receivable	**279.7**	317.8	111.5
Balance payable	**–**	6.7	11.1
Aurobindo Pharma (Pty) Limited, South Africa			
Balance receivable	**46.1**	124.5	158.6
Balance payable	**6.1**	18.9	–
Pharmacin B.V., The Netherlands (Formerly Aurex B.V.)			
Balance receivable	**5.8**	2.9	–
Aurex B.V., The Netherlands (Formerly Pharmacin B.V.)			
Balance payable	**4.4**	–	–
Balance receivable	**4.0**	58.2	3.4
Milpharm Limited, U.K.			
Balance receivable	**794.8**	856.5	34.3
Balance payable	**11.1**	12.6	5.0
Aurolife Pharma LLC, U.S.A.			
Balance receivable	**1,254.5**	1,265.5	931.6

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

Balances with Subsidiaries at the year end (Contd.)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Aurobindo Pharma Japan K.K., Japan			
Balance receivable	**95.8**	201.4	18.4
Balance payable	**4.3**	–	4.0
Aurobindo Pharma (Malta) Limited, Malta			
Balance payable	**1.9**	0.8	–
Auronext Pharma Private Limited, India			
Equity allotment	**–**	119.7	400.5
Balance receivable	**435.1**	78.0	30.0
Balance payable	**0.2**	5.7	–
Investment in 9.5% cumulative redeemable preference shares	**336.2**	280.0	–
Aurobindo Pharma (Australia) Pty Limited, Australia			
Balance receivable	**–**	–	72.1
Balance payable	**–**	–	3.2
Laboratorios Aurobindo S.L., Spain			
Balance payable	**–**	–	–
Balance receivable	**167.0**	581.1	352.4
Auro Medics Pharma LLC, U.S.A.			
Balance receivable	**4,810.4**	3,960.0	1,905.3
Auro Healthcare (Nigeria) Limited, Nigeria			
Balance payable	**1.4**	–	–
APL Healthcare Limited, India			
Balance receivable	**–**	1.9	2.3
Equity allotment	**425.0**	319.6	415.0
APL Research Centre Limited, India			
Equity allotment	**–**	1.6	3.0
Curepro Parenterals Limited, India			
Equity allotment	**1,129.0**	545.0	90.0
Hyacinths Pharma Private Limited, India			
Equity allotment	**8.0**	12.5	3.8
Auro Peptides Limited, India			
Investment in 9.5% cumulative redeemable preference shares	**75.0**	160.0	500.0
Balance receivable	**26.3**	0.8	13.3
Balance payable	**–**	9.0	–
Silicon Life Sciences Private Limited, India			
Balance receivable	**222.8**	186.3	157.9
Balance payable	**–**	13.1	3.6
Equity allotment	**–**	12.5	156.3
Eugia Pharma Specialities Limited, India			
Balance receivable	**–**	–	0.9
Aurovida Farmaceutica, SA DE CV, Mexico			
Balance receivable	**26.1**	1.1	7.3
Aurobindo Pharma B.V., The Netherlands			
Balance payable	**3.9**	–	0.2
Balance receivable	**195.8**	–	51.9
Aurobindo Pharma (Portugal) Unipessoal LDA, Portugal			
Balance payable	**5.0**	4.7	–
Aurobindo Colombia S.A.S., Colombia			
Balance payable	**5.5**	–	–
Balance receivable	**168.7**	54.9	75.0

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

Balances with Subsidiaries at the year end (Contd.)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Arrow Generiques S.A.S., France			
Balance receivable	**2.8**	2.9	8.9
Aurobindo Pharma B.V. (formerly Actavis B.V.), The Netherlands*			
Balance receivable	**–**	240.8	24.1
Balance payable	**–**	0.3	2.0
Agile Pharma B.V., The Netherlands			
Corporate guarantee for loans	**1,385.9**	1,130.9	1,007.9
Aurovitas Spain SAS, Spain			
Balance receivable	**6.2**	26.6	–
Balance payable	**–**	0.2	–
Aurovitas Unipessoal LDA, Portugal			
Balance payable	**2.1**	2.9	–
Aurobindo Pharma GmbH, Germany			
Balance payable	**0.6**	–	–
Balance receivable	**–**	–	–
Aurobindo Pharma Italia, Italy			
Balance payable	**–**	0.1	–
Tergene Biotech Private Limited, India			
Equity allotment	**–**	33.9	–
Investment in 10.5% Cumulative Redeemable Preference shares	**50.0**	40.0	–
Aurobindo Antiboitics Limited, India			
Share application money	**–**	12.5	–
Puren Pharma GmbH & Co., KG, Germany			
Balance receivable	**0.2**	–	–

Note: For closing balance of investments and provision for diminution in value of investments, Refer Note 3.

Balances with joint venture at the year end

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Novagen Pharma (Pty) Limited, South Africa			
Balance receivable	**74.2**	143.3	37.4

Balances with enterprises over which key management personnel or their relatives exercise significant influence at the year end

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Pravesha Industries Private Limited, India			
Balance payable	**26.1**	–	0.6
Balance receivable	**0.1**	0.1	–
Sri Sai Packaging, India			
Balance payable	**0.6**	–	–
Balance receivable	**–**	–	–
Axis Clinicals Limited, India			
Balance payable	**62.4**	79.0	22.7
Axis Clinicals LLC, U.S.A.			
Balance payable	**–**	5.2	–
Trident Chemphar Limited, India			
Balance payable	**202.4**	108.4	64.9
Pranit Packaging Private Limited, India			
Balance payable	**2.6**	–	0.6
SGD Pharma India Limited, India (formerly Cogent Glass Limited)			
Balance payable	**121.1**	135.6	25.6

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

Balances with enterprises over which key management personnel or their relatives exercise significant influence at the year end (Contd.)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Veritaz Healthcare Limited, India			
Payables	–	–	–
Balance receivable	53.2	2.7	4.6
Alex Merchant PTE. Limited, Singapore			
Balance receivable	–	–	8.4
Trident Petrochemicals DMCC, Dubai			
Balance receivable	–	–	39.9
Balance payable	–	0.1	–
Alex Merchants DMCC, Dubai			
Balance receivable	173.7	–	–
Crest Cellulose Private Limited			
Balance payable	16.5	–	–
East Pharma Techonologies, India			
Balance payable	2.5	–	–
Balances with with key managerial personnel or their relatives at the yar end			
Mr. N. Govindarajan			
Balance payable	90.0	65.0	40.0
Mr. Santhanam Subramanian			
Balance payable	–	2.0	–
Mr. A. Mohan Rami Reddy			
Loan outstanding	–	–	0.1

41. Details of advances due from private companies in which Company's Director is a director:

Pranit Packaging Private Limited, India ₹Nil (March 31, 2016: ₹Nil; April 1, 2015: ₹0.6).

42. i. Details of trade receivables due from private companies in which Company's director is a director:
Pravesha Industries Private Limited, India ₹0.1 (March 31, 2016: ₹0.1; April 1, 2015; ₹Nil).

ii. Details of trade receivables due from partnership firm in which Company's director is a partner:
Sri Sai Packaging, India ₹0.0 (March 31, 2016: ₹0.0; April 1, 2015: ₹Nil).

43. The Board of Directors at their meeting held on September 12, 2013 decided to transfer its injectable unit of the Company on a going concern basis comprising assets and liabilities pertaining to the said unit to its wholly owned subsidiary Curepro Parentals Limited w.e.f. April 1, 2014. The same was subject to requisite consent, approval or permission of the statutory or regulatory authorities. Pending such approvals, no effect of this scheme has been given in the above results. During the current year, the Board of Directors decided not to transfer the unit, considering the expansion and growth plans of the Company. The same is subject to the approval of appropriate authorities including Hon'ble High Court or Tribunal as the case may be.

44. Interest in joint ventures

Details of interest in jointly controlled entity are given below:

Name of the joint venture	% of interest	Assets	Liabilities	Income	Expenditure	Profit after tax
Novagen Pharma (Pty) Ltd						
March 31, 2017	**50.00%**	**405.1**	**76.1**	**604.1**	**554.9**	**49.2**
March 31, 2016	50.00%	375.9	117.0	652.9	570.9	82.0
Eugia Pharma Specialitites Limited						
March 31, 2017	**67.82%**	**2,807.2**	**834.8**	**-**	**8.2**	**(8.2)**
March 31, 2016	60.00%	1,586.5	734.0	-	6.7	(6.7)
Tergene Biotech Private Limited						
March 31, 2017	**60.00%**	**32.0**	**64.1**	**0.1**	**29.7**	**(29.6)**
March 31, 2016	60.00%	27.6	30.1	0.4	34.5	(34.1)

a. Contingent liabilities of the above joint ventures ₹Nil (March 31, 2016: ₹Nil).

b. Capital commitments of the above joint ventures ₹67.1 (March 31, 2016: ₹120.8).

c. The joint ventures are engaged in distribution of pharmaceuticals products.

d. All figures presented above represent Company's share only.

45. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

A. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

i. 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.

ii. 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.

iii. Taxes

The Company has unused tax credits [(Minimum Alternate Tax (MAT)] credit of ₹2,836.3 as on March 31, 2017 (March 31, 2016: ₹2,193.5; April 1, 2015: ₹2,610.1). The Company 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.

B. Estimates and assumptions

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 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 recognized 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 32.

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 33.

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 47 and 48 for further disclosures.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

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.

vi. Intangible assets under development

The Company capitalizes acquired intangible asset under development for a project in accordance with the accounting policy. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The carrying amount of capitalized intangible asset under development was ₹286.7 (March 31, 2016: ₹Nil; April 1, 2015: ₹Nil). The innovative nature of the product gives rise to some uncertainty as to whether the final approval for the products will be obtained.

vii. Inventories provision

The Company estimates provision against obsolescence of inventory by applying certain percentages over different age category of the batch wise inventory held at the end of the reporting period. Inputs to the model include ageing of inventory, expected loss rate considering past trend and future outlook and expected net realizable value. Inventories are net of such provisions.

46. 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.

47. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial assets:

	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016	April 1, 2015
Financial assets						
Investments*	**1,501.5**	980.4	696.6	**1,501.5**	980.4	696.6
Loans	**566.1**	390.8	171.3	**566.1**	390.8	171.3
Security deposits	**657.6**	454.2	333.3	**657.6**	454.2	333.3
Foreign exchange forward contracts	**94.8**	24.0	–	**94.8**	24.0	–
Other financial assets	**220.8**	101.7	56.2	**220.8**	101.7	56.2
Trade receivables	**37,736.3**	43,809.7	38,137.9	**37,736.3**	43,809.7	38,137.9
Cash and cash equivalents	**336.4**	3,308.1	111.3	**336.4**	3,308.1	111.3
Other bank balances	**–**	–	0.3	**–**	–	0.3
Financial liabilities						
Borrowings	**30,539.1**	41,654.3	33,895.8	**30,539.1**	41,654.3	33,895.8
Trade payables	**12,677.0**	12,786.7	11,460.4	**12,677.0**	12,786.7	11,460.4
Other financial liabilities	**1,527.2**	1,503.5	971.3	**1,527.2**	1,503.5	971.3

*Carrying value of preference shares approximate fair value as the instruments are at prevailing market prices.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, management has assessed the fair value of the borrowings approximate their current value largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the assets and liabilities measured at fair value on recurring basis:

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017

	Fair value measurement using				
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value through profit or loss:					
Investments	**March 31, 2017**	**0.2**	**0.2**	**–**	**–**
Derivatives - Foreign exchange forward contracts are not designated as cash flow hedges	**March 31, 2017**	**94.8**	**–**	**94.8**	**–**

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2016

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss:					
Investments	March 31, 2016	0.2	0.2	–	–
Derivatives - Foreign exchange forward contracts are not designated as cash flow hedges	March 31, 2016	23.9	–	23.9	–

Quantitative disclosures fair value measurement hierarchy for assets as at April 1, 2015

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss:					
Investments	April 1, 15	0.2	0.2	–	–
Derivatives - Foreign exchange forward contracts are not designated as cash flow hedges	April 1, 15	–	–	–	–

48. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivates, comprise borrowings, trade and other payable. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets, other than derivatives, include loans, trade and other receivables, and cash and cash equivalents derived directly from its operations.

The Company is exposed primarily to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk), which may adversely impact the fair value of its financial instruments. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee of the Board of Directors that advices on the financial risk and the appropriate financial risk governance framework. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

a. 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. None of the financial instruments of the Company result in material concentration of credit risk.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

Trade receivables and other financial assets:

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 analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are 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.

b. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. 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:

	On demand	< 12 months	1 to 5 years	> 5 years	Total
March 31, 2017					
Borrowings	**27,512.7**	**1,837.4**	**1,189.0**	**–**	**30,539.1**
Trade and other payable	**–**	**12,677.0**	**–**	**–**	**12,677.0**
other financial liabilities	**–**	**1,527.2**	**–**	**–**	**1,527.2**
	27,512.7	**16,041.6**	**1,189.0**	**–**	**44,743.3**
March 31, 2016					
Borrowings	34,171.4	4,135.2	3,281.7	66.0	41,654.3
Trade and other payable	–	12,786.7	–	–	12,786.7
other financial liabilities	–	1,503.5	–	–	1,503.5
	34,171.4	18,425.4	3,281.7	66.0	55,944.5
April 1, 2015					
Borrowings	23,142.2	3,882.0	6,789.0	82.6	33,895.8
Trade and other payable	–	11,460.4	–	–	11,460.4
other financial liabilities	–	971.3	–	–	971.3
	23,142.2	16,313.7	6,789.0	82.6	46,327.5

c. 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.

i. Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the 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 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:

(All amounts in Indian Rupees million, except share data and where otherwise stated)

The aggregate amount of forward contracts entered into by the Company and remaining outstanding as at balance sheet date are:

	In foreign currency			In Rupees		
Hedge of recognized asset/liability	**March 31, 2017**	March 31, 2016	April1, 2015	**March 31, 2017**	March 31, 2016	April1, 2015
Receivables	**$9,050,460**	$7,000,095	–	**586.9**	463.8	–
Trade payables	**$5,000,000**	–	–	**324.3**	–	–
Receivables	**£7,500,016**	£4,800,000	–	**606.8**	458.3	–
Receivables	**€ 805,652**	€ 10,204,772	–	**55.8**	769.4	–

The details of unhedged foreign currency at the exchange rate at reporting date are:

March 31, 2017

	USD	**Euro**	**GBP**	**Others**	**Total**
Borrowings	**21,963.5**	**5,518.2**	**671.5**	**–**	**28,153.2**
Trade receivables	**26,102.8**	**2,872.1**	**181.7**	**452.8**	**29,609.4**
Trade and other payables (including payable for capital goods)	**3,421.7**	**84.6**	**12.6**	**22.7**	**3,541.6**
Interest accrued but not due	**20.5**	**–**	**–**	**–**	**20.5**
Bank balances	**181.2**	**30.4**	**4.8**	**7.4**	**223.8**

March 31, 2016

	USD	Euro	GBP	Others	Total
Borrowings	34,815.8	4,674.5	581.9	–	40,072.2
Trade receivables	30,325.0	1,594.3	2,192.8	583.6	34,695.7
Trade and other payables (including payable for capital goods)	4,476.4	130.7	16.5	0.4	4,624.0
Interest accrued but not due	37.7	–	–	–	37.7
Bank balances	1,717.9	407.5	42.5	9.5	2,177.4

March 31, 2015

	USD	Euro	GBP	Others	Total
Borrowings	30,354.0	1,884.0	739.8	–	32,977.8
Trade receivables	27,735.3	1,915.0	979.4	137.2	30,766.9
Trade and other payables (including payable for capital goods)	3,612.4	78.0	3.4	–	3,693.8
Interest accrued but not due	87.4	–	–	–	87.4
Bank balances	52.6	–	–	1.0	53.6

Every 5% depreciation/appreciation in the exchange rate between the Indian Rupee and the respective currencies for the above mentioned assets/liabilities would effect the net profit before tax resulting in a loss/gain of ₹94.1 and ₹393.0 for the year ended March 31, 2017 and March 31, 2016, respectively.

ii. 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 balanced 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.

Every 0.5% increase/decrease in the interest rate component applicable to the respective borrowings would effect the Company's net profit before tax resulting in an expense/income of ₹172.0 and ₹177.4 for the year ended March 31, 2017 and March 31, 2016, respectively.

49. Capital management

For the purpose of the Company'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 Company's capital management is to maximize the shareholder value.

50. First time adoption of Ind AS

As stated in Note 2, these financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

a. The Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment as deemed cost at the date of the transition. The same election has been made in respect of intangible assets.

b. Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

c. Ind AS 101 requires a first-time adopter to apply derecognition requirements in Ind AS 109 prospectively to transactions occurring on or after the date of transition to Ind AS. Accordingly, the Company continues to de-recognize the financial assets and financial liabilities for transactions which have occurred before the date of transition to Ind AS.

d. The Company has opted to carry the investment in subsidiaries and associate at the previous GAAP carrying amount at the transition date.

e. Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.

f. As per Ind AS 101, the Company has elected not to restate business combinations that occurred before the date of transition.

Estimates

The estimates as at April 1, 2015 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015 (transition date) and March 31, 2016.

A. Reconciliation of equity as previously reported (referred to as 'Previous GAAP') and that computed under Ind AS:

	Notes	March 31, 2016	April 1, 2015
Equity reported under previous GAAP		**67,520.0**	53,303.4
Derecognition of provision for preference dividend and dividend tax thereon	(i)	**493.0**	351.4
Income on investments under amortized cost	(ii)	**54.0**	0.2
Others		**6.3**	8.4
Equity under Ind AS		**68,073.3**	53,663.4

B. Reconciliation of net profit under Previous GAAP and Ind AS:

	Notes	March 31, 2016
Net profit under Previous GAAP		16,196.7
Re-measurement losses on employee defined benefit plans (Net of taxes)	(iii)	14.4
Others		55.9
Net profit for the year under Ind AS		16,267.0

i. Proposed dividend

Under Indian GAAP, proposed dividends including Dividend Distribution Tax thereon were recognized as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognized as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability recognized towards dividend as at March 31, 2016 and April 01, 2015 has been derecognized against retained earnings and recognized in the year of payment.

ii. Financial assets at amortized cost

Under Indian GAAP, the Company accounted for long term investments in unquoted preference shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as investments at amortized cost, and interest income on investments held at amortized cost is recorded using the effective interest rate. At the date of transition to Ind AS, such interest income has been recognized in other equity.

iii. Remeasure of actuarial gains/(losses)

Both under Indian GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, were charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

iv. Share based payments

Under Indian GAAP, the Company recognized only the intrinsic value for employee stock option plan as an expense. Under Ind AS, the Company is required to determine the fair value of share options using an appropriate model recognized over the vesting period. Accordingly, the same has been recognized as a separate component of equity in Employee stock option outstanding (ESOP) as at April 1, 2015 and March 31, 2016.

v. Valuation of foreign currency forward contracts

The Company had certain outstanding foreign currency forward contracts to hedge certain of its foreign currency financial assets. Under Indian GAAP, premium/discount on forward contracts are amortized over the period of forward contract and the outstanding forward contracts are restated as at the balance sheet date. However, under Ind AS 109, the foreign currency financial assets and liabilities are restated at closing rate and the derivative contracts are fair valued by recognising the mark-to-market gain/loss on the forward contract in the statement of profit and loss. Further, premium/discounts on forward contracts are charged to the statement of profit and loss as and when they are incurred. Accordingly, the Company has charged off the unamortized premium on the outstanding forward contracts and fair valued the derivative contracts by recognising the mark-to-market gain on the forward contract in the statement of profit and loss.

vi. Excise duty on sale of goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is included as part of sales in the face of statement of profit and loss. Thus, sale of goods under Ind AS for the year ended March 31, 2016 has increased with a corresponding increase in other expenses.

vii. MAT credit entitlement

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on 'Accounting for Credit available in respect of MAT under the Income Tax Act, 1961' issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets.

viii. Borrowings

Under Indian GAAP, the Company de-recognized bills discounted of trade receivables with banks and disclosed the same as contingent liabilities. However, under Ind AS, based on evaluation of risks and rewards and control, the same does not meet the criteria for de-recognition. Accordingly, the same has been recognized as borrowings as at April 1, 2015 and March 31, 2016.

ix. Deferred tax assets

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustment are recognized in correlation to the underlying transaction either in retained earnings or a separate component in equity.

x. Trade receivables

Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL).

xi. Other comprehensive income (OCI)

Under Indian GAAP, the Company had not presented other comprehensive income separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

xii. Cash flow statement

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

51. 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.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per **Vikas Kumar Pansari**
Partner
Membership No. 93649

Hyderabad, May 29, 2017

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

B. Adi Reddy
Company Secretary

Independent Auditors' Report

The Members of
Aurobindo Pharma Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Aurobindo Pharma Limited (hereinafter referred to as 'the Holding Company'),its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and joint ventures, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint ventures in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. 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 of the assets of the Group and of its joint ventures 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

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 and on the other financial information of the subsidiaries and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the 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 March 31, 2017, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

a. We/the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

b. In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

c. The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;

e. On the basis of the written representations received from the directors of the Holding

Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and joint ventures incorporated in India, none of the Directors of the Group's companies and joint ventures incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, and joint ventures incorporated in India, refer to our separate report in 'Annexure' to this report;

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 Auditors) 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 report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures, as noted in the 'Other matter' paragraph:

    i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and joint ventures - Refer Note 34 to the consolidated Ind AS financial statements;

    ii. The Group and joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017.

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, and joint ventures incorporated in India during the year ended March 31, 2017.

    iv. The Holding Company, subsidiaries, and joint ventures incorporated in India, have provided requisite disclosures in Note 13(D) to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group including its joint ventures as produced to us by the management of the Holding Company.

Other Matter

We did not audit the financial statements and other financial information, in respect of forty eight subsidiaries, and three joint ventures, whose Ind AS financial statements include total assets of ₹95,985,989,775 and net assets of ₹40,646,734,613 as at March 31, 2017, and total revenues of ₹98,943,153,697 and net cash outflows of ₹110,554,346 for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹11,430,135 for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of three joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the management. Our opinion on the consolidated Ind AS 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-sections (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 reports of such 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 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 above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, 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 and the financial statements and other financial information certified by the Management.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**
Partner
Membership Number: 93649
Hyderabad
May 29, 2017

Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Aurobindo Pharma Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of Aurobindo Pharma Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Aurobindo Pharma Limited (hereinafter referred to as the 'Holding Company'), its subsidiary companies, and joint ventures which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company, its subsidiary companies, and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting 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, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies, and joint ventures, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, in so far as it relates to these nine subsidiary companies, and two joint venture companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, and joint venture companies incorporated in India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**
Partner
Membership Number: 93649
Hyderabad
May 29, 2017

Consolidated Balance Sheet as at March 31, 2017

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment		3	**40,830.5**	33,803.9	28,623.5
Capital work-in-progress		3	**12,373.6**	8,359.0	3,362.8
Goodwill		4	**4,063.0**	4,063.0	3,884.6
Other intangible assets		5	**3,444.3**	3,930.0	3,222.7
Intangible assets under development		5	**2,207.2**	122.4	124.5
Financial assets	Investments	6(A)	**2,458.5**	1,229.4	643.7
	Trade receivables	7(A)	**–**	–	–
	Loans	8(A)	**57.0**	54.5	55.3
	Other financial assets	9(A)	**751.7**	535.5	386.0
Deferred tax assets (Net)		10(A)	**1,677.6**	2,062.8	2,305.2
Non-current tax assets (Net)		11(A)	**579.8**	447.8	439.4
Other non-current assets		12(A)	**1,989.2**	1,650.2	1,282.7
			70,432.4	56,258.5	44,330.4
CURRENT ASSETS					
Inventories		13	**43,305.4**	40,561.4	35,996.6
Financial assets	Investments	6(B)	**0.2**	0.2	196.4
	Trade receivables	7(B)	**27,653.3**	46,066.8	35,371.5
	Cash and cash equivalents	14(A)	**4,894.4**	7,904.1	4,410.8
	Bank balances other than above	14(B)	**240.4**	98.5	80.1
	Loans	8(B)	**108.9**	103.1	83.6
	Financial assets - receivable from bank	15	**7,388.5**	–	–
	Other financial assets	9(B)	**188.0**	491.8	1,489.2
Current tax assets (Net)		11(B)	**175.1**	42.5	69.7
Other current assets		12(B)	**8,107.6**	7,675.1	6,095.8
			92,061.8	102,943.5	83,793.7
TOTAL			**162,494.2**	159,202.0	128,124.1
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital		16	**585.9**	585.2	292.0
Other equity		17	**93,133.2**	72,287.8	53,564.8
Equity attributable to equity holders of parent company			**93,719.1**	72,873.0	53,856.8
Non-controlling interest			**20.8**	25.5	98.2
			93,739.9	72,898.5	53,955.0
NON-CURRENT LIABILITIES					
Financial liabilities	Borrowings	18(A)	**1,814.0**	7,428.1	13,111.2
	Provisions	19(A)	**224.1**	233.6	241.6
	Deferred tax liabilities (Net)	10(B)	**493.0**	239.6	1.9
			2,531.1	7,901.3	13,354.7
CURRENT LIABILITIES					
Financial liabilities	Borrowings	18(B)	**29,027.2**	36,726.8	24,970.9
	Trade payables	21	**24,882.7**	24,570.3	20,391.7
	Other financial liabilities	22	**10,423.0**	14,950.3	13,142.1
Provisions		19(B)	**634.2**	509.2	384.9
Other liabilities		20	**991.5**	825.5	479.7
Current tax liabilities (Net)		23	**264.6**	820.1	1,445.1
			66,223.2	78,402.2	60,814.4
TOTAL			**162,494.2**	159,202.0	128,124.1
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.

For and on behalf of the Board of Directors of Aurobindo Pharma Limited

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per **Vikas Kumar Pansari**
Partner
Membership No. 93649
Hyderabad, May 29, 2017

N. Govindarajan
Managing Director
DIN: 00050482

Dr. M. Sivakumaran
Director
DIN: 01284320

Santhanam Subramanian
Chief Financial Officer

B. Adi Reddy
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Notes	Year ended March 31, 2017	Year ended March 31, 2016
INCOME	Revenue from operations	24	**150,898.6**	139,552.2
	Other income	25	**1,158.9**	2,038.0
	TOTAL INCOME		**152,057.5**	141,590.2
EXPENSES	Cost of materials consumed	26	**51,849.2**	48,255.6
	Purchase of traded goods		**15,585.4**	14,294.2
	Changes in inventory of finished goods, traded goods and work-in-progress	27	**(3,092.0)**	(928.8)
	Employee benefits expense	28	**17,677.6**	15,426.2
	Depreciation and amortization expense	29	**4,276.3**	3,923.7
	Finance costs	30	**667.2**	2,567.0
	Other expenses	31	**34,535.6**	30,623.8
	TOTAL EXPENSES		**121,499.3**	114,161.7
PROFIT BEFORE SHARE OF PROFIT OF JOINT VENTURES AND TAX			**30,558.2**	27,428.5
	Share of profit of joint ventures		**50.2**	14.5
PROFIT BEFORE TAX			**30,608.4**	27,443.0
TAX EXPENSE	Current tax	32	**6,917.0**	7,106.5
	Tax credit - Minimum Alternate Tax (MAT)		**(642.8)**	–
	Deferred tax		**1,322.3**	100.6
	TOTAL TAX EXPENSE		**7,596.5**	7,207.1
PROFIT ATTRIBUTABLE TO			**23,011.9**	20,235.9
	Equity holders of the parent company		**23,016.6**	20,250.9
	Non-controlling interest		**(4.7)**	(15.0)
PROFIT FOR THE YEAR			**23,016.6**	20,250.9
OTHER COMPREHENSIVE INCOME				
	Items that will not be reclassified to profit or loss in subsequent periods:			
	Re-measurement losses on employee defined benefit plans		**(87.6)**	(22.5)
	Deferred tax		**29.7**	7.8
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (Net of tax)			**(57.9)**	(14.7)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (Net of tax)			**22,958.7**	20,236.2
EARNINGS PER EQUITY SHARE:		35		
	Basic (₹)		**39.33**	34.67
	Diluted (₹)		**39.33**	34.66
	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.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per **Vikas Kumar Pansari**
Partner
Membership No. 93649

Hyderabad, May 29, 2017

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

B. Adi Reddy
Company Secretary

Statement of changes in equity for the year ended March 31, 2017

(All amounts in Indian Rupees million, except share data and where otherwise stated)

A. SHARE CAPITAL

	March 31, 2017	March 31, 2016	April 1, 2015
Equity shares of ₹1 each issued, subsribed and fully paid	**585.9**	585.2	292.0
	585.9	585.2	292.0

B. OTHER EQUITY

	Reserves and surplus						OCI		
	Capital reserve	Capital redemption reserve	Employee stock options outstanding (Refer Note 36)	Securities premium	General reserve	Retained earnings	Foreign currency translation reserve	FVTOCI reserve	Total equity
At April 1, 2015	818.9	90.0	26.4	4,308.6	8,131.6	40,253.5	–	(64.2)	53,564.8
Profit for the year	–	–	–	–	–	20,250.9	–	–	20,250.9
Other comprehensive income (Net of tax)	–	–	–	–	–	–	–	(14.7)	(14.7)
Foreign currency translation adjustment	–	–	–	–	–	–	329.5	–	329.5
Premium on exercise of employee stock options	–	–	–	70.8	–	–	–	–	70.8
Amount utilized towards issue of fully paid bonus shares	–	–	–	(292.0)	–	–	–	–	(292.0)
Share based payment (Refer Note 36)	–	–	(4.2)	–	–	–	–	–	(4.2)
Exercise of share options	–	–	(9.4)	9.4	–	–	–	–	–
Dividend paid	–	–	–	–	–	(1,343.7)	–	–	(1,343.7)
Dividend distribution tax	–	–	–	–	–	(273.6)	–	–	(273.6)
At March 31, 2016	818.9	90.0	12.8	4,096.8	8,131.6	58,887.1	329.5	(78.9)	72,287.8
Profit for the year	–	–	–	–	–	23,016.6	–	–	23,016.6
Premium on exercise of employee stock options	–	–	–	65.9	–	–	–	–	65.9
Other comprehensive income (Net of tax)	–	–	–	–	–	–	–	(57.9)	(57.9)
Foreign currency translation adjustment	–	–	–	–	–	–	(804.4)	–	(804.4)
Share based payment (Refer Note 36)	–	–	(1.4)	–	–	–	–	–	(1.4)
Exercise of share options	–	–	(10.4)	10.4	–	–	–	–	–
Dividend paid	–	–	–	–	–	(1,141.1)	–	–	(1,141.1)
Dividend distribution tax	–	–	–	–	–	(232.3)	–	–	(232.3)
At March 31, 2017	**818.9**	**90.0**	**1.0**	**4,173.1**	**8,131.6**	**80,530.3**	**(474.9)**	**(136.8)**	**93,133.2**

Consolidated Cash Flow Statement for the year ended March 31, 2017

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Year ended March 31, 2017	Year ended March 31, 2016
CASH FLOW FROM			
OPERATING ACTIVITIES	Profit before tax	**30,608.4**	27,443.0
	Adjustment to reconcile profit before tax to net cash flows:		
	Depreciation and amortization	**4,276.3**	3,923.7
	Provision for doubtful receivables/advances/assets (Net)	**–**	467.3
	Balances no longer required written back (Net)	**(83.7)**	(78.7)
	Bad debts/advances written off	**(70.8)**	16.9
	Unrealized foreign exchange (gain)/loss (Net)	**(140.2)**	102.0
	Loss on sale/write-off of fixed assets (Net)	**62.7**	49.9
	Share of profit of joint ventures	**(50.2)**	(14.5)
	Profit on investments (Net)	**–**	(63.8)
	Share based payment	**(1.4)**	(4.2)
	Re-measurement gains/(losses) on employee defined benefit plans	**(87.6)**	(22.5)
	Loss on current investment	**–**	–
	Interest expense	**545.1**	793.1
	Interest income	**(161.5)**	(103.7)
	Dividend income on current investment - trade	**–**	–
	Operating profit before working capital changes	**34,897.1**	32,508.5
	Foreign currency translation adjustments	**(484.3)**	(190.5)
	Movements in working capital:		
	Increase in trade payables	**492.2**	4,451.9
	Increase in inventories	**(2,744.0)**	(4,564.8)
	Decrease/(increase) in trade receivables	**17,728.6**	(11,103.5)
	Increase in other financial assets	**23.3**	831.0
	Increase in current/non-current other assets	**(878.0)**	(1,699.3)
	Increase in financial assets - receivable from bank	**(7,388.5)**	–
	Increase in loans and advances	**(8.3)**	(18.6)
	Increase in provision for retirement benefits	**115.4**	116.3
	Increase in other current liabilities	**166.0**	288.2
	(Decrease)/increase in other financial liabilities	**(1,396.7)**	904.7
	Cash generated from operations	**40,522.8**	21,523.9
	Direct taxes paid (Net of refunds)	**(7,737.0)**	(7,326.3)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**32,785.8**	14,197.6
CASH FLOW USED IN			
INVESTING ACTIVITIES	Purchase of fixed assets, including capital		
	work-in-progress and capital advances	**(16,941.5)**	(14,474.6)
	Proceeds from sale of fixed assets	**95.4**	(1,182.1)
	Amount received on settlement of acquisition of subsidiary	**–**	1,379.6
	Payment for net assets acquired of joint venture	**–**	33.9
	Purchase of non-current investments made in joint ventures	**(1,179.0)**	(571.1)
	Proceeds from sale of current investments (Net)	**–**	260.0
	Interest received	**154.7**	102.2
	Dividend received	**–**	–
Net cash flow used in investing activities (B)		**(17,870.4)**	(14,452.1)

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Year ended March 31, 2017	Year ended March 31, 2016
CASH FLOW FROM			
FINANCING ACTIVITIES	Proceeds from issuance of share capital	**66.6**	72.0
	Proceeds from long-term borrowings	**–**	167.2
	Repayment of long-term borrowings	**(9,132.6)**	(5,875.2)
	(Repayment) of/proceeds from short term borrowings (Net)	**(8,146.5)**	11,741.2
	Interest paid	**(568.3)**	(835.3)
	Dividend	**(1,139.5)**	(1,341.9)
	Tax on dividend	**(232.3)**	(273.6)
Net cash flow (used in)/generated from financing activities (C)		**(19,152.6)**	3,654.4
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(4,237.2)**	3,399.9
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**7,435.0**	4,038.1
	Effect of exchange differences on cash and cash equivalents	**(1.5)**	(3.0)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**3,196.3**	7,435.0
Components of cash and cash equivalents			
Cash on hand		**5.8**	8.1
Balance with banks			
on current account		**4,611.9**	6,625.5
on cash credit account		**(1,666.7)**	492.9
on deposit account		**229.4**	294.1
on unpaid dividend account*		**15.9**	14.4
Cash and cash equivalents considered for cash flows (Refer Note 14)		**3,196.3**	7,435.0
Summary of significant accounting policies (Refer Note 2.3)			
*The Group can utilize these balances only towards settlement of unpaid dividend.			

As per our report of even date.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per **Vikas Kumar Pansari**
Partner
Membership No. 93649

Hyderabad, May 29, 2017

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

B. Adi Reddy
Company Secretary

Notes to Consolidated Financial Statements for the year ended March 31, 2017

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 venture (collectively termed as 'the Consolidated Entities') for the year ended March 31, 2017. 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, Maithri Vihar, 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 - 500 084, India. Its shares are listed on two registered stock exchanges in India.

The Group is principally engaged in manufacturing and marketing of active pharmaceutical ingredients, generic pharmaceuticals and related services. These financial statements were authorized for issue in accordance with the resolution of the Directors on May 29, 2017.

2. Statement of significant accounting policies

2.1. Basis of preparation

The Company's management had previously issued its audited consolidated financial statements for the year ended March 31, 2016 on May 30, 2016 that were prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP').

With effect from April 1, 2016, the Group is required to prepare its consolidated financial statements under the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016. Accordingly, the Company's management has now prepared these consolidated financial statements in compliance with Ind AS. These consolidated financial statements for the year ended March 31, 2017 including comparative information are the first the Company has prepared in accordance with Ind AS. In preparing these consolidated financial statements under Ind AS, the Group's opening consolidated balance sheet was prepared as at April 1, 2015, the date of transition to Ind AS. These consolidated financial statements comprise the Consolidated Balance Sheets as at March 31, 2017 and March 31, 2016, the Opening Consolidated Balance Sheet as at April 1, 2015 (transition date), the Consolidated Statements of Profit and Loss, the Consolidated Statements of Cash Flows and the Consolidated Statements of Changes in Equity for the year ended March 31, 2017 and for the year ended March 31, 2016, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as 'Consolidated Ind AS Financial Statements'). Refer Note 50 for information on how the Company has adopted Ind AS.

The consolidated financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following;

a. financial instruments/financial assets measured at fair value or amortize cost.

b. employee defined benefit assets/ (liability) recognized as the net total of the fair value of plan assets, and actuarial losses/gains, and the present value of define benefit obligation.

c. Investment in joint venture which are accounted for using the equity method.

2.2. Basis of consolidation

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 March 31.

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 recognized 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 or losses resulting from intragroup transactions that are recognized 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:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interests.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized 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.

Group information:

The Consolidated Financial Statements have been prepared on the basis of the financial statements of the following subsidiaries and joint ventures:

Sl. No.	Name of the consolidated entities	Country of incorporation	Nature of interest	% of interest As at March 31, 2017	2016	2015
1.	Actavis France SAS[8]	France	Subsidiary	–	–	100
2.	Agile Pharma B.V.	The Netherlands	Subsidiary	100	100	100
3.	All Pharma (Shanghai) Trading Company Limited	China	Subsidiary	100	100	100
4.	APL Healthcare Limited	India	Subsidiary	100	100	100
5.	APL Holdings (Jersey) Limited[2]	Jersey	Subsidiary	–	–	100
6.	APL IP Company Limited[2]	Jersey	Subsidiary	–	–	100
7.	APL Pharma Thai Limited	Thailand	Subsidiary	97.9	97.9	97.9
8.	APL Research Centre Limited	India	Subsidiary	100	100	100
9.	APL Swift Services (Malta) Limited	Malta	Subsidiary	100	100	100
10.	Arrow Generiques SAS	France	Subsidiary	100	100	100
11.	Aurex B.V. (Formerly Pharmacin B.V.)	The Netherlands	Subsidiary	100	100	100
12.	Auro AR LLC (w.e.f. May 2, 2016)[10]	USA	Subsidiary	100	–	–
13.	Auro Health LLC	USA	Subsidiary	100	100	100
14.	Auro Healthcare (Nigeria) Limited	Nigeria	Subsidiary	100	100	100
15.	Auro Medics Pharma LLC	USA	Subsidiary	100	100	100
16.	Auro Peptides Limited	India	Subsidiary	95	95	95
17.	Auro Pharma Inc.	Canada	Subsidiary	100	100	100
18.	Auro Vaccines LLC (w.e.f. January 27, 2017)[10]	USA	Subsidiary	100	–	–
19.	Aurobindo Antibiotics Limited	India	Subsidiary	100	100	100
20.	Aurobindo Ilac Sanayi ve Ticaret Limited Sirketi	Turkey	Subsidiary	100	100	100
21.	Aurobindo Pharma (Australia) Pty Limited[1]	Australia	Subsidiary	–	–	100
22.	Aurobindo Pharma (Italia) S.r.l.	Italy	Subsidiary	100	100	100
23.	Aurobindo Pharma (Malta) Limited	Malta	Subsidiary	100	100	100

(Contd...)

Sl. No.	Name of the consolidated entities	Country of incorporation	Nature of interest	% of interest As at March 31, 2017	2016	2015
24.	Aurobindo Pharma (Portugal) Unipessoal Lda	Portugal	Subsidiary	100	100	100
25.	Aurobindo Pharma (Pty) Limited	South Africa	Subsidiary	100	100	100
26.	Aurobindo Pharma (Romania) s.r.l.	Romania	Subsidiary	100	100	100
27.	Aurobindo Pharma (Singapore) Pte Limited[4]	Singapore	Subsidiary	–	–	100
28.	Aurobindo Pharma B.V. (Formerly Actavis B.V.)[5]	The Netherlands	Subsidiary	100	100	100
29.	Aurobindo Pharma B.V.[5]	The Netherlands	Subsidiary	–	–	100
30.	Aurobindo Pharma Colombia S.A.S.	Colombia	Subsidiary	100	100	100
31.	Aurobindo Pharma GmbH	Germany	Subsidiary	100	100	100
32.	Aurobindo Pharma Industria Farmaceutica Ltda	Brazil	Subsidiary	99.97	99.97	99.97
33.	Aurobindo Pharma Japan K.K.	Japan	Subsidiary	100	100	100
34.	Aurobindo Pharma NZ Limited[6]	New Zealand	Subsidiary	–	–	100
35.	Aurobindo Pharma Produtos Farmaceuticos Ltda	Brazil	Subsidiary	100	100	100
36.	Aurobindo Pharma USA Inc.	U.S.A.	Subsidiary	100	100	100
37.	Aurobindo Pharma USA LLC (w.e.f. April 14, 2016)[10]	U.S.A.	Subsidiary	100	–	–
38.	Aurogen South Africa (Pty) Limited (w.e.f. January 25, 2017)[10]	South Africa	Subsidiary	100	–	–
39	Aurolife Pharma LLC	U.S.A.	Subsidiary	100	100	100
40.	Auronext Pharma Private Limited[3]	India	Subsidiary	100	100	83.42
41.	Aurovida Farmaceutica S.A. de C.V.	Mexico	Subsidiary	100	100	100
42.	Aurovitas Pharma Polska (w.e.f. March 31, 2017)[10]	Poland	Subsidiary	100	–	–
43.	Aurovitas Spain SA (Formerly Actavis Spain S.A.)	Spain	Subsidiary	100	100	100
44.	Aurovitas Unipessoal LDA	Portugal	Subsidiary	100	100	100
45.	AuroZymes Limited	India	Subsidiary	100	100	100
46.	Curepro Parenterals Limited	India	Subsidiary	100	100	100
47.	Eugia Pharma Specialities Limited	India	Joint Venture	67.82	60	60
48.	Helix Healthcare B.V.	The Netherlands	Subsidiary	100	100	100
49.	Hyacinths Pharma Private Limited	India	Subsidiary	100	100	100
50.	Laboratorios Aurobindo S.L.	Spain	Subsidiary	100	100	100
51.	Milpharm Limited	U.K.	Subsidiary	100	100	100
52.	Natrol LLC	U.S.A.	Subsidiary	100	100	100
53.	Novagen Pharma (Pty) Limited	South Africa	Joint Venture	50	50	50
54.	Pharmacin B.V. (formerly Aurex B.V.)[7]	The Netherlands	Subsidiary	100	100	100
55.	Puren Pharma GmbH & Co., KG (Formerly Actavis Deutschland GmbH & Co., KG)	Germany	Subsidiary	100	100	100
56.	Silicon Life Sciences Private Limited	India	Subsidiary	100	100	100
57.	Tergene Biotech Private Limited (w.e.f. April 1, 2015)	India	Joint Venture	60	60	–
58.	1980 Puren Pharma GmbH (Formerly Actavis Management GmbH)	Germany	Subsidiary	100	100	100

Notes:

1. Liquidated w.e.f. April 10, 2015.
2. Liquidated w.e.f. November 18, 2015.
3. Auronext Pharma Private Limited has become wholly owned subsidiary of Aurobindo Pharma Limited, India w.e.f. September 16, 2015.
4. Liquidated w.e.f. December 31, 2015.
5. Aurobindo Pharma B.V. merged with Actavis B.V. Subsequently the name of Actavis B.V. was changed to Aurobindo Pharma B.V. w.e.f. July 1, 2015.
6. Aurobindo Pharma NZ Limited, New Zealand was liquidated w.e.f. April 10, 2015.
7. Pharmacin B.V. (Formerly known as Aurex B.V.) was incorporated during the financial year 2014-15.
8. Actavis France SAS was merged with Arrow Generiques SAS w.e.f. April 1, 2015.
9. Acquired during the financial year 2015-16.
10. Incorporated during the financial year 2016-17.

The figures for the subsidiaries have been considered from the date of acquisition/incorporation and upto the date of disposal/liquidation as applicable.

2.3. Summary of significant accounting policies

a. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading - Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

b. 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 recognized in OCI or profit or loss are also recognized 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 recognized 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 recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Any goodwill/capital reserve arising in the acquisition/business combination of a foreign operation on or after April 1, 2015 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 (April 1, 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. April 1, 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.

c. 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon by the management after discussion with and approval by the Company's Audit Committee.

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.

d. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group/Consolidated Entities and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group/Consolidated entities 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 recognized:

i. Sale of goods: Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, chargeback, medicaid payments, rebates, shelf stock adjustments, where applicable and recognized based on the terms of the agreements entered into with the customers. Any additional amounts based on the terms of agreements entered into with customers, is recognized in the period when the collectability becomes probable and relaible measure of the same is available. Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty. However, sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

ii. Rendering of services: Revenue from sale of dossiers/licenses/services is recognized in accordance with the terms of the relevant agreements as accepted and agreed with the customers. Revenue from contract research operations is recognized in accordance with the terms of the relevant contracts with customers and when the agreed milestones are achieved, which are substantiated by the performance of related service work.

iii. Interest income: For all debt instruments measured either at amortized cost or at fair value through other comprehensive income(FVTOCI), interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

iv. Dividend income: Revenue is recognized when the Company'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 recognized 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.

e. 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.

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 recognized 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 recognized 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 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 Company 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	25	–
Freehold buildings	5-60	10-60
Plant & equipment	3-20	3-40
Furniture & fixtures	5-10	10
Vehicles	4-8	8
Office equipment	3-10	5

The management based on internal technical assessment has estimated, the useful lives of the following classes of assets which is different from the useful lives prescribed under Schedule II:

- The useful lives of laboratory equipment, electrical installations and equipment and end user devices estimated as 12 years, 15 years and 6 years, respectively. These lives are higher than those indicated in Schedule II.
- Vehicles, plant and machinery, reactors glass line, general plant and machinery, servers and networks and power plant turbine are depreciated over the estimated useful lives of 4 years, 15 years, 12 years, 10 years, 5 years and 20 years, respectively, which are lower than those indicated in Schedule II.

An item of property, plant and equipment and any significant part initially recognized is derecognized 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 derecognized.

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.

For transition to Ind AS, the Group has decided to continue with the carrying value of all of its property, plant and equipment as at April 1, 2015 (transition date) measured as per the previous GAAP and are that carrying value as its deemed cost as of the transition date.

f. 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 amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized 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 amortized but is tested for impairment on a periodic basis and impairment losses are recognized where applicable.

The management has estimated following useful life to amortize intangible assets:

Nature of the assets	Useful life as estimated by the management (in years)
Product development cost	10
Licenses & 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 recognized in the consolidated statement of profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized 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 its ability and intention 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 capitalized include the cost of materials and other costs directly attributable to preparing the assets for its intended use. Other development expenditure are recognized 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 capitalized as per the guidance in Ind AS 38.

Acquired research and development intangible assets that are under development are recognized as intangible assets under development. These assets are not amortized, 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 recognized as an expense in the statement of profit and loss.

Subsequent expenditure on in process research and development project acquired separately and recognized as an intangible asset is:

- recognized as an expense, if it is research expenditure;
- recognized 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 amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the estimated useful lives of the assets or any other basis that reflect the period of expected future benefit. Amortization expense is recognized in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset. The amortization 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 derecognized 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.

g. Government grants and subsidies

Government grants are recognized where 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 recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

h. Inventories

Inventories are valued at lower of cost, calculated on 'Weighted average' basis and net realizable 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 realizable 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.

i. Retirement and other employee benefits

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.

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 recognized 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 recognized in consolidated profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined liability or asset. The Group recognizes 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.

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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized 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.

Deferred tax is provided using the liability 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 recognized 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 recognized 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 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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 realized 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 recognized outside profit or loss is recognized outside consolidated profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/value added taxes paid, except:

- 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 recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- 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 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 fulfillment 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. For arrangements entered into prior to April 1, 2015, the Group/Consolidated entities has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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 is classified as a finance lease. Finance leases are capitalized 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 recognized 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 recognized 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 recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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 recognized 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 recognized over the lease term on the same basis as rental income. Contingent rents are recognized 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 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. Provisions

Provisions are recognized 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 recognized 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 recognized as a finance cost.

n. Cash and cash equivalents

Cash and cash equivalent in the Consolidated balance sheet comprise 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. 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 (equity settlement transactions).

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 recognized, 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 recognized 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 recognized as at the beginning and end of that period and is recognized 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 Parent Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized 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.

The cost of cash settled transactions is measured initially at fair value at the grant date using an appropriate model. The fair value is expensed over the period until the vesting date with recognition of corresponding liability. The liability is remeasured to fair value at each reporting date upto, and including the settlement date, with changes in fair value recognized in employee benefit expense.

p. 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 capitalized 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.

q. 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 recognized 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 recognized 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 recognized 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 recognized. 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 recognized for the asset in prior periods/years. Such reversal is recognized 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 recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

r. 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 recognized 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 recognized on the trade date, i.e. the date that the Group/Consolidated entities commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the 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 P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. 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 P&L.

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 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 recognized 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 recognized 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 derecognized (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 recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the group also recognizes 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 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. Financials assets that are debt instruments, and are measured e.g. loans, debt securities, deposits etc.

ii. Trade receivables that result from transactions that are within the scope of Ind AS 18.

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 recognizes 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 analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of consolidated profit and loss (P&L). This amount is reflected under the head other expenses/other income in the consolidated 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 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 recognized 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:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (FVTPL) 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 P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized 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 amortized cost using the EIR method. Gains and losses are recognized in consolidated profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized 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 amortization is included as finance costs in the consolidated statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group/Consolidated entities are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized 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 recognized 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 Company's senior management determines 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 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 recognized 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
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in P&L.
FVTPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized 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 amortized 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 P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

s. 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 recognized 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 recognized 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.

t. Cash dividend and non cash distribution to equity holders

The Company recognizes a liability to make cash and non cash distribution to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Non cash distribution are measured at fair value of the assets distributed with fair value re-measurement recognized directly in equity.

u. Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from December, 2014. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. The same first time adoption exemption is also used for joint ventures.

Business combinations are accounted for using the Acquisition method. 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 recognized 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 recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized 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 recognized 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 recognized 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 recognized 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 recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

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 recognized in profit or loss. An impairment loss recognized 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 recognized, 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.

v. Investment in joint ventures

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 recognized at cost. The carrying amount of the investment is adjusted to recognize 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 recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized 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 recognizing its share of further losses. Additional losses are recognized 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 recognized.

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 recognize 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 recognizes 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 recognizes 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 recognized in profit or loss.

w. 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 amortized.

x. Standards issued but not yet effective & not early adopted by the Group/ Consolidated entities:

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated. These amendments does not have any recognition or measurement impact but requires additional disclosure to be given by the Company.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Leasehold buildings	Freehold buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total
At cost or valuation									
At April 1, 2015 (Deemed cost)	136.0	1,223.7	175.4	7,693.1	18,649.9	492.6	55.7	197.1	28,623.5
Additions	22.3	1,839.6	138.5	1,024.0	5,112.2	236.3	64.9	72.2	8,510.0
Disposals/adjustments	–	3.0	0.9	6.4	134.4	33.9	6.4	(0.3)	184.7
Additions on acquisition	–	–	–	–	–	–	–	–	–
Other adjustments									
Exchange differences	–	33.6	8.4	122.4	135.3	6.9	–	3.9	310.5
At March 31, 2016	158.3	3,093.9	321.4	8,833.1	23,763.0	701.9	114.2	273.5	37,259.3
Additions	–	1,306.8	14.7	2,126.1	7,070.1	286.9	125.3	73.0	11,002.9
Disposals/Adjustments	–	–	–	0.2	76.5	1.2	10.8	10.9	99.6
Additions on acquisition	–	–	–	–	–	–	–	–	–
Other adjustments									
Exchange differences	–	(19.3)	(15.4)	(41.3)	(80.1)	(4.3)	0.2	(4.3)	(164.5)
At March 31, 2017	**158.3**	**4,381.4**	**320.7**	**10,917.7**	**30,676.5**	**983.3**	**228.9**	**331.3**	**47,998.1**
Depreciation									
Charge for the year	8.5	0.6	10.0	364.5	2,861.6	99.4	33.1	72.4	3,450.1
Disposals/adjustments	–	–	–	–	3.6	–	3.0	–	6.6
Additions on acquisition	–	–	–	–	–	–	–	–	–
Other adjustments									
Exchange differences	–	–	0.2	1.1	9.5	0.5	–	0.6	11.9
At March 31, 2016	8.5	0.6	10.2	365.6	2,867.5	99.9	30.1	73.0	3,455.4
Charge for the year	4.9	1.1	13.9	397.7	3,147.8	114.1	39.9	64.2	3,783.6
Disposals/adjustments	–	–	–	–	21.4	0.1	5.5	0.5	27.5
Additions on acquisition	–	–	–	–	–	–	–	–	–
Other adjustments									
Exchange differences	–	–	(0.9)	(5.3)	(33.7)	(1.9)	–	(2.1)	(43.9)
At March 31, 2017	**13.4**	**1.7**	**23.2**	**758.0**	**5,960.2**	**212.0**	**64.5**	**134.6**	**7,167.6**
Net block									
At March 31, 2016	149.8	3,093.3	311.2	8,467.5	20,895.5	602.0	84.1	200.5	33,803.9
At March 31, 2017	**144.9**	**4,379.7**	**297.5**	**10,159.7**	**24,716.3**	**771.3**	**164.4**	**196.7**	**40,830.5**

Capital work-in-progress ₹12,373.6 (March 31, 2016: ₹8,359.0; March 31, 2015: ₹3,362.8)

1. The title deeds of land and buildings aggregating to ₹166.5 (March 31, 2016: ₹161.9; March 31, 2015: ₹161.9) are pending transfer to the Company's name.
2. Depreciation for the year include ₹4.6 (March 31, 2016: ₹3.3) taken as pre-operative capital expenditure on capital projects pending capitalization.
3. Depreciation for the year include ₹Nil (March 31, 2016: ₹3.4) which has been capitalized.
4. Details of finance lease - Refer Note 33(A).
5. Land of one of the subsidiary to the extent of 100.44 acres amounting to ₹99.0 (March 31, 2016 ₹99.0; March 31, 2015 ₹99.0) has been attached by the Directorate of Enforcement during the financial year 2012-13 in a legal case pertaining to the parent company.
6. For property, plant and equipment existing as at April 1, 2015, i.e. date of transition to Ind AS, the Group has used Indian GAAP carrying values as deemed cost as permitted by Ind AS 101 - First time adoption. Accordingly, the net written down value as per previous GAAP as at April 1, 2015 has been considered as deemed cost under Ind AS.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

			Goodwill on consolidation	Goodwill on acquisition	Total
4.	**GOODWILL**				
	GROSS BLOCK	At April 1, 2015 (Deemed cost)	640.2	3,244.4	3,884.6
		Additions	–	–	–
		Disposals/adjustments	–	–	–
		Additions on acquisition*	178.4	–	178.4
		Other adjustments			
		Exchange differences	–	–	–
		At March 31, 2016	818.6	3,244.4	4,063.0
		Additions	–	–	–
		Disposals/adjustments	–	–	–
		Additions on acquisition	–	–	–
		Other adjustments			
		Exchange differences	–	–	–
		At March 31, 2017	**818.6**	**3,244.4**	**4,063.0**
	AMORTIZATION	Charge for the year	–	–	–
		Disposals/adjustments	–	–	–
		Additions on acquisition	–	–	–
		Other adjustments			–
		Exchange differences	–	–	–
		At March 31, 2016	–	–	–
		Charge for the year	–	–	–
		Disposals/adjustments	–	–	–
		Additions on acquisition	–	–	–
		Other adjustments			–
		Exchange differences	–	–	–
		At March 31, 2017	**–**	**–**	**–**
	NET BLOCK	At March 31, 2016	818.6	3,244.4	4,063.0
		At March 31, 2017	**818.6**	**3,244.4**	**4,063.0**

*Includes ₹Nil (March 31, 2016: ₹178.4) of goodwill arising on acquisition of minority interest of Auronext Pharma Private Limited.

			Brands	Product development cost	Licences and patents	Total
5.	**OTHER INTANGIBLE ASSETS**					
	GROSS BLOCK	At April 1, 2015 (Deemed cost)	1,927.8	13.3	1,281.6	3,222.7
		Additions	–	76.3	959.4	1,035.7
		Disposals/adjustments	–	(29.5)	143.3	113.8
		Additions on acquisition	–	–	–	–
		Other adjustments				
		Exchange differences	115.8	6.3	109.3	231.4
		At March 31, 2016	2,043.6	125.4	2,207.0	4,376.0
		Additions	–	4.9	292.1	297.0
		Disposals/adjustments	–	2.6	131.6	134.2
		Additions on acquisition	–	–	–	–
		Other adjustments				
		Exchange differences	(43.4)	(2.8)	(198.8)	(245.0)
		At March 31, 2017	**2,000.2**	**124.9**	**2,168.7**	**4,293.8**

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Brands	Product development cost	Licences and patents	Total
OTHER INTANGIBLE ASSETS (Contd.)					
AMORTIZATION	Charge for the year	207.7	23.0	249.7	480.4
	Disposals/adjustments	–	(6.4)	50.8	44.4
	Additions on acquisition	–	–	–	–
	Other adjustments				
	Exchange differences	3.0	0.5	6.5	10.0
	At March 31, 2016	210.7	29.9	205.4	446.0
	Charge for the year	212.9	25.4	259.0	497.3
	Disposals/adjustments	–	2.7	45.6	48.3
	Additions on acquisition	–	–	–	–
	Other adjustments				
	Exchange differences	(11.2)	(1.8)	(32.5)	(45.5)
	At March 31, 2017	**412.4**	**50.8**	**386.3**	**849.5**
NET BLOCK	At March 31, 2016	1,832.9	95.5	2,001.6	3,930.0
	At March 31, 2017	**1,587.8**	**74.1**	**1,782.4**	**3,444.3**

Intangible assets under development ₹2,207.2 (March 31, 2016: ₹122.4; March 31, 2015: ₹124.5)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
6. INVESTMENTS			
A. Non current investments			
Investments at fair value through profit and loss - unquoted equity shares			
In joint ventures			
927,236 (March 31, 2016: 927,236, April 1, 2015: 927,236) equity shares of Novagen Pharma (Pty) Limited of no par value	**394.7**	335.4	328.2
198,901,611 (March 31, 2016: 86,004,000; April 1, 2015: 31,500,000) equity shares of Eugia Pharma Specialities Limited of ₹10 each	**1,972.4**	851.3	314.1
3,390,000 (March 31, 2016: 3,390,000; April 1, 2015: ₹Nil) equity shares of Tergene Biotech Private Limited of ₹10 each	**–**	1.3	–
In others			
753 (March 31, 2016: 753, April 1, 2015: 753) equity shares of Jeedimetla Effluent Treatment Limited of ₹100 each	**0.1**	0.1	0.1
103,709 (March 31, 2016: 103,709; April 1, 2015: 103,709) equity shares of Patancheru Envirotech Limited of ₹10 each	**1.0**	1.0	1.0
1,000 (March 31, 2016: 1,000; April 1, 2015: 1,000) equity shares of Progressive Effluent Treatment Limited of ₹100 each	**0.1**	0.1	0.1
TOTAL (A)	**2,368.3**	1,189.2	643.5
Investments at amortized cost - in preference shares			
In joint ventures			
Tergene Biotech Private Limited			
500,000 (March 31, 2016: 400,000; April 1, 2015: ₹Nil) 10.5% Cumulative preference shares of ₹100 each redeemable at par within five years from the date of issue	**90.0**	40.0	–
TOTAL (B)	**90.0**	40.0	–
Investment at amortized cost - in government securities			
National Savings Certificate [includes ₹73,000 held by income tax authorities (March 31, 2016: ₹73,000; April 1, 2015: ₹73,000)]	**0.2**	0.2	0.2
TOTAL (C)	**0.2**	0.2	0.2
TOTAL (A+B+C)	**2,458.5**	1,229.4	643.7
Aggregate value of unquoted investments	**2,458.5**	1,229.4	643.7

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
INVESTMENTS *(Contd.)*			
B. Current investments			
Unquoted - at fair value through profit and loss			
70,000 (March, 2016: 70,000; April 1, 2015: 70,000) shares of			
Citadel Aurobindo Biotech Limited of ₹100 each			
[Aggregate provision for diminution in value of ₹7.0			
(March 31, 2016: ₹7.0; April 1, 2015: ₹7.0)]	**–**	–	–
Nil (March, 2016: Nil; April 1, 2015: 10%) of paid-in-capital of Sino-Pharma			
Group Weiqida Zhong Khag Pharma Company Limited	**–**	–	196.2
Quoted - at fair value through profit and loss			
4,520 (March, 2016: 4,520; April 1, 2015: 4,520) equity shares of			
Andhra Bank of ₹10 each	**0.2**	0.2	0.2
	0.2	0.2	196.4
Aggregate value of unquoted investments	**–**	–	196.2
Aggregate value of quoted investments	**0.2**	0.2	0.2
Market value of quoted investments	**0.2**	0.2	0.2
Aggregate amount of impairment in value of investments	**7.0**	7.0	7.0
7. TRADE RECEIVABLES			
(Unsecured, considered good unless stated otherwise)			
A. Non-current			
Doubtful	**175.7**	143.8	32.2
	175.7	143.8	32.2
Allowance for doubtful debts	**(175.7)**	(143.8)	(32.2)
	–	–	–
B. Current			
Considered good	**27,653.3**	46,066.8	35,371.5
Doubtful	**1,059.9**	1,230.5	847.8
	28,713.2	47,297.3	36,219.3
Allowance for doubtful debts	**1,059.9**	1,230.5	847.8
	27,653.3	46,066.8	35,371.5
8. LOANS			
(Unsecured, considered good unless stated otherwise)			
A. Non-current			
Loans to employees	**57.0**	54.5	55.3
	57.0	54.5	55.3
B. Current			
Loans to employees	**108.9**	103.1	83.6
	108.9	103.1	83.6

(All amounts in Indian Rupees million, except share data and where otherwise stated)

			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
9.	**OTHER FINANCIAL ASSETS**				
	(Unsecured, considered good unless stated otherwise)				
	A.	**Non-current**			
		Security deposit			
		Considered good*	**690.9**	485.4	368.7
		Doubtful	**0.4**	0.4	0.4
			691.3	485.8	369.1
		Provision for doubtful deposit	**0.4**	0.4	0.4
			690.9	485.4	368.7
		Other non-current bank balances [Refer Note 14(B)]	**60.8**	50.1	17.3
			751.7	535.5	386.0
		*Non-current deposits includes restricted deposits pledged with Enforcement Directorate ₹32.6 (March 31, 2016: 32.6; April 1, 2015: 32.6)			
	B.	**Current**			
		Security deposit	**59.2**	63.9	7.3
		Foreign exchange forward contracts	**94.8**	24.0	–
		Interest accrued on deposits	**34.0**	27.1	25.6
		Receivables - others	**–**	376.8	1,456.3
			188.0	491.8	1,489.2
10.	**DEFERRED TAX ASSETS AND LIABILITIES (Net)**				
	A.	**Deferred tax assets (Net)**			
		Business loss and unabsorbed depreciation carried forward	**101.6**	0.9	1.0
		Provisions	**0.7**	242.2	206.0
		Unused tax credits	**30.1**	2,223.6	2,610.1
		Receivables, financial assets at amortized cost	**–**	244.0	79.5
		Property plant and equipment	**(21.2)**	(2,611.1)	(2,388.9)
		Inventories	**1,566.4**	1,963.2	1,751.7
		Others	**–**	–	45.8
			1,677.6	2,062.8	2,305.2
	B.	**Deferred tax liabilities (Net)**			
		Property, plant and equipment	**3,792.8**	450.5	1.9
		Business loss and unabsorbed depreciation carried forward	**–**	(210.9)	–
		Receivables, financial assets at amortized cost	**(207.4)**	–	–
		Provisions	**(275.7)**	–	–
		Unused tax credits	**(2,836.3)**	–	–
		Others	**19.6**	–	–
			493.0	239.6	1.9
11.	**TAX ASSETS (Net)**				
	A.	**Non-current**			
		Advance income-tax (Net of provision for taxation)	**579.8**	447.8	439.4
			579.8	447.8	439.4
	B.	**Current**			
		Advance income-tax (Net of provision for taxation)	**175.1**	42.5	69.7
			175.1	42.5	69.7
		Refer Note 32 for details of income tax expense			

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
12. OTHER ASSETS			
(Unsecured, considered good unless stated otherwise)			
A. Non-current			
Export incentives receivable	**463.3**	272.3	285.1
Export rebate claims receivable	**288.8**	–	–
Capital advances			
Considered good	**1,014.9**	1,181.8	772.4
Doubtful	**0.8**	0.8	0.8
	1,015.7	1,182.6	773.2
Provision for doubtful advances	**0.8**	0.8	0.8
	1,014.9	1,181.8	772.4
Advances other than capital advances			
Considered good	**18.0**	21.9	24.6
Doubtful	**30.1**	30.1	30.1
	48.1	52.0	54.7
Provision for doubtful advances	**30.1**	30.1	30.1
	18.0	21.9	24.6
Share application money to others	**–**	–	33.9
Balances with statutory/government authorities			
Considered good	**204.2**	174.2	166.7
Doubtful	**38.1**	38.1	38.1
	242.3	212.3	204.8
Provision for doubtful advances	**38.1**	38.1	38.1
	204.2	174.2	166.7
	1,989.2	1,650.2	1,282.7
B. Current			
Advances other than capital advances			
Considered good	**2,782.9**	1,881.5	1,888.3
Doubtful	**8.7**	9.4	7.2
	2,791.6	1,890.9	1,895.5
Provision for doubtful advances	**8.7**	9.4	7.2
	2,782.9	1,881.5	1,888.3
Export rebate claims receivable	**828.6**	2,038.0	1,805.2
Insurance claim receivable	**–**	0.1	92.7
Assets held for sale	**60.3**	–	83.2
Export incentives receivable			
Considered good	**2,441.0**	2,177.7	710.0
Doubtful	**44.8**	44.8	–
	2,485.8	2,222.5	710.0
Provision for doubtful receivables	**44.8**	44.8	–
	2,441.0	2,177.7	710.0
Balances with statutory/government authorities	**1,994.8**	1,577.8	1,516.4
	8,107.6	7,675.1	6,095.8

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
13.	**INVENTORIES**			
	(Valued at lower of cost and net realizable value)			
	Raw materials	**15,201.0**	14,905.5	12,313.7
	Packing materials	**1,991.5**	1,383.2	1,616.2
	Work-in-progress	**8,626.7**	9,246.6	7,616.8
	Finished goods	**3,186.8**	7,817.2	7,065.5
	Trading goods	**13,027.5**	5,895.8	6,229.3
	Stores, spares and consumables	**1,271.9**	1,313.1	1,155.1
		43,305.4	40,561.4	35,996.6
	Details of material in transit (included above)			
	Raw materials	**665.9**	228.6	334.0
	Finished goods	**80.6**	176.9	322.1
14.	**CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES**			
	A. Cash and cash equivalents			
	Cash on hand	**5.8**	8.1	7.9
	Balances with banks:			
	On current accounts	**4,611.9**	6,625.5	4,221.3
	On cash credit accounts	**31.4**	962.0	15.3
	On unpaid dividend account	**15.9**	14.4	12.5
	On deposit accounts - with orginal maturity of less than 3 months	**229.4**	294.1	153.8
		4,894.4	7,904.1	4,410.8
	B. Other bank balances			
	Balances with banks - deposits with maturity less than 12 months	**240.4**	98.5	80.1
	Margin money deposits - given against bank guarantees/performance guarantees	**60.8**	50.1	17.3
		301.2	148.6	97.4
	Amount disclosed under non-current financial assets [Refer Note 9(A)]	**(60.8)**	(50.1)	(17.3)
		240.4	98.5	80.1
	C. For the purpose of statement of cash flows, cash and cash equivalents comprise of following:			
	Cash and cash equivalents as above	**4,894.4**	7,904.1	4,410.8
	Less: Bank overdraft [Refer Note 18(B)]	**(1,698.1)**	(469.1)	(372.7)
		3,196.3	7,435.0	4,038.1
	D. Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016			
		SBN*	**Other denominations**	**Total**
	Closing cash on hand - November 8, 2016	**2.7**	**4.1**	**6.8**
	Add: Permitted receipts	**–**	**1.2**	**1.2**
	Add: Withdrawal from bank	**–**	**0.9**	**0.9**
	Less: Permitted payments	**–**	**2.3**	**2.3**
	Less: Amount deposited into bank	**2.7**	**0.6**	**3.3**
	Closing cash on hand - December 30, 2016	**–**	**3.3**	**3.3**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs Number S.O.3407(E), dated November 8, 2016.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
15. FINANCIAL ASSETS - RECEIVABLE FROM BANK			
Receivables - From bank*	**7,388.5**	–	–
	7,388.5	–	–

* During the current year, a wholly owned subsidiary of the Group executed an agreement with bankers to establish an accounts receivable securitization program. Under the program, the Company sells, on an ongoing basis and without recourse, eligible accounts receivables up to limited as agreed to the bankers, who is conveyed the right to the proceeds of subsequent collection from such customers. On sale of eligible receivables, the rights to collection are separate and disctinct from those embodied in the Group's assets. These assets are unavailable to the Group or the Group's creditors in case of insolvency and all rights ensuing from the sale of securitized receivables, including the right to pledge or exchange the assets are with the bankers. These receivables which have been contractually sold but not yet funded by bankers has been fair valued and disclosed as other receivables in the financial statements. The same is subject to normal conditions, availability of proceeds and serve as collateral under the agreement.

16. EQUITY SHARE CAPITAL	**March 31, 2017**	March 31, 2016	April 1, 2015
a. Authorized Share Capital			
660,000,000 (March 31, 2016: 660,000,000; April 1, 2015: 660,000,000)			
equity shares of ₹1 each	**660.0**	660.0	660.0
1,000,000 (March 31, 2016: 1,000,000; April 1, 2015: 1,000,000)			
preference shares of ₹100 each	**100.0**	100.0	100.0
	760.0	760.0	760.0

b. Issued, subscribed and fully paid-up equity shares

	Equity shares	
	Numbers	Value
As at April 1, 2015	291,982,275	292.0
Issued during the year under bonus issue	291,982,275	292.0
Issued during the year under Employee Stock Option Plan (ESOP)	1,205,036	1.2
As at March 31, 2016	585,169,586	585.2
Issued during the year under Employee Stock Option Plan (ESOP)	712,823	0.7
As at March 31, 2017	**585,882,409**	**585.9**

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. For the year ended March 31, 2017, the amount of dividend per share declared as distribution to equity shareholders was ₹ 2.50 (March 31, 2016: ₹2.50). Refer Note 17(c) for details of dividend declared/recognized in the consolidated financial statement.

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.

d. Details of shareholders holding more than 5% equity shares in the Company

	As at April 1, 2015	
	Numbers	% holding
Mrs. P. Suneela Rani	100,661,990	34.48%
	As at March 31, 2016	
	Numbers	% holding
Mrs. P. Suneela Rani	205,036,760	35.04%
	As at March 31, 2017	
	Numbers	**% holding**
RPR Sons Advisors Private Limited & Mrs. P. Suneela Rani (Joint holders)	**196,376,250**	**33.52%**

As per records of the parent company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownership of shares and beneficial ownership is with RPR Enterprises, a partnership firm.

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

EQUITY SHARE CAPITAL (Contd.)

e. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date:

Equity shares allotted as fully paid bonus shares by capitalization of securities premium	Numbers
March 31, 2017	–
March 31, 2016	291,982,275
March 31, 2015	–
March 31, 2014	–
March 31, 2013	–

f. For details of shares reserved for issue under Employee Stock Option Plan (ESOP) of the Company, Refer Note 36.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
17. OTHER EQUITY			
Capital reserve	**818.9**	818.9	818.9
Capital redemption reserve	**90.0**	90.0	90.0
Stock options outstanding	**1.0**	12.8	26.4
Securities premium account	**4,173.1**	4,096.8	4,308.6
General reserve	**8,131.6**	8,131.6	8,131.6
Foreign currency translation reserve	**(474.9)**	329.5	–
Net surplus in the consolidated statement of profit and loss	**80,530.3**	58,887.1	40,253.5
Other comprehensive income	**(136.8)**	(78.9)	(64.2)
	93,133.2	72,287.8	53,564.8
a. For details of stock options Refer Note 36.			
b. The disaggregation of changes in reserves and surplus and OCI are disclosed in statement of changes in equity.			
c. The detailes of distribution of dividend made and proposed are as under:			
Cash dividends on equity shares declared and paid during the year			
Interim dividend for the year ended March 31, 2017: ₹1.95 per share (March 31, 2016: ₹2.80 per share)	**1,141.1**	1,343.7	
Dividend distribution tax on interim dividend	**232.3**	273.6	
	1,373.4	1,617.3	
Proposed dividend on equity shares declared at year end*			
Interim dividend for the year ended March 31, 2017 ₹1.25 per share (March 31, 2016 ₹0.70 per share)	**732.4**	409.6	
Dividend distribution tax on final dividend	**149.1**	83.4	
	881.5	493.0	

* Under Ind AS dividend is recognized as a liability in the period in which it is declared by the parent company. Accordingly, the above dividend and dividend distribution tax has not been recognized in the consolidated financial statements for the year ended March 31.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
18. BORROWINGS			
A. Non-current borrowings			
Term loans from banks (Secured)			
Term loans - Foreign currency	**1,775.9**	3,801.0	7,231.9
Term loans from banks (Unsecured)			
Term loans - Foreign currency	**38.1**	3,367.3	5,462.4
Other loans (Unsecured)			
Long term maturities of deferred sales tax loan	**–**	259.8	416.9
	1,814.0	7,428.1	13,111.2

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
BORROWINGS (Contd.)			
B. Current borrowings			
Term loans from banks			
Current maturities of term loans (Secured)	**1,884.6**	4,100.4	3,899.2
Current maturities of term loans (Unsecured)	**915.6**	1,995.4	1,843.9
Other loans			
Current mauturities of deferred sales tax loan (Unsecured)	**–**	160.0	132.0
Loans repayable on demand from banks - Working capital loans			
Cash credit facilities (Secured)	**1,698.1**	469.1	372.7
Working capital demand loan (Unsecured)	**750.0**	–	–
Buyers credit (Unsecured)	**–**	–	784.6
Packing credit loans (Secured)	**347.1**	2,490.9	8,259.0
Packing credit loans (Unsecured)	**24,100.3**	22,785.7	12,677.4
Bill discounting facility (Secured)	**702.3**	6,257.7	553.1
Bill discounting facility (Unsecured)	**18.6**	2,186.7	1,316.2
Short term loans (Secured)	**–**	1,632.0	–
Short term loans from banks (Unsecured)	**1,410.8**	904.7	1,007.9
	31,827.4	42,982.6	30,846.0
Amount disclosed under the head Other financial liabilities (Refer Note 22).	**(2,800.2)**	(6,255.8)	(5,875.1)
	29,027.2	36,726.8	24,970.9
C. Details of secured and unsecured borrowings			
Secured borrowings	**6,408.0**	18,751.1	20,315.9
Unsecured borrowings	**27,233.4**	31,659.6	23,641.3
	33,641.4	50,410.7	43,957.2

D. Terms of borrowings

Balance as at March 31, 2017	Balance as at March 31, 2016	Balance as at April 1, 2015	Rate of interest	Terms of borrowing
Foreign currency borrowings (Secured)				
3,026.4	7,067.2	10,208.3	Libor plus 1% to 1.5% (March 31, 2016: Libor plus 1% to 1.5%; April 1, 2015: Libor plus 2% to 2.5%	Out of these loans, loans amounting to ₹540.5 are repayable in one equal installments in 6th year from the respective final draw down, and loans amounting to ₹648.5 is repayable at the end of 4th, 5th and 6th years from the respective final draw down.(i)
625.3	674.7	677.1	Libor plus 1% (March 31, 2016: Libor plus 0.9%; April 1, 2015: Libor plus 3%)	Payable in monthly equal installments over a period of 6 years.(ii)
–	1.2	13.9	4.60%	Payable in monthly equal installments over a period of 5 years.(ii)
–	13.9	38.7	3.86%	Payable in monthly equal installments over a period of 5 years.(ii)
–	5.6	12.2	3.92%	Payable in monthly equal installments over a period of 5 years.(ii)
–	32.0	37.7	4.10%	Payable in monthly equal installments over a period of 7 years.(ii)
–	57.2	65.1	4.69%	Payable in monthly equal installments over a period of 7 years.(ii)
7.3	12.4	–	3.60%	Payable in monthly equal installments over a period of 3 years.(iii)
1.5	2.1	–	2.076%	Payable in monthly equal installments over a period of 6 years.(iii)
–	35.1	78.1	6 months Libor plus 5%	Payable in seven quarterly installments.
Foreign currency borrowings (Unsecured)				
953.7	3,507.6	3,750.0	Libor plus 1.05%	Repayable in equal quarterly installments upto December 2019.
–	1,855.1	2,750.0	Libor plus 1.25%	Repayable in equal quarterly installments upto December 2017. The same has been repaid in current year
–	–	806.3	1 month EUR Libor plus 1.35%	Repayable over a period of 3 years.
Other loans (Unsecured)				
–	419.8	548.9	–	Payable in various installments as per sales tax deferment scheme. During the current year, the parent company has repaid the entire amount of deferred sales tax loan.

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

BORROWINGS (Contd.)

i. These loans are secured by first *pari passu* charge on all the present and future fixed assets, both movable and immovable property of the parent company.

ii. These loans are secured by property, fixed assets, inventory and trade receivable of Aurolife Pharma LLC, Aurobindo Pharma USA Inc and Auromedics Pharma LLC.

iii. These loans are secured by equipments of Aurolife Pharma LLC , Aurobindo Pharma USA Inc and Auromedics Pharma LLC.

iv. Secured loans repayable on demand amounting to ₹2,747.6 (March 31, 2016: ₹9,217.7, April 1, 2015: ₹9,184.8) are secured by first charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) of the parent company.

v. Secured loans repayable on demand amounting to ₹Nil (March 31, 2016: ₹1,632.0, April 1, 2015: ₹Nil) are secured by first charge by way of hypothecation of all the stocks and book debts (both present and future) of Aurolife Pharma LLC, Aurobindo Pharma USA Inc and Auromedics Pharma LLC.

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
19.	**PROVISIONS**			
	A. Non current provisions			
	For employee benefits			
	Gratuity [Refer Note 37(b)]	**221.0**	231.0	241.5
	Compensated absences	**3.1**	2.6	0.1
		224.1	233.6	241.6
	B. Current provisions			
	For employee benefits			
	Gratuity [Refer Note 37(b)]	**66.0**	65.8	30.5
	Compensated absences	**568.2**	443.4	354.4
		634.2	509.2	384.9
20.	**OTHER LIABILITIES**			
	Advances from customers	**373.3**	57.3	44.6
	Statutory liabilities	**580.5**	731.5	412.3
	Other payables	**37.7**	36.7	22.8
		991.5	825.5	479.7
21.	**TRADE PAYABLES**			
	Trade payables for supplies and services	**24,882.7**	24,570.3	20,391.7
		24,882.7	24,570.3	20,391.7
	a. Trade payable are non interest bearing and normally settled between credit period of 30 to 270 days.			
	b. Refer Note 48 for the Company's credit risk management process.			
22.	**OTHER FINANCIAL LIABILITIES** (at amortized cost)			
	Current maturities of long-term borrowings [Refer Note 18(B)]	**2,800.2**	6,255.8	5,875.1
	Payables for capital goods	**1,854.2**	1,507.6	944.5
	Security deposits	**1.5**	32.0	9.8
	Unclaimed dividend	**15.9**	14.4	12.5
	Interest accrued but not due on borrowings	**22.0**	45.2	87.4
	Others	**5,729.2**	7,095.3	6,212.8
		10,423.0	14,950.3	13,142.1
23.	**CURRENT TAX LIABILITIES**			
	Provision for income tax (Net of advance tax)	**264.6**	820.1	1,445.1

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Year ended March 31, 2017	Year ended March 31, 2016
24.	**REVENUE FROM OPERATIONS**		
	Sale of products (including excise duty)	**147,916.6**	136,835.4
	Sale of services	**531.3**	262.0
	Other operating revenue		
	Scrap sales	**87.6**	78.9
	Export incentives	**2,363.1**	2,375.9
		150,898.6	139,552.2
25.	**OTHER INCOME**		
	Interest income on financial assets (carried at amortized cost)		
	Bank deposits	**60.8**	12.5
	Other deposits and receivables	**100.7**	91.2
	Dividend income on investments (carried at fair value through profit or loss)	**–**	–
	Bad debts recovered from trade receivables (Net)	**70.8**	–
	Foreign exchange gain (Net)	**620.5**	1,336.7
	Profit on investments (Net)	**–**	63.8
	Commission income	**67.1**	35.5
	State subsidy received	**–**	215.2
	Miscellaneous income	**239.0**	283.1
		1,158.9	2,038.0
26.	**COST OF MATERIALS CONSUMED**		
	Raw material consumed		
	Opening stock	**14,905.5**	12,313.7
	Add: Purchases	**46,958.5**	45,244.4
		61,864.0	57,558.1
	Less: Closing stock	**15,201.0**	14,905.5
	Cost of raw material consumed	**46,663.0**	42,652.6
	Adjustment for fluctuation in exchange rates	**(51.7)**	92.9
	Packing materials consumed	**5,237.9**	5,510.1
		51,849.2	48,255.6
27.	**CHANGES IN INVENTORY OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS**		
	Inventories at the beginning of the year		
	Traded goods	**5,895.8**	6,229.3
	Work-in-progress	**9,246.6**	7,616.8
	Finished goods	**7,817.2**	7,065.5
		22,959.6	20,911.6
	Inventories at the end of the year		
	Traded goods	**13,027.5**	5,895.8
	Work-in-progress	**8,626.7**	9,246.6
	Finished goods	**3,186.8**	7,817.2
		24,841.0	22,959.6
		(1,881.4)	(2,048.0)
	On account of stock write off	**221.2**	247.3
	Adjustment for fluctuation in exchange rates	**989.4**	(1,366.5)
		(3,092.0)	(928.8)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Year ended March 31, 2017	Year ended March 31, 2016
28.	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages and bonus	**15,411.9**	13,419.0
	Contribution to provident and other funds	**692.8**	624.1
	Retirement benefits [Refer Note 37(b)]	**316.6**	266.1
	Staff welfare expenses	**1,256.1**	1,122.5
	Share based payments	**0.2**	(5.5)
		17,677.6	15,426.2
29.	**DEPRECIATION AND AMORTIZATION EXPENSE**		
	Depreciation of tangible assets	**3,779.0**	3,443.3
	Amortization of intangible assets	**497.3**	480.4
		4,276.3	3,923.7
30.	**FINANCE COSTS**		
	Interest	**545.1**	793.1
	Bank charges	**122.1**	133.5
	Exchange difference to the extent considered as an adjustment to borrowing costs	**–**	1,640.4
		667.2	2,567.0
31.	**OTHER EXPENSES**		
	Conversion charges	**342.5**	430.0
	Consumption of stores and spares	**1,554.3**	1,440.6
	Chemicals consumed	**1,893.8**	1,711.4
	Power and fuel	**4,371.4**	4,192.6
	Carriage inward	**642.5**	692.0
	Factory maintenance	**349.2**	312.4
	Effluent treatment expenses	**182.9**	137.1
	Excise duty on sales	**1,803.2**	1,605.7
	Excise duty on changes in inventories	**5.3**	12.1
	Repairs and maintenance		
	i. Plant and machinery	**995.6**	829.0
	ii. Buildings	**506.1**	312.4
	iii. Others	**155.7**	160.7
	Rent [Refer Note 33(A)]	**773.1**	593.0
	Rates and taxes	**612.7**	444.8
	Printing and stationery	**155.2**	153.5
	Postage and telephones	**225.0**	194.7
	Insurance	**415.7**	418.3
	Legal and professional charges	**2,883.1**	2,343.2
	Directors sitting fees	**1.9**	2.7
	Remuneration to auditors	**15.6**	17.6
	Sales commission	**820.1**	737.4
	Carriage outwards	**4,405.5**	4,377.6
	Selling expenses	**5,435.8**	3,426.5
	Rebates and discounts	**371.7**	229.9
	Travelling and conveyance	**563.8**	593.9
	Vehicle maintenance expenses	**154.9**	113.2

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
OTHER EXPENSES (Contd.)		
Analytical charges	**915.2**	762.3
Bad debts/advances written off	**–**	16.9
Donations	**9.4**	4.9
Registration, license and filing charges	**1,648.3**	1,998.0
Product development expenses	**165.8**	150.6
Product destruction expenses/stock written off	**221.2**	247.3
Software license and implementation expenses	**130.0**	104.1
Provision for doubtful receivables/advances/assets (Net)	**–**	467.3
Loss on sale/write-off of fixed assets (Net)	**62.7**	49.9
Loss on current investment	**–**	0.1
Corporate Social Responsibility (CSR) expenditure (Refer Note below)	**193.6**	187.6
Miscellaneous expenses	**1,552.8**	1,152.5
	34,535.6	30,623.8
Details of CSR expenditure		
a. Gross amount required to be spent by the Company during the year	**424.5**	282.2

	in cash	Yet to be paid in cash	Total
b. Amount spent during the year ending on March 31, 2017:	in cash	Yet to be paid in cash	Total
i. Construction/acquisition of any asset	–	–	–
ii. On purposes other than (i) above	193.6	–	193.6
c. Amount spent during the year ending on March 31, 2016:			
i. Construction/acquisition of any asset	–	–	–
ii. On purposes other than (i) above	187.6	–	187.6

	Year ended March 31, 2017	Year ended March 31, 2016
32. INCOME TAX		
The major components of income tax expense for the year ended March 31, 2017 and March 31, 2016 are		
Statement of profit and loss		
Current income tax charge	**6,917.0**	7,106.5
Deferred tax and tax credit - relating to origination and reversal of temporary differences	**679.5**	100.6
	7,596.5	7,207.1
Other comprehensive income		
Deferred tax - net loss on remeasurements of defined benefit plans	**29.7**	7.8
	29.7	7.8
Reconciliation of effective tax rate		
Profit before tax	**30,608.4**	27,443.0
Enacted tax rate in India	**34.608%**	34.608%
Tax at statutory tax rate	**10,592.9**	9,497.5
Other than temporary differences		
Expenses disallowed under Income Tax Act		
Weighted deduction allowed for research and development expenditure	**(1,299.8)**	(1,007.6)
Differences in tax rate	**(39.7)**	(205.1)
Income exempted from tax	**(1,313.4)**	(1,482.3)
Unrecognized taxes	**171.3**	202.6
Others	**(514.9)**	202.0
TOTAL	**(2,996.4)**	(2,290.4)
Income tax expense	**7,596.5**	7,207.1
Effective tax rate	**24.818%**	26.262%

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

a. During the year ended March 31, 2017 and March 31, 2016 the Group 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.

b. Deferred taxes has not been recognized on undistributed earnings of subsidiaries or 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 recognized on deductible temporary differences, where the Group believes that availability of taxable profits against which such temporary differences can be utilized, is not probable.

33. COMMITMENTS AND CONTINGENCIES

A. Leases

a. Operating lease commitments - Company 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 recognized in the consolidated statement of profit and loss is ₹773.1 (March 31, 2016: ₹593.0). The Group has not recognized 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 5 months (March 31, 2016: 17 months; April 1, 2015: 29 months). The lease includes an escalation clause in the lease agreement. Future minimum lease rentals under non cancellable operating leases are as follows:

		March 31, 2017	March 31, 2016	April 1, 2015
a.	Within one year	**21.1**	42.3	40.3
b.	After one year and not more than three years	**–**	18.0	60.3

b. Finance lease

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 ₹297.5 (March 31, 2016: ₹311.2; April 1, 2015: ₹175.4).

B. Capital and other commitments

	March 31, 2017	March 31, 2016	April 1, 2015
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	**6,528.1**	3,478.4	3,771.9
Export commitment against import of machinery without duty	**–**	147.1	49.8

34. CONTINGENT LIABILITIES

	March 31, 2017	March 31, 2016	April 1, 2015
Outstanding bank guarantees	**891.1**	1,015.8	722.2
Claims arising from disputes not acknowledged as debts - indirect taxes (excise duty, VAT and service tax)*#	**342.0**	296.2	772.1
Claims arising from disputes not acknowledged as debts - direct taxes*	**586.3**	308.8	308.8
Claims against the Group not acknowledged as debts - other duties/claims*^	**150.3**	150.3	150.3

* 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.

Excludes ₹13.4 (March 31, 2016: ₹13.4; April 1, 2015; ₹152.0) where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. All these cases are under litigation and are pending with various authorities, expected timing of resulting outflow of economic benefits cannot be specified.

^ The Group is involved in disputes, claims, governmental and/or regulatory inspection, inquires, including patents and commercial maters 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 likelihood of any loss is not probable.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

35. EARNINGS PER EQUITY SHARE

The following reflects the income and share data used in the computation of basic and diluted earnings per share:

	March 31, 2017	March 31, 2016
Earnings		
Consolidated profit attributable to equity holders of the parent company	23,016.6	20,250.9
Shares		
Weighted average number of equity shares considered for calculation of		
basic earnings per share (a)*	585,213,641	584,157,080
Effect of dilution on account of Employee Stock Options granted (b)*	9,782	162,549
Weighted average number of equity shares considered for calculation of		
diluted earnings per share (a+b)*	585,223,423	584,319,629
*Adjusted for bonus issue		
Earnings per share of face value ₹1		
Basic (₹)	39.33	34.67
Diluted (₹)	39.33	34.66

36. 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 September 18, 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 October 30, 2006; July 31, 2007; October 31, 2007; December 16, 2011; June 19, 2012; January 9, 2013; January 28, 2013 and August 9, 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 summarized below:

Grant	Grant date	Number of options granted*	Exercise price*	Weighted average fair value of option at grant date*
1st Grant	October 30, 2006	175,000	60.35	73.10
2nd Grant	July 31, 2007	25,000	66.18	78.82
3rd Grant	October 31, 2007	90,000	57.25	68.18
4th Grant	December 16, 2011	1,753,800	45.80	54.35
5th Grant	June 19, 2012	300,000	53.03	57.42
6th Grant	January 9, 2013	500,000	100.35	119.22
7th Grant	January 28, 2013	1,483,170	93.70	111.32
8th Grant	August 9, 2013	57,000	80.65	96.30

*Adjusted for bonus issue.

The details of activity under the Scheme ESOP 2006 are summarized below:

	March 31, 2017	March 31, 2016
Options outstanding at the beginning of the year	1,027,120	1,556,145
Additional options on adjustment of bonus issue @1:1 on July 22, 2015	–	1,143,470
Vested/exercisable during the year	638,932	1,497,564
Exercised during the year	712,823	1,205,036
Forfeited during the year subject to reissue	258,078	467,459
Options outstanding at end of the year	56,219	1,027,120
Exercisable at the end of the year	27,719	987,120
Weighted average exercise price for all the above options (₹)	88.76	60.27
Weighted average fair value of options at the date of grant (₹)	105.63	71.57

(All amounts in Indian Rupees million, except share data and where otherwise stated)

The details of share options outstanding are summarized below:

	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)
As at March 31, 2017	99 to 109	56,219	2.23
As at March 31, 2016	54 to 112	1,027,120	3.41

The following table lists the assumptions used for the plan:

	March 31, 2017			
Grant	**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**

	March 31, 2016			
Grant	Dividend yield %	Expected volatility %	Risk-free interest rate %	Expected life of options granted in years
4th Grant	0.86	4.32	8	4
7th Grant	0.80	0.31	8	4
8th Grant	0.61	0.31	8	4

37. 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:

	March 31, 2017	March 31, 2016
Provident fund contribution recognized as expense in the Consolidated Statement of Profit and Loss	**260.4**	225.1

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.

The plan is funded with Life Insurance Corporation in the form of a qualifying insurance policy. The following tables summarize the components of net benefit expense recognized in the consolidated statement of profit and loss, the fund status and amounts recognized in the Consolidated balance sheet:

	March 31, 2017	March 31, 2016
Net employee benefit expense (included under employee benefit expenses)		
Current service cost	**114.4**	94.0
Interest on defined benefit liability	**18.1**	18.7
Net employee benefit expenses*	**132.5**	112.7
*Includes ₹10.9 (March 31, 2016: ₹6.5) transferred to capital work-in-progress		
Details of the employee benefits obligations and plan assets are as follows:		
Present value of funded obligation	**818.3**	618.1
Fair value of plan assets	**544.7**	340.5
Net defined benefit liability	**273.6**	277.6

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	March 31, 2017	March 31, 2016
Details of changes in present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	618.1	503.4
Current service cost	114.4	94.0
Interest on defined benefit obligation	47.9	38.6
Benefits paid	(47.3)	(40.0)
Remeasurement due to:		
Actuarial loss arising from changes in experience	14.4	11.9
Actuarial loss arising from changes in demographic assumptions	–	–
Actuarial loss arising from changes in financial assumptions	70.8	10.1
Closing defined benefit obligation	818.3	618.0
Details of changes in fair value of plan assets are as follows:		
Opening fair value of plan assets	340.5	246.9
Interest on plan assets	29.8	20.0
Employer contribution	222.2	113.3
Benefits paid	(47.3)	(40.0)
Remeasurement due to - actual return on plan assets less interest on plan assets	(0.5)	0.3
Closing fair value of plan assets	544.7	340.5
Sensitivity analysis		
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	381.0	291.2
Add: effect of salary growth rate	437.2	326.9
Defined benefit obligation with effect of projected salary growth	818.3	618.1
Defined benefit obligation, using discount rate plus 50 basis points	769.2	581.8
Defined benefit obligation, using discount rate minus 50 basis points	871.9	657.8
Defined benefit obligation, using salary growth rate plus 50 basis points	864.4	652.6
Defined benefit obligation, using salary growth rate minus 50 basis points	774.8	585.5
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Funds managed by insurers	100%	100%
The principal assumptions used in determining gratuity obligations for the Company's plans are shown below		
Discount rate (p.a.)	7.40%	7.95%
Expected salary increase (p.a.)		
Until 2 years	10.00%	10.00%
Beyond 2 years	7.00%	7.00%
Maturity profile of the defined benefit obligation		
Weighted average duration of defined benefit obligation (in years)	12.53	12.28
Expected future cash flow of gratuity		
Within 12 months	43.0	30.3
Between 2 and 5 years	160.8	133.9
Between 5 and 10 years	223.5	173.3
Beyond 10 years	2,099.6	1,730.6

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 ₹65.0 (March 31, 2016: ₹65.0) during the year ending March 31, 2018 (March 31, 2017) 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.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

38. Capital work-in-progress includes expenditure during construction period pending capitalization:

	March 31, 2017	March 31, 2016	April 1, 2015
Balance brought forward	**999.6**	385.6	513.6
Add: Incurred during the year			
Salaries, wages and bonus	**460.2**	331.6	66.4
Consumption of material for testing	**249.2**	196.3	–
Consumption of stores and spares	**208.3**	118.6	1.6
Carriage inward	**1.5**	1.2	0.2
Power and fuel	**270.2**	100.2	12.5
Conversion charges	**50.8**	29.9	1.7
Rates and taxes	**30.7**	1.9	2.3
Printing and stationery	**8.6**	8.6	0.2
Postage and telephones	**2.4**	1.2	0.3
Insurance	**(1.0)**	1.3	0.9
Legal and professional charges	**8.9**	2.6	0.4
Travelling and conveyance	**10.5**	12.3	2.3
Depreciation	**4.6**	3.3	2.4
Factory maintenance	**46.5**	25.4	5.9
Miscellaneous expenses	**74.6**	52.1	22.2
	2,425.6	1,272.1	632.9
Less: Capitalized to fixed assets during the year	**1,027.8**	272.5	247.3
Balance carried forward	**1,397.8**	999.6	385.6

39. Acquisition of Subsidiaries

Effective December 4, 2014, Aurobindo Pharma USA Inc., U.S.A. the subsidiary of APL acquired the assets including business of Natrol Inc, U.S.A. and its affiliates under an auction process and continued operations under Natrol LLC, U.S.A. ('acquired entity').

The initial purchase price of the acquired entity on December 4, 2014 had been allocated based on estimated fair values at the date, for the various assets and liabilities assumed under an Asset Purchase Agreement. The Company ascribed fair values based on its then estimates and third party technical evaluation for the various tangible and intangible assets acquired. On April 6, 2015 the Company filed a complaint against the sellers group regarding certain discrepancies in the value of acquired assets under the Asset Purchase Agreement and subsequently reached a settlement pursuant to which the company received consideration in the form of cash, certain global intellectual property rights and other assets. The seller was also obligated to assume certain disputed liabilities (included in the initial purchase price allocation). The settlement was approved by the Bankruptcy Court of the District of Delaware.

As at April 1, 2015, the consolidated balance sheet reflects the purchase price allocated to the assets acquired and liabilities assumed based on revised estimated fair values and the effects of the legal settlement and additional adjustments. The excess of the purchase consideration over the fair value of the net assets acquired has been allocated to goodwill. The Company has also been awarded or assigned the rights to receive certain settlements, claims and tax refunds which are subject to conditions, the passage of time and third party approvals. Based on the inherent uncertainties in ultimately receiving these funds, the Company has not ascribed a value to these items. Any further transactions, receipts or payments related to the ultimate resolution of these matters are not expected to be material; however such items will be recognized in results of operations in future periods. The following table summarizes the preliminary and as adjusted, allocation of purchase price consideration, for the fair values of the assets acquired and liabilities assumed and the determination of goodwill.

	April 1, 2015
Purchase consideration	8,343.8
Liabilities assumed:	
Accounts payable, accrued expenses and customer deposits	1,128.6
Total (A)	9,472.4
Fair value of assets acquired:	
Cash and cash equivalents	1,663.1
Trade receivables (Net)	718.3
Inventory	1,350.0
Property, plant and equipment	421.7
Intangibles	1,987.5
Other assets	87.4
Total (B)	6,228.0
Goodwill (A-B)	3,244.4

(All amounts in Indian Rupees million, except share data and where otherwise stated)

40. During the current year, Auro Vaccines, LLC, a subsidiary of Aurobindo Pharma USA Inc., entered into an agreement to purchase certain assets of Great Elm for an initial consideration of ₹208.2. The acquisition is subject to certain conditions specified in the agreement which among other includes settlement of a legal dispute by the shareholders of Great Elm. Subject to the same, the assets received as a result of the acquisition have been recognized in the Consolidated Balance Sheet as at March 31, 2017. There are no binding commitments to invest additional cash or consideration in connection with the acquisition. The details of assets acquired and included in the Consolidated Balance Sheet are as under;

		Amount
a.	Property, plant and equipment - freehold building	97.3
b.	Other current assets	110.9

41. Related party disclosures

i. Names of related parties and description of relationship

a. 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

Veritaz Healthcare Limited, India

Alex Merchant PTE. Limited, Singapore

Trident Petrochemicals DMCC, Dubai

Axis Clinicals LLC, U.S.A.

Alex Merchant DMCC, Dubai

Crest Cellulose Private Limited, India

East Pharma Technologies, India (Partnership firm)

b. 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 (From June 1, 2016)

Mr. N. Govindarajan, Managing Director

Mr. Santhanam Subramanian, Chief Financial Officer

Mr. A. Mohan Rami Reddy, Company Secretary (Upto May 31, 2016)

Mr. B. Adi Reddy, Company Secretary (w.e.f. June 1, 2016)

Mr. K. Ragunathan, Independent Director

Mr. M. Sitarama Murty, Independent Director

Mr. D. Rajagopala Reddy, Independent Director

Dr. Avnit Bimal Singh, Independent Director

Mr. Rangaswamy Rathakrishnan Iyer, Independent Director

c. Relatives to key managerial personnel

Mr. P. Sarath Chandra Reddy (Son-in-law of Mr. K. Nithyananda Reddy, Whole-time Director) (Upto May 31, 2016)

Mr. Vishnu M. Sriram (Son-in-law of Dr. M. Sivakumaran, Whole-time Director)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

ii. Transactions with related parties

a. Transactions with enterprises over which key management personnel or their relatives exercise significant influence

	March 31, 2017	March 31, 2016
Pravesha Industries Private Limited, India		
Sale of goods	0.1	–
Purchase of goods	1,925.6	1,891.2
Rent and electricity charges received	0.2	1.0
Sri Sai Packaging, India		
Sale of goods	0.3	0.4
Purchase of goods	194.4	196.0
Axis Clinicals Limited, India		
Purchase of services	553.1	530.0
Axis Clinicals LLC, U.S.A.		
Purchase of services	42.9	10.5
Trident Chemphar Limited, India		
Sale of goods	22.5	–
Purchase of goods	771.0	696.1
Pranit Packaging Private Limited, India		
Purchase of goods	165.5	165.5
Sale of goods	–	–
Pranit Projects Private Limited, India		
Purchase of services (Civil services)	0.8	19.5
SGD Pharma India Limited (Formerly Cogent Glass Limited), India		
Purchase of goods	707.2	561.7
Orem Access Bio Inc, India		
Purchase of goods	204.6	114.3
Veritaz Healthcare Limited, India		
Sale of goods	95.9	8.4
Rent received	–	0.3
Alex Merchants DMCC, Dubai		
Purchase of goods	555.8	–
East Pharma Technologies, India		
Purchase of goods	9.6	–
Crest Cellulose Private Limited, India		
Purchase of services	52.9	–
Trident Petrochemicals DMCC, Dubai		
Purchase of goods	–	164.6
b. Transactions with key managerial personnel		
Mr. K. Nithyananda Reddy		
Managerial remuneration	15.0	14.3
Rent expense	2.4	2.2
Dr. M. Sivakumaran		
Managerial remuneration	15.0	14.3
Mr. M. Madan Mohan Reddy		
Managerial remuneration	26.5	15.2
Mr. P. Sarath Chandra Reddy		
Managerial remuneration	6.9	–
Director sitting fees	0.1	0.4
Mr. Vishnu M. Sriram		
Remuneration	4.8	4.4
Equity allotment–ESOP	–	0.2
Mr. N. Govindarajan		
Managerial remuneration	124.3	90.5
Equity allotment–ESOP	–	22.9

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	March 31, 2017	March 31, 2016
Mr. Santhanam Subramanian		
Remuneration	**10.9**	11.9
Mr. Mohan Rami Reddy		
Remuneration	**0.6**	3.3
Equity allotment–ESOP	**–**	0.3
Mr. B. Adi Reddy		
Remuneration	**2.5**	–
Mr. P.V. Ramprasad Reddy		
Director sitting fees	**0.2**	0.2
Mr. K. Ragunathan		
Director sitting fees	**0.4**	0.5
Mr. M. Sitarama Murty		
Director sitting fees	**0.5**	0.7
Mr. D. Rajagopala Reddy		
Independent Director (Upto February 9, 2017)		
Director sitting fees	**0.3**	0.6
Mrs. Avnit Bimal Singh		
Director sitting fees	**0.3**	0.4
Mr. Rangaswamy Rathakrishnan Iyer		
Independent Director (From February 9, 2017)		
Director sitting fees	**0.1**	–

iii. Closing Balances of related parties

a. Enterprises over which key management personnel or their relatives exercise significant influence

	March 31, 2017	March 31, 2016	April 1, 2015
Pravesha Industries Private Limited, India			
Balance receivable	**0.1**	0.1	–
Balance payable	**77.7**	58.0	29.3
Sri Sai Packaging, India			
Balance receivable	**–**	–	–
Balance payable	**0.6**	0.3	0.2
Axis Clinicals Limited, India			
Balance payable	**62.4**	79.0	22.7
Axis Clinicals LLC, U.S.A.			
Balance payable	**–**	5.2	–
Trident Chemphar Limited, India			
Balance payable	**204.1**	108.4	64.9
Pranit Packaging Private Limited, India			
Balance receivable	**–**	0.8	0.7
Balance payable	**2.6**	–	0.1
SGD Pharma India Limited (Formerly Cogent Glass Limited), India			
Balance payable	**132.7**	138.1	25.6
Veritaz Healthcare Limited, India			
Balance payable	**–**	–	–
Balance receivable	**53.7**	2.7	17.8
Alex Merchant PTE. Limited, Singapore			
Balance receivable	**–**	–	8.4
Alex Merchants DMCC, Dubai			
Balance payable	**173.7**	–	–
East Pharma Technologies, India			
Balance payable	**2.5**	–	–
Crest Cellulose Private Limited, India			
Balance payable	**16.5**	–	–
Trident Petrochemicals DMCC, Dubai			
Balance payable	**–**	0.1	39.9

(All amounts in Indian Rupees million, except share data and where otherwise stated)

b. Key managerial personnel

	March 31, 2017	March 31, 2016	April 1, 2015
Mr. N. Govindarajan			
Balance payable	**90.0**	65.0	40.0
Mr. Santhanam Subramanian			
Balance payable	**–**	2.0	–
Mr. Mohan Rami Reddy			
Loan outstanding	**–**	–	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 Company has not recorded any impairment of balances relating to amounts owed by related parties during the year ended March 31, 2017 (March 31, 2016: ₹Nil; April 1, 2015: ₹Nil). 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.

42. Details of advances due from private companies in which parent company's Director is a director:

Pranit Packaging Private Limited, India ₹Nil (March 31, 2016: ₹0.8; April 1, 2015: ₹0.7).

43. i. Details of trade receivables due from private companies in which parent company's director is a director:

Pravesha Industries Private Limited, India ₹0.1 (March 31, 2016: ₹0.1; April 1, 2015; ₹Nil).

ii. Details of trade receivables due from partnership firm in which parent company's director is a partner:

Sri Sai Packaging, India ₹Nil (March 31, 2016: ₹Nil; April 1, 2015: ₹Nil).

44. Interest in joint ventures

The Group has interest in the following joint ventures:

	March 31, 2017	March 31, 2016	April 1, 2015
Novagen Pharma (Pty) Limited, South Africa	**50.00%**	50.00%	50.00%
Eugia Pharma Specialities Limited, India	**67.82%**	60.00%	60.00%
Tergene Biotech Private Limited, India	**60.00%**	60.00%	–

These joint ventures are engaged in distribution of pharmaceuticals products. The Group's interest in these joint ventures is accounted using the equity method in the consolidated financial statements. Summarized financial information of the joint ventures, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

a. Novagen Pharma (Pty) Limited, South Africa

i. Summarized balance sheet

	March 31, 2017	March 31, 2016	April 1, 2015
Current assets	**642.9**	589.6	506.7
Non-current assets	**167.3**	162.2	182.5
	810.2	751.8	689.2
Current liabilities	**152.1**	234.0	174.0
Equity	**658.1**	517.8	515.2
	810.2	751.8	689.2
ii. Details of other financial information			
Cash and cash equivalents	**110.1**	32.9	126.7

iii. Summarized statement of profit and loss

	March 31, 2017	March 31, 2016
Revenue	**1,205.3**	1,302.6
Interest income	**2.9**	3.2
Profit before tax	**136.8**	227.8
Income tax expense	**(38.4)**	(63.8)
Profit for the year	**98.5**	164.0
Total comprehensive income for the year	**98.5**	164.0

(All amounts in Indian Rupees million, except share data and where otherwise stated)

The Group's share of profits for the year ended March 31, 2017 and March 31, 2016 was ₹59.4 and ₹54.9, respectively. The carrying value of the Company's investment in the joint venture as at March 31, 2017, March 31, 2016 and April 1, 2015 was ₹394.7, ₹335.4 and ₹328.2 respectively.

b. Eugia Pharma Specialities Limited, India

i. Summarized balance sheet

	March 31, 2017	March 31, 2016	April 1, 2015
Current assets	597.7	370.8	156.9
Non-current assets	3,541.4	2,273.4	918.0
	4,139.1	2,644.2	1,074.9
Current liabilities	166.1	179.9	95.9
Non-current liabilities	1,064.8	1,043.4	505.4
Equity	2,908.2	1,420.9	473.6
	4,139.1	2,644.2	1,074.9
ii. Details of other financial information			
Cash and cash equivalents	440.5	319.1	61.5
Non-current financial liabilities	1,062.3	1,040.1	503.5
Current financial liabilites	78.3	83.3	75.5
Capital commitments	98.9	201.3	313.2

iii. Summarized statement of profit and loss

	March 31, 2017	March 31, 2016
Profit before tax	(12.1)	(10.5)
Income tax expense	–	(0.6)
Profit for the year	(12.1)	(11.1)
Total comprehensive income for the year	(12.1)	(11.1)

The Group's share of loss for the year ended March 31, 2017 and March 31, 2016 was ₹7.9 and ₹7.8 respectively. The carrying value of the Company's investment in the joint venture as at March 31, 2017, March 31, 2016 and April 1, 2015 was ₹1,972.4, ₹851.3 and ₹314.1 respectively.

c. Tergene Biotech Private Limited, India

i. Summarized balance sheet

	March 31, 2017	March 31, 2016	April 1, 2015
Current assets	2.2	6.4	41.0
Non-current assets	51.1	39.6	27.6
	53.3	46.0	68.6
Current liabilities	12.5	7.0	10.4
Non-current liabilities	94.3	43.2	5.4
Equity	(53.5)	(4.2)	52.8
	53.3	46.0	68.6
ii. Details of other financial information			
Cash and cash equivalents	0.4	5.9	40.7
Non-current financial liabilities	92.4	43.2	5.4
Current financial liabilites	9.0	5.1	10.3

iii. Summarized statement of profit and loss

	March 31, 2017	March 31, 2016
Revenue	0.1	0.1
Interest income	–	0.5
Profit before tax	(48.3)	(56.9)
Profit for the year	(48.3)	(56.9)
Total comprehensive income for the year	(49.4)	(56.9)

The Group's share of loss for the year ended March 31, 2017 and March 31, 2016 was ₹1.3 and ₹32.6, respectively. The carrying value of the Company's investment in the joint venture as at March 31, 2017, March 31, 2016 and April 1, 2015 was ₹Nil, ₹1.3 and ₹Nil respectively.

45. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

A. Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

i. Lease commitments - the Group as lessor

The Group has entered into agreement for 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.

ii. Lease commitments - the Group as lessee

The Group 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.

iii. Taxes

The parent company has unused tax credits [Minimum Alternate Tax (MAT)] credit of ₹2,836.3 as on March 31, 2017 (March 31, 2016: ₹2,193.5; April 1, 2015: ₹2,610.1). The parent company 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.

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.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits together with the future tax planning strategies.

iv. 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 60.00% 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 are 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.

B. Estimates and assumptions

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 recognized 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 36.

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 for the respective countries. Further details about gratuity obligations are given in Note 37.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

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 49 and 50 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. The useful lives of the Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, use and technology which may impact their life. 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.

vi. Intangible assets under development

The Group capitalizes acquired intangible asset under development for a project in accordance with the accounting policy. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The carrying amount of capitalized intangible asset under development was ₹2,207.2 (March 31, 2016: ₹122.4; April 1, 2015: ₹124.5). The innovative nature of the product gives rise to some uncertainty as to whether the final approval for the products will be obtained.

vii. Inventories provision

The Group estimates provision against obsolescence of inventory by applying certain percentages over different age category of the batch wise inventory held at the end of the reporting period. Inputs to the model include ageing of inventory, expected loss rate considering past trend and future outlook and expected net realizable value. Inventories are net of such provisions.

46. 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.

47. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016	April 1, 2015
Financial assets						
Investments*	**2,458.7**	1,229.6	840.1	**2,458.7**	1,229.6	840.1
Loans	**165.9**	157.6	138.9	**165.9**	157.6	138.9
Security deposits	**750.2**	549.3	376.0	**750.2**	549.3	376.0
Foreign exchange forward contracts	**94.7**	24.0	–	**94.7**	24.0	–
Other financial assets	**94.8**	454.0	1,499.2	**94.8**	454.0	1,499.2
Trade receivables	**27,653.3**	46,066.8	35,371.5	**27,653.3**	46,066.8	35,371.5
Cash and cash equivalents	**4,894.4**	7,904.1	4,410.8	**4,894.4**	7,904.1	4,410.8
Other bank balances	**301.2**	148.6	97.4	**301.2**	148.6	97.4
Financial asset - receivable from bank	**7,388.5**	–	–	**7,388.5**	–	–
Financial liabilities						
Borrowings	**33,641.4**	50,410.8	43,957.2	**33,641.4**	50,410.8	43,957.2
Trade payables	**24,882.7**	24,570.3	20,391.7	**24,882.7**	24,570.3	20,391.7
Other financial liabilities	**7,622.8**	8,694.5	7,267.0	**7,622.8**	8,694.5	7,267.0

*Carrying value of preference shares approximate fair value as the instruments are at prevailing market prices.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, management has assessed the fair value of the borrowings approximate their current value largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Foreign exchange forward contracts are valued using valuation techniques with market observable inputs.

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on recurring basis:

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017

	Fair value measurement using				
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value through profit or loss:					
Investments	**March 31, 2017**	**0.2**	**0.2**	**–**	**–**
Derivatives - Foreign exchange forward contracts are not designated as cash flow hedges	**March 31, 2017**	**94.8**	**–**	**94.8**	**–**
Financial asset - receivable from bank*	**March 31, 2017**	**7,388.5**	**–**	**–**	**7,388.5**

* The group values the receivables from bank (on account of contractually sold trade receivable not yet funded by bank) as Level 3, since the group uses discounted cash flow model for valuation, which are considered unobservable inputs. The fair value approximates their carrying value given their short-term duration of the expected term of customer payments to banks and the underlying credit quality. As such the requisite disclosures on assumptions (discount rate and anticipated credit loss) and other inputs are not considered significant.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2016

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss:					
Investments	March 31, 2016	0.2	0.2	–	–
Derivatives - Foreign exchange forward contracts are not designated as cash flow hedges	March 31, 2016	23.9	–	23.9	–

Quantitative disclosures fair value measurement hierarchy for assets as at April 1, 2015

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss:					
Investments	April 1, 2015	0.3	0.3	–	–
Derivatives - Foreign exchange forward contracts are not designated as cash flow hedges	April 1, 2015	–	–	–	–

48. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivates, comprise borrowings, trade and other payable. The main purpose of these financial liabilities is to finance the Group operations. The Group's principal financial assets, other than derivatives, include loans, trade and other receivables, and cash and cash equivalents derived directly from its operations.

The Group is exposed primarily to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk), which may adversely impact the fair value of its financial instruments. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Risk Management Committee of the Board of Directors that advices on the financial risk and the appropriate financial risk governance framework. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

a. 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 and other receivables, investments, derivative financial instruments, cash and cash equivalents, loans and other financial assets. None of the financial instruments of the group result in material concentration of credit risk.

Trade receivables and other financial assets

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 analyzed 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.

b. Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. 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:

	On demand	< 12 months	1 to 5 years	> 5 years	Total
March 31, 2017					
Borrowings	**29,027.2**	**2,800.2**	**1,814.0**	**–**	**33,641.4**
Trade and other payable	**–**	**24,882.7**	**–**	**–**	**24,882.7**
other financial liabilities	**–**	**7,622.8**	**–**	**–**	**7,622.8**
	29,027.2	**35,305.7**	**1,814.0**	**–**	**66,146.9**
March 31, 2016					
Borrowings	36,726.8	6,255.8	7,362.1	66.0	50,410.7
Trade and other payable	–	24,570.3	–	–	24,570.3
other financial liabilities	–	8,694.5	–	–	8,694.5
	36,726.8	39,520.6	7,362.1	66.0	83,675.5
April 1, 2015					
Borrowings	24,970.8	5,875.2	12,595.4	515.8	43,957.2
Trade and other payable	–	20,391.7	–	–	20,391.7
other financial liabilities	–	7,267.0	–	–	7,267.0
	24,970.8	33,533.9	12,595.4	515.8	71,615.9

c. 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 Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

i. Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the 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 aggregate amount of forward contracts entered into by the Company and remaining outstanding as at balance sheet date are:

	In foreign currency			In Rupees		
Hedge of recognized asset/liability	**March 31, 2017**	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016	April 1, 2015
Receivables	**$9,050,460**	$7,000,095	–	**586.9**	463.8	–
Trade payables	**$5,000,000**	–	–	**324.3**	–	–
Receivables	**£7,500,016**	£4,800,000	–	**606.8**	458.3	–
Receivables	**€805,652**	€10,204,772	–	**55.8**	769.4	–

The details of unhedged foreign currency at the exchange rate at reporting date are:

March 31, 2017

	USD	**Euro**	**GBP**	**Others**	**Total**
Borrowings	**21,986.5**	**5,544.8**	**671.5**	**–**	**28,202.8**
Trade receivables	**26,354.9**	**2,945.0**	**194.2**	**455.1**	**29,949.2**
Trade and other payables (including payable for capital goods)	**3,829.5**	**547.4**	**24.8**	**23.3**	**4,425.0**
Interest accrued but not due	**20.5**	**1.1**	**–**	**–**	**21.6**
Bank balances	**258.4**	**30.4**	**4.8**	**7.5**	**301.1**

March 31, 2016

	USD	Euro	GBP	Others	Total
Borrowings	34,850.9	4,703.5	581.9	–	40,136.3
Trade receivables	30,458.8	1,598.2	2,198.0	587.1	34,842.1
Trade and other payables (including payable for capital goods)	5,374.2	435.2	12.4	6.6	5,828.4
Interest accrued but not due	37.7	0.4	–	1.4	39.5
Bank balances	1,750.3	415.0	43.1	9.6	2,218.0

April 1, 2015

	USD	Euro	GBP	Others	Total
Borrowings	30,432.1	1,942.1	739.8	–	33,114.0
Trade receivables	28,091.2	2,015.1	1,540.4	138.7	31,785.4
Trade and other payables (including payable for capital goods)	4,602.7	208.3	877.8	–	5,688.8
Interest accrued but not due	87.4	0.1	–	0.3	87.8
Bank balances	163.9	29.3	117.6	2.1	312.9

Every 5% depreciation/appreciation in the exchange rate between the functional currency and the respective currencies for the above mentioned assets/liabilities would effect the net profit before tax resulting in a loss/gain of ₹86.9 and ₹443.3 for the year ended March 31, 2017 and March 31, 2016 respectively.

ii. 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 balanced 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.

Every 0.5% increase/decrease in the interest rate component applicable to the respective borrowings would effect the Companies net profit before tax resulting in an expense/income of ₹229.1 and ₹256.7 for the year ended March 31, 2017 and March 31, 2016, respectively.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

49. 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 Company's capital management is to maximize the shareholder value.

50. First time adoption of Ind AS

As stated in Note 2.1, these consolidated financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

a. The Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment as deemed cost at the date of the transition. The same election has been made in respect of intangible assets.

b. Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind-AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

c. Ind AS 101 requires a first-time adopter to apply derecognition requirements in Ind AS 109 prospectively to transactions occurring on or after the date of transition to Ind AS. Accordingly, the Company continues to de-recognize the financial assets and financial liabilities for transactions which have occurred before the date of transition to Ind AS.

d. Ind AS 102 Share-based payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.

e. Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before December 2014.

f. The Group has not applied Ind AS 21 retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to Ind AS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

g. Cumulative currency translation differences for all foreign operations are deemed to be zero as at April 1, 2015.

h. The group holds interest in joint ventures. Under Indian-GAAP group has proportionately consolidated its interest in Novagen Pharma (Pty) Limited in the Consolidated Financial Statements. On transition to Ind AS, the Group has assessed and determined that Novagen Pharma (Pty) Limited, Eugia Pharma Specialities Limited and Tergene Biotech Private Limited as its joint venture under Ind AS 111 Joint Arrangements. Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of carrying amount of assets and liabilities that the group had previously proportionately consolidated including any goodwill arising on acquisition.

Estimates

The estimates as at April 1, 2015 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015 (transition date) and March 31, 2016.

A. Reconciliation of equity as previously reported (referred to as 'Previous GAAP') and that computed under Ind AS:

	Notes	March 31, 2016	April 1, 2015
Equity reported under previous GAAP		69,982.1	51,267.1
Derecognition of provision for preference dividend and dividend tax thereon	(i)	493.0	351.4
Impact of deferred taxes	(ii)	1,963.2	1,751.7
Others		(150.5)	194.6
Equity under Ind AS		72,287.8	53,564.8

(All amounts in Indian Rupees million, except share data and where otherwise stated)

B. Reconciliation of net profit under previous GAAP and Ind AS:

	Notes	March 31, 2016
Net profit under previous GAAP		19,820.0
Impact of deferred taxes	(ii)	211.6
Impact of foreign exchange currency differences	(iii)	332.9
Re-measurement losses on employee defined benefit plans (Net of taxes)	(iv), (v)	18.9
Others		(132.5)
Net profit for the year under Ind AS		20,250.9

i. Proposed dividend

Under Indian GAAP, proposed dividends including Dividend Distribution Tax thereon were recognized as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognized as a liability in the period in which it is declared by the Company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability recognized towards dividend as at March 31, 2016 and April 1, 2015 has been derecognized against retained earnings and recognized in the year of payment.

ii. Deferred Tax Assets

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences such as recognition of deferred tax on unrealized intra group profits, and the Company has accounted for such differences. Deferred tax adjustment are recognized in correlation to the underlying transaction either in retained earnings or a separate component in equity.

iii. Foreign exchange currency differences

Under Indian GAAP, the Group recognized translation differences on integral foreign operations in the statement of profit and loss. Under Ind AS, cumulative currency translation differences for all foreign operations are deemed to be zero as at April 1, 2015 and the cumulative translative differences arising thereon is presented in a separate component of equity until disposal of the foreign operation. Therefore, such foreign exchange differences has been recognized and recognized in a separate component of equity.

iv. Remeasure of actuarial gains/(losses)

Both under Indian GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, were charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost is reduced and remeasurement gains/losses on defined benefit plans has been recognized in the OCI net of tax.

v. Share based payments

Under Indian GAAP, the Company recognized only the intrinsic value for employee stock option plan as an expense. Under Ind AS, the Company is required to determine the fair value of share options using an appropriate model recognized over the vesting period. Accordingly, the same has been recognized as a separate component of equity in Employee Stock Option outstanding (ESOP) as at April 1, 2015 and as an expense has also been recognized for the same during the year ended March 31, 2016.

vi. Joint ventures

The group holds 50%, 60% and 60% in Novagen Pharma (Pty) Limited, Eugia Pharma Specialities Limited and Tergene Biotech Private Limited, respectively. Under Indian GAAP, the group had proportionately consolidated its interest in these entities in the Consolidated Financial Statement. On transition to Ind AS, the Group has assessed and determined these entities to be joint ventures under Ind AS 111 Joint Arrangements. Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of Ind AS amount of assets and liabilities that the group had previously proportionately consolidated including any goodwill arising on acquisition. On application of equity method, the investment in Novagen Pharma (Pty) Limited, Eugia Pharma Specialities Limited and Tergene Biotech Private Limited stands increased as at April 1, 2015 and as at March 31, 2016. Derecognition of proportionately consolidated assets, liabilities, income and expenses in these entities has resulted in change in balance sheet, statement of profit and loss and cash flow statement.

vii. Financial assets at amortized cost:

Under Indian GAAP, the Company accounted for long term investments in unquoted preference shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as investments at amortized cost, and interest income on investments held at amortized cost is recorded using the effective interest rate. At the date of transition to Ind AS, such interest income has been recognized in other equity.

viii. Valuation of foreign currency forward contracts

The Company had certain outstanding foreign currency forward contracts to hedge certain of its foreign currency financial assets. Under Indian GAAP, premium/discount on forward contracts are amortized over the period of forward contract and the outstanding forward contracts are restated as at the balance sheet date. However, under Ind AS 109, the foreign currency financial assets and liabilities are restated at closing rate and the derivative contracts are fair valued by recognising the mark-to-market gain/loss on the forward contract in the statement of profit and loss. Further, premium/discounts on forward contracts are charged to the statement of profit and loss as and when they are incurred. Accordingly, the Company has charged off the unamortized premium on the outstanding forward contracts and fair valued the derivative contracts by recognising the mark-to-market gain on the forward contract in the statement of profit and loss.

ix. Excise duty on sale of goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is included as part of sales in the face of statement of profit and loss. Thus, sale of goods under Ind AS for the year ended March 31, 2016 has increased with a corresponding increase in other expenses.

x. MAT credit entitlement

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on 'Accounting for Credit available in respect of MAT under the Income Tax Act, 1961' issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets.

xi. Borrowings

Under Indian GAAP, the Company de-recognized bills discounted of trade receivables with banks and disclosed the same as contingent liabilities. However, under Ind AS, based on evaluation of risks and rewards and control, the same does not meet the criteria for de-recognition. Accordingly, the same has been recognized as borrowings as at April 1, 2015 and March 31, 2016.

xii. Trade receivables

Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL).

xiii. Other comprehensive income (OCI)

Under Indian GAAP, the Company had not presented other comprehensive income separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

xiv. Cash flow statement

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

51. Additional statutory information in respect of the components of APL and its consolidated entities

Name of the entity	March 31, 2017				March 31, 2016			
	Net assets i.e. total assets minus total liabilities		Share in profit/(loss)		Net assets i.e. total assets minus total liabilities		Share in profit/(loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit/(loss)	Amount	As % of consolidated net assets	Amount	As % of consolidated profit/(loss)	Amount
Parent - Aurobindo Pharma Limited	90.00	84,361.8	74.15	17,067.6	94.18	68,658.5	80.32	16,267.0
Subsidiaries - Indian								
APL Research Centre Limited	0.13	119.5	0.00	0.0	0.16	119.6	(0.01)	(2.8)
APL Health Care Limited	1.10	1,029.7	(0.92)	(212.2)	1.12	816.8	(0.28)	(56.3)
Auronext Pharma Private Limited	0.45	423.1	(0.58)	(134.3)	1.15	839.0	(1.04)	(210.4)
Auro Peptides Limited	(0.11)	(102.0)	(0.43)	(99.0)	0.00	(3.0)	0.29	58.0
Aurobindo Antibiotics Limited	0.00	0.7	0.00	0.0	0.01	4.7	(0.04)	(8.2)
Curepro Parenterals Limited	2.12	1,991.1	0.00	(0.4)	1.18	862.6	0.00	(0.2)
Hyacinths Pharma Private Limited	0.11	103.7	0.00	(0.1)	0.13	95.8	(0.01)	(1.1)
Silicon Life Sciences Private Limited	0.12	110.8	(0.95)	(218.8)	0.45	329.9	(0.33)	(65.9)
AuroZymes Limited	0.00	(0.3)	0.00	(0.2)	0.00	(0.2)	0.00	(0.6)
Subsidiaries - Foreign								
APL Pharma Thai Limited	0.16	146.4	(0.05)	(11.8)	0.22	161.1	(0.07)	(14.0)
Aurobindo Pharma Industria Farmaceutica Ltda	1.08	1,008.4	1.08	249.6	0.93	677.7	1.17	237.2
Aurobindo Pharma Produtos Farmaceuticos Ltda	0.25	233.6	0.56	127.8	0.13	91.5	0.60	121.1
All Pharma (Shanghai) Trading Company Limited	0.17	159.1	0.06	12.9	0.21	154.3	0.05	10.4
Helix Healthcare B.V.	9.77	9,166.3	(0.35)	(80.9)	9.12	6,651.2	(2.02)	(408.3)
Agile Pharma B.V.	5.19	4,863.3	2.59	597.2	4.87	3,547.9	0.94	189.5
Auro Pharma Inc.	0.45	419.4	0.82	188.8	0.35	252.5	0.67	136.3
Aurobindo Pharma (Australia) Pty Limited	0.00	–	0.00	–	–	–	(0.01)	(2.4)
APL Holdings (Jersey) Limited	0.00	–	0.00	–	–	–	(0.01)	(1.8)
Aurobindo Pharma (Pty) Limited	0.54	506.2	0.24	55.9	0.57	417.0	0.36	72.2
Auro Healthcare (Nigeria) Limited	0.00	2.1	0.00	0.3	0.00	0.8	(0.02)	(3.3)
Aurobindo Pharma Japan K.K.	0.13	122.7	0.09	20.2	0.14	105.5	0.03	6.0
Laboratorios Aurobindo, S.L.	0.06	58.7	0.03	6.8	0.08	56.8	0.07	14.8
Aurobindo Pharma (Italia) S.r.l.	0.07	67.2	(0.77)	(176.2)	0.16	116.0	(1.17)	(236.9)
Aurobindo Pharma (Portugal) Unipessoal LDA	0.07	61.8	(0.04)	(9.2)	(0.46)	(338.0)	(0.71)	(143.7)
Aurobindo Pharma GmbH	0.33	307.2	0.14	32.4	0.41	301.1	0.19	37.9
Aurobindo ILAC Sanayi ve Ticaret Limited Sirketi	0.07	62.2	(0.02)	(4.5)	0.12	86.8	(0.06)	(13.1)
Aurobindo Pharma B.V.	0.00	–	0.00	–	–	–	(0.16)	(31.5)
Aurobindo Pharma (Singapore) Pte Limited	0.00	–	0.00	–	–	–	0.00	(0.7)
Aurobindo Pharma (Romania) s.r.l.	0.15	143.6	(0.38)	(87.0)	0.08	60.7	(0.04)	(7.5)
Aurovida Farmaceutica S.A. de C.V.	0.43	398.7	(0.13)	(30.6)	0.47	343.9	(0.30)	(61.1)
Aurobindo Pharma Colombia S.A.S.	0.06	53.9	0.11	25.0	0.02	15.8	(0.03)	(6.3)
Aurovitas, Unipessoal LDA	0.11	102.4	0.15	34.0	0.11	76.6	0.12	25.2
Pharmacin B.V. (Formerly Aurex B.V.)	0.01	11.6	0.00	1.1	0.02	11.5	0.02	4.5
Aurobindo Pharma USA Inc.	8.46	7,928.3	4.21	969.8	9.72	7,086.6	3.55	719.9
Aurolife Pharma LLC	9.56	8,966.8	8.03	1,847.3	10.06	7,333.4	8.57	1,735.7
Auromedics Pharma LLC	0.51	473.5	0.25	57.5	0.59	427.0	1.34	270.8
Auro Health LLC	(0.75)	(705.2)	(0.68)	(156.9)	(0.78)	(565.2)	(0.73)	(147.1)
Natrol LLC	1.72	1,626.1	4.13	949.5	0.99	722.0	3.69	748.1
Auro AR LLC	0.01	6.5	0.00	–	0.00	–	0.00	–
Aurobindo Pharma USA LLC	0.00	–	0.00	–	0.00	–	0.00	–

(Contd.)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

Auro Vaccines LLC	**0.03**	**30.3**	**(0.01)**	**(2.2)**	0.00	–	0.00	–
Aurex B.V. (Formerly Pharmacin B.V.)	**0.12**	**115.3**	**0.12**	**27.7**	0.13	97.1	0.10	19.6
Milpharm Limited	**0.85**	**795.0**	**0.38**	**87.3**	1.16	842.9	0.61	123.2
Aurobindo Pharma (Malta) Limited	**0.60**	**558.2**	**(0.01)**	**(2.3)**	0.84	609.7	(0.40)	(81.6)
APL Swift Services (Malta) Limited	**0.26**	**243.4**	**0.26**	**60.0**	0.28	203.3	(0.13)	(26.8)
APL IP Company Limited	**0.00**	**–**	**0.00**	**–**	–	–	0.00	(1.0)
Arrow Generiques SAS	**1.90**	**1,777.7**	**0.25**	**56.7**	2.57	1,876.1	0.86	173.6
1980 Puren Pharma GmbH (Formerly Actavis Management GmbH)	**0.00**	**3.7**	**0.00**	**0.1**	0.01	3.9	0.00	(0.7)
Puren Pharma GmbH (Formerly Actavis Deutschland GmbH & Co., KG)	**1.37**	**1,285.5**	**2.97**	**682.6**	2.05	1,494.3	3.76	761.2
Aurovitas Spain SA	**0.60**	**563.7**	**(0.27)**	**(61.7)**	0.88	640.9	(0.25)	(50.9)
Aurovitas Pharma Polska	**0.02**	**16.4**	**0.00**	**–**	0.00	–	0.00	–
Aurobindo Pharma B.V. (Formerly Actavis B.V.)	**0.22**	**208.6**	**0.74**	**171.1**	(0.19)	(137.1)	(1.43)	(289.1)
Joint ventures (as per proportionate consolidation)								
Joint ventures – Foreign								
Novagen Pharma (Pty) Limited	**0.35**	**329.0**	**0.21**	**49.2**	0.40	294.2	0.47	94.7
Joint ventures – Indian								
Eugia Pharma Specialities Limited	**2.10**	**1,972.4**	**(0.04)**	**(8.2)**	1.95	1,420.8	(0.05)	(11.1)
Tergene Biotech Private Limited	**(0.03)**	**(32.1)**	**(0.13)**	**(29.0)**	(0.01)	(4.1)	(0.28)	(56.8)
Minority interests in all subsidiaries	**0.02**	**20.8**	**(0.02)**	**(4.7)**	0.03	25.5	(0.07)	(15.0)
Total	**140.90**	**132,075.2**	**95.83**	**22,057.6**	146.5500	106,834.7	98.27	19,900.7
Consolidation adjustments	**(40.90)**	**(38,335.3)**	**4.17**	**959.0**	(46.55)	(33,936.2)	1.73	350.2
Net amount	**100.00**	**93,739.9**	**100.00**	**23,016.6**	100.00	72,898.5	100.00	20,250.9

Note :

1. 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.
2. Percentages below 0.01 have been disclosed as 0.00.

52. Segment Information

a. Identification of Reportable Segments:

Segments are identified in line with Indian Accounting Standard (Ind AS) 108 'Segment Reporting', taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

Based on the Group's/Consolidated entities business model of vertical integration, pharmaceuticals have been considered as the only reportable business segment and 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) 'U.S.A' (c) 'Europe' and (d) 'Rest of the World'.

b. Method of pricing inter segment transfers

Inter segment sales are generally accounted at fair values and the same have been eliminated in consolidation. The accounting policies of the segments are substantially the same as those described in the 'Statement of Significant Accounting Policies' as under para 1 above.

(All amounts in Indian Rupees million, except share data and where otherwise stated)

c. **Financial information as required in respect of operating and reportable Segments is as given below:**

For the year ended and as at March 31, 2017

Particulars	India	U.S.A.	Europe	Rest of the World	Eliminations	Consolidated
Revenue						
External sales	58,156.3	57,325.9	30,965.7	4,450.7	–	150,898.6
Inter - segment sales	40,094.3	–	6.3	25.9	(40,127)	–
Total revenue	98,250.6	57,325.9	30,972.0	4,476.6	(40,127)	150,898.6
Other information						
Segment assets	116,435.9	34,458.9	26,259.7	5,026.9	(25,124.9)	157,056.5
Other assets						5,437.7
Total assets						162,494.2
Segment liabilities	15,946.7	18,740.4	18,115.7	2,127.7	(20,592.4)	34,338.1
Other liabilities						34,437.0
Total liabilities						68,775.1
Capital expenditure	11,508.1	3,674.2	2,076.0	141.0	–	17,399.3
Depreciation/amortization	3,068.2	926.6	403.9	43.0	(165.4)	4,276.3
Non-cash expenses other than depreciation	34.8	4.9	25.5	0.4	–	65.6

For the year ended and as at March 31, 2016

Particulars	India	U.S.A.	Europe	Rest of the World	Eliminations	Consolidated
Revenue						
External sales	55,169.9	50,644.5	29,160.8	4,577.0	–	139,552.2
Inter - segment sales	38,201.1	–	38.8	879.0	(39,118.9)	–
Total revenue	93,371.0	50,644.5	29,199.6	5,456.0	(39,118.9)	139,552.2
Other information						
Segment assets	116,421.8	41,204.2	25,179.6	4,732.2	(32,575.6)	154,962.2
Other assets						4,239.8
Total assets						159,202.0
Segment liabilities	15,954.1	22,533.5	20,604.7	2,667.1	(26,540.6)	35,218.8
Other liabilities						51,110.3
Total liabilities						86,329.1
Capital expenditure	12,458.2	1,195.2	971.9	92.9	–	14,718.2
Depreciation/amortization	2,780.6	893.9	378.5	36.5	(165.8)	3,923.7
Non-cash expenses other than depreciation	417.7	1.7	35.2	0.7	–	455.3

As per our report of even date.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per **Vikas Kumar Pansari**
Partner
Membership No. 93649

Hyderabad, May 29, 2017

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

B. Adi Reddy
Company Secretary

AUROBINDO PHARMA LIMITED

CIN - L24239TG1986PLC015190
Registered Office: Plot No.2, Maitri Vihar, Ameerpet, Hyderabad 500 038
Tel. : +91 40 2373 6370 | Fax : +91 40 2374 7340
E-mail: info@aurobindo.com | Website : www.aurobindo.com

30th Annual General Meeting - Thursday, August 31, 2017

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Shareholder(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:

1. Name: ______________________________
   Address: ______________________________
   E-mail ID: ____________ Signature: ____________

Or failing him/her

2. Name: ______________________________
   Address: ______________________________
   E-mail ID: ____________ Signature: ____________

Or failing him/her

3. Name: ______________________________
   Address: ______________________________
   E-mail ID: ____________ Signature: ____________

Tear Here

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, August 31, 2017 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
Ordinary Business	
1.	To receive, consider and adopt the Audited Standalone Balance Sheet as at March 31, 2017, Statement of Profit and Loss and Cash Flow Statement for the financial year ended March 31, 2017 and reports of Directors and Auditors thereon
2.	To receive, consider and adopt the Audited Consolidated Balance Sheet as at March 31, 2017, Statement of Profit and Loss and Cash Flow Statement for the financial year ended March 31, 2017 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 year 2016-17.
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.
6.	To appoint M/s. B S R & Associates LLP, Chartered Accountants as Statutory Auditors of the Company in place of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants and fix their remuneration.
Special Business	
7.	Re-appointment of Mr. P.V. Ramprasad Reddy, Director of the Company as Managing Director designated as Executive Chairman of Aurobindo Pharma USA Inc., a Wholly Owned Subsidiary of the Company.
8.	Appointment of Mr. Rangaswamy Rathakrishnan Iyer as an Independent Director.
9.	To revise the remuneration of Mr. N. Govindarajan, Managing Director of the Company.

Signed this ____________ day of ____________ 2017

Signature of Member...

Signature of Proxy holder(s).................................

Revenue Stamp

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: Plot No. 2, Maitri Vihar, 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.

Tear Here

AUROBINDO PHARMA LIMITED

CIN - L24239TG1986PLC015190
Registered Office: Plot No.2, Maitri Vihar, Ameerpet, Hyderabad 500 038
Tel. : +91 40 2373 6370 | Fax : +91 40 2374 7340
E-mail: info@aurobindo.com | Website : www.aurobindo.com

30th Annual General Meeting - Thursday, August 31, 2017

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 on Thursday, August 31, 2017 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 (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 Annual Report for reference at the meeting.

AGM Venue - Route Map

Hotel Trident, Hi-tech City, Near Cyber Towers, Madhapur, Hyderabad - 500 081

Forward Looking Statements

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, macro-economic, 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.

Concept, Research, Design & Production **Capricorn Associates,** Hyderabad

www.aurobindo.com

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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