

# Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations 2015").

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Aurobindo has always attached great importance to good and responsible corporate governance. The Company belongs to all the stakeholders and the corporate objective is to maximise shareholder value ethically and legally. Efforts are therefore made to raise the level of transparency, trust and confidence of stakeholders in the way the Company is run. The team at Aurobindo operates as a trustee on behalf of every shareholder - large or small.

The Company will continue to strive to be a wealth creator to meet stakeholders expectations and be a responsible citizen in its societal commitments. In the achievement of its goals, the Company utilises its resources with accountability and professionalism to meet the needs of customers and deliver on their expectations; meet the commitments with vendors, partners, employees, governments and the community.

## BOARD OF DIRECTORS

The Board of Directors along with its Committees, guides, directs and oversees the management and protects long term interests of shareholders, employees and the society, at large. The Board also ensures compliance of the applicable provisions and code of ethical standards wherever the Company and its subsidiaries are present.

### Size and Composition of the Board

As on 31 March 2020, the Board consists of ten Directors. Five of them are Executive and five are Non-Executive Directors, including four independent of which two are women. Your Company has taken all the necessary steps to strengthen the Board with the optimum combination of executive and non-executive/independent directors.

### Composition of Board of Directors as on 31 March 2020

Name	Category	Number of Board Meetings attended	Attendance at the last AGM held on 29 August 2019	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 Chairman	4	Yes	5	---	---	---
Mr. K. Nithyananda Reddy	Promoter and Executive	3	Yes	9	---	2	25,359,572
Mr. N. Govindarajan	Executive	4	Yes	---	---	---	---
Dr. M. Sivakumaran	Executive	4	Yes	7	---	---	14,491,360
Mr. M. Madan Mohan Reddy	Executive	3	Yes	8	---	---	2,010
Mr. P. V. Ramprasad Reddy	Promoter and Non-Executive	4	---	2	---	---	18,000,000
Mr. P. Sarath Chandra Reddy	Executive	4	---	8	---	---	---
Mr. M. Sitarama Murty	Non-executive Independent	3	Yes	---	---	---	---
Dr. (Mrs.) Avnit Bimal Singh	Non-executive Independent	4	Yes	---	---	---	---
Mrs. Savita Mahajan	Non-executive Independent	4	---	4	---	---	---

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

\*\* Includes only Audit, Nomination & Remuneration/Compensation and Stakeholders Relationship Committees (excluding private limited companies, foreign companies, and companies under section 8 of the Companies Act 2013 or section 25 of the Companies Act 1956).

### Note:

- 1) Leave of absence was granted on request to those Directors who could not attend the meeting(s) due to their pre-occupations.
- 2) None of the Directors of the Company is a director in other listed entity(ies).
- 3) None of the Non-Independent Directors of the Company are Independent Directors of the company(ies) where the Independent Directors of the Company are Non-Independent Directors or vice versa.
- 4) None of the Directors hold Directorships in more than 10 public companies.

Video/ teleconferencing facilities are also used to facilitate Directors travelling/residing abroad or at other locations to participate in the meetings of Board and Committees.

During the financial year 2019-20, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

**Meeting of Independent Directors**

During financial year 2019-20, one meeting of the Independent Directors was held on 26 March 2020. All the four Independent Directors attended the meeting. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of executive directors and non-executive directors.

The Board periodically reviews the compliance reports of all laws applicable to the Company.

**Number of Meetings of the Board**

During the financial year 2019-20, four Board meetings were held on the following dates and the maximum gap between any two consecutive meetings did not exceed one hundred and twenty days.

Date of Meeting	Board Strength	Number of Directors Present
28 May 2019	10	9
7 August 2019	10	8
12 November 2019	10	10
6 February 2020	10	10

**Disclosure of relationships between directors inter-se**

Mr. P. Sarath Chandra Reddy, Whole-time Director of the Company, is son of Mr. P.V. Ramprasad Reddy, Director and

son-in-law of Mr. K. Nithyananda Reddy, Vice Chairman. Other than Mr. P.Sarath Chandra Reddy, Mr. P.V.Ramprasad Reddy and Mr. K. Nithyananda Reddy, none of the Directors are related to any other Director.

**Details about familiarisation 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, strategy, risks involved, new initiatives etc., and seek their opinions and suggestions on the same. Also, the Directors are briefed on their specific responsibilities and duties that may arise from time to time. Any new Director who joins the Board is presented with a brief background of the Company and 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 familiarisation program are placed on the Company’s website at: <http://www.aurobindo.com/aboutus/corporate-governance>

**Details of skills / expertise / competence of the Board of Directors:**

Name	Category	Skills/ Expertise/ Competence
Mr. K. Ragunathan	Non-executive Independent Chairman	He is a Chartered Accountant and has rich experience in accounting, management, strategy, etc.
Mr. K. Nithyananda Reddy	Promoter and Executive	He has expertise in manufacturing technology and he oversees the production planning and provides guidance in effective utilisation of capacities.
Mr. N. Govindarajan	Executive	He is an Engineer and has more than 27 years of experience across a variety of domains such as bulk drugs, CRAMS, finished dosages and biotechnology.
Dr. M. Sivakumaran	Executive	He has 45 years of experience in the pharmaceutical industry and is currently responsible for the technological evolution of the Company. He looks after research and development, new product development and total quality management.
Mr. M. Madan Mohan Reddy	Executive	Apart from general management, he has rich experience in regulatory affairs of the pharma industry.
Mr. P. V. Ramprasad Reddy	Promoter and Non-Executive	Focus on strategy and future plans, identification of key areas for growth, acquisitions, consolidation, etc.
Mr. P. Sarath Chandra Reddy	Executive	His core areas of expertise include procurement, logistics, clinical trials, trading and information technology.
Mr. M. Sitarama Murty	Non-executive Independent	He retired as Managing Director & CEO of State Bank of Mysore, Bangalore, in the year 2003. His specialised areas of interest are International Banking, Foreign Exchange, Money Markets, Funds Management, Credit Management, Rural Development, Computerisation, Commercial Law and Systems and Procedures and risk management.
Dr. (Mrs.) Avnit Bimal Singh	Non-executive Independent	She is a doctor by profession and adds value by identifying new and current trends in medication and relevant areas.
Mrs. Savita Mahajan	Non-executive Independent	She has rich experience in overall management, organisation, etc

**Statement on Declaration by Independent Directors**

Mr. K. Ragunathan, Mr. M. Sitarama Murty, Dr.(Mrs) Avnit Bimal Singh and Mrs. Savita Mahajan are the Independent Directors on the Board of the Company as on 31 March 2020. All the Independent Directors have given their respective declarations under Section 149 (6) and (7) of the Companies Act, 2013 and the Rules made thereunder. The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions of independence specified in the Listing Regulations.

As required by SEBI (LODR) Regulations, 2015, a certificate from Practicing Company Secretary that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority, is attached to this Report as **Annexure-A**.

Further, Annual Secretarial Compliance Report issued by the Practicing Company Secretary pursuant to Circular dated 08 February 2019 issued by SEBI is also attached to this Report as **Annexure-B**.

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

Mr. K. Nithyananda Reddy and Mr. M. Madan Mohan Reddy retire by rotation at this Annual General Meeting and being eligible, seek re-appointment.

Details of aforesaid directors seeking appointment/re-appointment at the forthcoming Annual General Meeting as required pursuant to Regulation 36 of SEBI Listing Regulations, 2015 and Secretarial Standard on General Meetings are annexed to the Notice covering the Annual General Meeting and forming part of this Annual Report.

**AUDIT COMMITTEE**

The scope and function of the Audit Committee is to regularly review the internal control systems and procedures, accounting policies and other matters that protect the interest of the stakeholders, ensure compliance with the laws of the land, and monitor with a view to provide effective supervision of the management’s process, ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting. The composition, procedures, powers and role/functions of the Audit Committee constituted by the Company comply with the requirements of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013.

**Role of Audit Committee**

The terms of reference of Audit Committee as approved by the Board and amended from time to time includes the following:

- Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Review, with the management, the annual financial statements and Auditor’s report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report;
- Review, with the management, the quarterly financial statements before submission to the Board for approval;
- Review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the Auditor’s independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Review, with the management, performance of statutory and internal auditors, adequacy of the internal financial control systems;

- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Examine into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e. the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carry out any other function as is mentioned in the terms of reference of the Audit Committee under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations and Companies Act, 2013.
- To review:
  - Management discussion and analysis of financial condition and results of operations;
  - statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - management letters / letters of internal control weaknesses issued by the statutory auditors;
  - internal audit reports relating to internal control weaknesses; and the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
  - statement of deviations:
    - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - (b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
  - Adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, statutory and internal auditors;
  - Reports of Internal Audit and discussion with internal auditors on any significant findings and follow-up thereon;
  - System for storage, retrieval, security etc. of books of account maintained in the electronic form;
  - The functioning of the Whistle Blower mechanism in the Company.
  - Review the utilisation of loans and or advances from investment by the holding company in the subsidiary(ies) exceeding rupees ₹1,000 million 10% of the asset size of the subsidiary, whichever is lower, including existing loans / advances/ investments existing as on 1 April 2019.
  - Review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015

**Composition and other details of Audit Committee**

The Audit Committee comprises of three Non-Executive Directors, all of them being independent directors. The heads of finance & accounts, internal auditors and the representative of the statutory auditors are permanent invitees to the meetings of the Audit Committee where the financial results are considered, apart from other departmental heads for reviewing the compliance of applicable laws and provisions. The Company Secretary is the Secretary to the Committee. The minutes of Audit Committee meetings are placed at every Board meeting for its perusal and noting.

Mr. M. Sitarama Murty, Chairman of the Audit Committee, is a Non-Executive, Independent Director having expertise in accounting and financial management. Mr. K.Ragunathan and Mrs.Savita Mahajan are the members of the Committee.

During the financial year, the Audit Committee met five times on 28 May 2019; 7 August 2019; 12 November 2019; 6 February 2020 and 26 March 2020.

The attendance at the Audit Committee meetings during the financial year 2019-20 is as under:

Name of the Committee Member	No. of Meetings held during his/her tenure	Attended
Mr. M. Sitarama Murty	5	4
Mr. K. Ragunathan	5	5
Mrs. Savita Mahajan	5	5

**NOMINATION AND REMUNERATION / COMPENSATION COMMITTEE**

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

The terms of reference of Nomination and Remuneration / Compensation Committee as approved by the Board and amended from time to time includes the following:

- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- Carry out evaluation of every Director's performance;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director;
- Recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees;
- Formulation of the criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Grant of options to eligible employees and administering the employee stock option scheme of the Company;
- Recommend to the Board all remuneration, in whatever form payable to the Board and the senior management;
- Recommend to the Board whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- Any other matter as the Board may decide from time to time.

**Composition and other details of Nomination and Remuneration/Compensation Committee**

The composition of the Nomination and Remuneration/Compensation Committee comprises of three Non-Executive Directors, all of them are independent directors.

Dr. (Mrs) Avnit Bimal Singh is the Chairperson of the Committee and Mr. M. Sitarama Murty and Mr. K. Rangunathan are the other Members of the Committee. During the financial year, the Nomination and Remuneration/Compensation Committee met three times on 28 May 2019, 7 August 2019 and 26 March 2020.

**Meetings and attendance during the financial year**

The attendance at the Nomination and Remuneration/Compensation Committee meetings during the financial year 2019-20 is as under:

Name of the Committee Member	No. of Meetings held during his/her tenure	Attended
Dr(Mrs.) Avnit Bimal Singh	3	3
Mr. M Sitarama Murty	3	2
Mr.K.Rangunathan	3	3

**Nomination/Remuneration Policy**

The compensation of the Executive Directors comprises of fixed component, perquisites and commission. The compensation is determined based on the remuneration prevailing in the industry and the performance of the Company. The remuneration package of the Executive Directors is periodically reviewed, and suitable 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: <https://www.aurobindo.com/about-us/corporate-governance/governance-policies/>

**Performance evaluation criteria for independent directors**

The performance evaluation shall be done on an annual basis. Each Director shall be provided an evaluation sheet in the form of a questionnaire. The ratings shall be provided by all the Directors except the Independent Director being evaluated.

Based on 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 the Directors during the financial year 2019-20 are as follows:

**a. Executive Directors**

Name of the Director	Salary	Benefits / Perquisites	Bonus	Pension	Commission	Contribution to PF	Total
Mr. K. Nithyananda Reddy	12,999,996	2,100,004	-	-	-	21,600	15,121,600
Dr. M. Sivakumaran	12,999,996	2,100,004	-	-	-	21,600	15,121,600
Mr. M. Madan Mohan Reddy	34,999,992	5,653,842	-	-	-	21,600	40,675,434
Mr. P. Sarath Chandra Reddy	7,500,000	1,211,539	-	-	-	21,600	8,733,139
Mr. N. Govindarajan	54,795,216	10,132,560	-	-	100,000,000	3,945,177	168,872,953
<b>Total</b>	<b>123,295,200</b>	<b>21,197,949</b>	<b>-</b>	<b>-</b>	<b>100,000,000</b>	<b>4,031,577</b>	<b>248,524,726</b>

Mr. K.Nithyananda Reddy, Dr.M.Sivakumaran, Mr.M.Madan Mohan Reddy and Mr. N. Govindarajan were re-appointed as executive directors w.e.f 1 June 2018 for a period of 3 years and Mr.P.Sarath Chandra Reddy was re-appointed as an executive director w.e.f 1 June 2019 for a period of 3 years on the terms and conditions contained in the respective resolutions passed by the Members in



the General Meetings. The Notice period is as per the rules of the Company. There was no severance fee payable to them for cessation of their executive directorship.

Mr. N. Govindarajan, Managing Director was granted options under Employee Stock Option Plan (ESOP) of the Company and all the options were vested and completed exercise of options during the year 2016-17. No other directors were granted options under ESOP.

**b. Non-Executive Directors**

There were no pecuniary transactions with any non-executive director of the Company.

Non-Executive Directors are paid sitting fee for attending the Board and Committee meetings. Sitting fee of ₹100,000 is being paid to Non-Executive Directors for attending each meeting of the Board of Directors and ₹50,000 for each meeting of the Committees of Board of Directors. The sitting for each meeting of the Committees of Board of Directors was revised to ₹100,000 with effect from 12 November 2019. During the year, the sitting fees paid to the Non-executive Directors, was as follows:

Name	Sitting fee (₹)
Mr. M. Sitarama Murty	750,000
Mr. K. Ragunathan	1,100,000
Dr.(Mrs.) Avnit Bimal Singh	650,000
Mrs. Savita Mahajan	800,000
Mr. P.V. Ram Prasad Reddy	400,000

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

**Composition**

Dr. (Mrs) Avnit Bimal Singh, a Non-Executive Independent Director is the Chairperson of the Committee and Mr. K. Nithyananda Reddy, Mr. M. Madan Mohan Reddy and Mr. P. Sarath Chandra Reddy are the other members of the Committee.

**Terms of reference**

Stakeholders Relationship Committee considers and resolves all matters of the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual reports, dividends, issue of duplicate share certificates etc.

Specifically look into various aspects of interest of shareholders, debenture holders and other security holders.

Review of measures taken for effective exercise of voting rights by shareholders.

Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

Review of various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and

ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company

**Name and designation of Compliance Officer**

Mr. B. Adi Reddy, Company Secretary  
Email ID for investor grievances: ig@aurobindo.com

**Investor Complaints**

During the financial year ended 31 March 2020, the Company has received and resolved 18 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
- Mrs. Savita Mahajan, Member w.e.f. November 2019

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 financial year is 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
2017	Hotel Trident, Hyderabad	31 August 2017	3.00 p.m.	Nil
2018	Hotel Trident, Hyderabad	30 August 2018	3.00 p.m.	1
2019	Hotel Trident, Hyderabad	29 August 2019	3.00 p.m.	3

**Details of resolutions passed through postal ballot in Financial Year 2019-20 and details of the voting pattern:**

No special resolution passed through postal ballot and no special resolution is proposed to be passed through postal ballot.

**MEANS OF COMMUNICATION**

The Company has a website [www.aurobindo.com](http://www.aurobindo.com). The quarterly and half yearly financial results are not sent to the individual

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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 and also the transcripts of earnings’ calls 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**

**33rd Annual General Meeting**

As mentioned in the Notice, the 33rd Annual General Meeting of the Company will be held on Thursday, the 27th day of August 2020 at 3.30 p.m. IST through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) pursuant to the MCA Circular dated 5 May 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by Kfintech at <https://emeetings.kfintech.com> by using their remote e-voting login credentials and selecting the EVENT for Company’s AGM.

**Financial Year**

The financial year of the Company is April to March. Financial calendar (tentative and subject to change) of the financial year 2020-21 is as follows:

Declaration of Financial results for	Declaration on or before
1st Quarter	14 August 2020
2nd Quarter	14 November 2020
3rd Quarter	14 February 2021
4th Quarter	30 May 2021

**Market Price data:**

**High, low during each month in last financial year and volume of shares traded on NSE**

Month	NSE Share Price			Volume	S & P CNX Nifty			
	High	Low	Close		High	Low		
2019	April	838.00	770.00	819.05	39,221,169	11,856.15	11,549.10	
	May	830.00	656.50	672.40	66,182,250	12,041.15	11,108.30	
	June	660.85	576.00	608.05	64,810,970	12,103.05	11,625.10	
	July	622.00	542.00	571.25	61,648,347	11,981.75	10,999.40	
	August	617.60	536.60	600.70	60,321,344	11,181.45	10,637.15	
	September	639.30	580.00	589.00	36,881,130	11,694.85	10,670.25	
	October	596.50	435.35	469.85	112,434,575	11,945.00	11,090.15	
	November	507.50	389.35	449.90	120,675,397	12,158.80	11,802.65	
	December	474.45	430.00	456.85	55,731,700	12,293.90	11,832.30	
	2020	January	518.00	442.00	481.40	73,642,765	12,430.50	11,929.60
		February	617.55	460.20	505.50	146,566,039	12,246.70	11,175.05
		March	534.30	288.85	413.15	109,934,962	11,433.00	7,511.10

**Payment of Dividend**

The Company has paid first interim dividend of 125% (₹1.25 per equity share of ₹1 each) in the month of December 2019 and second interim dividend of 175% (₹1.75 per equity share of ₹1 each) in the month of March 2020, on the equity share capital of the Company for the financial year 2019-20. The total dividend, for the financial year ended 31 March 2020 was 300% (₹3.00 per equity share of ₹1 each) on the equity share capital of the Company. The Board of Directors did not recommend any further dividend for the financial year 2019-20.

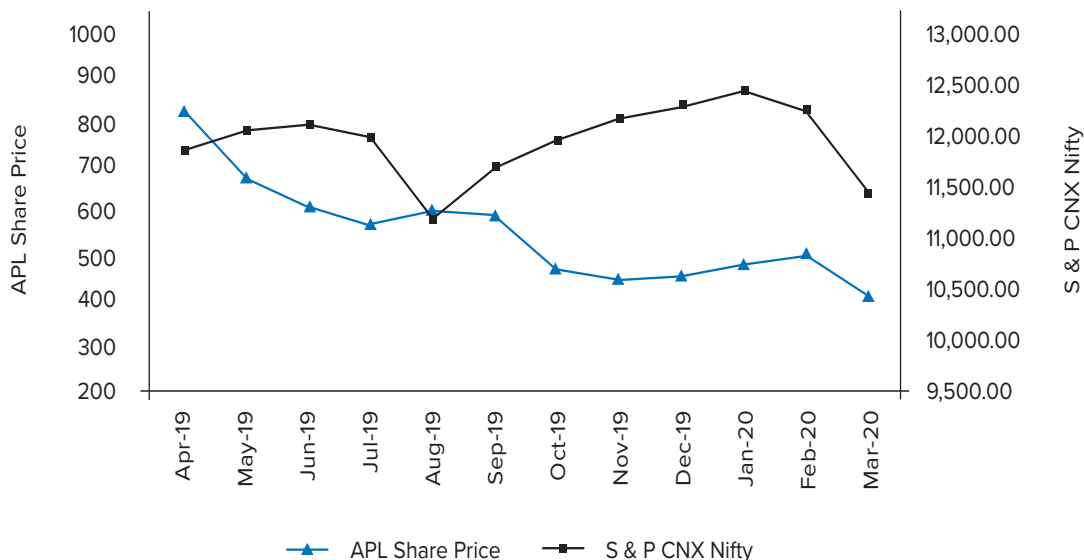
**Name and address of each stock exchange(s) at which the shares are listed**

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

Name and address of the Stock Exchange(s)	Stock Code
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 001	524804
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	AUROPHARMA

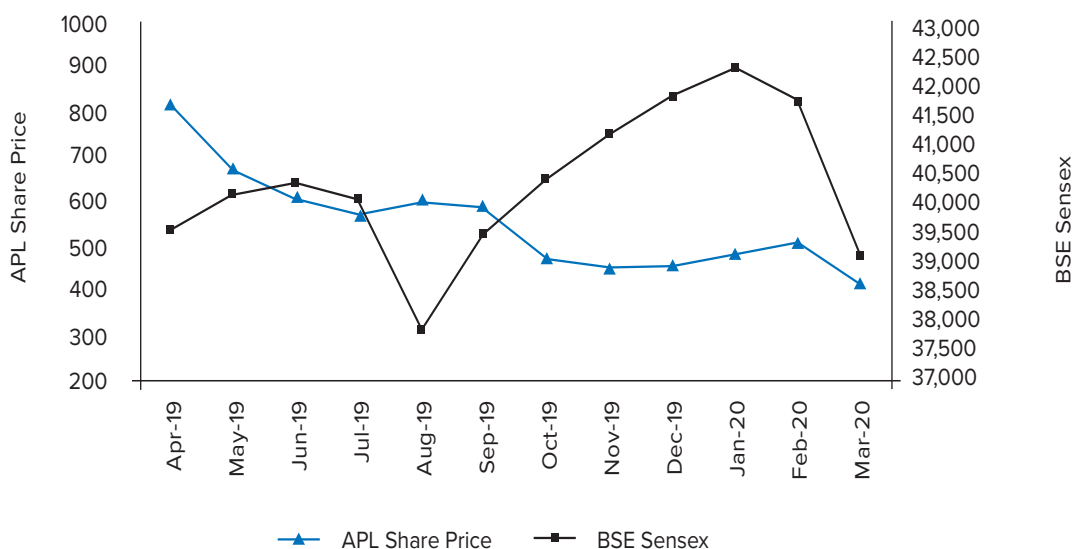
Listing fees for the financial year 2020-21 has been paid to the above stock exchanges.

ISIN: INE406A01037



**High, low during each month in last financial year and volume of shares traded in BSE.**

Month	BSE share price (₹)			Volume	BSE Sensex	
	High	Low	Close		High	Low
2019 April	838.00	769.75	818.65	1,778,289	39,487.45	38,460.25
2019 May	829.90	656.30	672.75	3,094,312	40,124.96	36,956.10
2019 June	662.00	575.85	608.10	3,075,728	40,312.07	38,870.96
2019 July	621.70	542.55	571.75	2,481,525	40,032.41	37,128.26
2019 August	617.40	537.00	600.70	2,584,515	37,807.55	36,102.35
2019 September	639.85	580.50	588.80	1,536,599	39,441.12	35,987.80
2019 October	596.55	435.00	469.75	6,287,932	40,392.22	37,415.83
2019 November	507.45	389.70	450.20	6,153,233	41,163.79	40,014.23
2019 December	474.45	430.00	457.20	2,073,126	41,809.96	40,135.37
2020 January	517.50	442.35	481.35	2,630,692	42,273.87	40,476.55
2020 February	617.00	460.65	505.75	6,444,600	41,709.30	38,219.97
2020 March	534.10	281.15	413.05	7,272,305	39,083.17	25,638.90





Statutory Reports

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

**Registrar and Share Transfer Agent**

M/s. KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) is the Registrar and Share Transfer Agent and Depository Transfer Agent of the Company.

Any request pertaining to investor grievances may be forwarded to them at the following address:

Ms. C. Shobha Anand

KFin Technologies Private Limited

Unit: Aurobindo Pharma Limited

Selenium, Tower B, Plot No.31-32,

Gachibowli, Financial District, Nanakramguda,

Hyderabad - 500032

Phone: +91 40 6716 2222 Fax: +91 40 2300 1153

Email: einward.ris@kfintech.com

depository system. The Company has appointed M/s. KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) as its Registrar and Share Transfer Agent and also Depository Transfer Agent. Shares received for physical transfer are generally registered within a period of 15 days from the date of receipt, subject to fulfillment of other legal formalities. The Compliance Officer has been delegated the power to approve the share transfers and the information is placed to the Board in each meeting. Further, the Company has signed a tripartite agreement with NSDL/CDSL and M/s. KFin Technologies Private Limited to facilitate dematerialisation of shares. The Members may contact for the redressal of their grievances either KFin Technologies Private Limited or to the Company Secretary, Aurobindo Pharma Limited. Further, SEBI has mandated that securities of listed companies can be transferred only in dematerialised form with effect from 1 April 2019 and accordingly, considering the benefits of dematerialisation, Members who are still holding the Company's shares in physical form are suggested to dematerialise their holdings in the Company.

**Share transfer system and dematerialisation of shares and liquidity**

The Company's shares are covered under the compulsory dematerialisation list and are transferable through the

**Distribution of shareholding**

Category	No. of Cases	% of Cases	Total Shares	Amount (₹)	% of Amount
1-5000	210,382	99.12	29,519,125	29,519,125	5.04
5001- 10000	834	0.39	6,154,616	6,154,616	1.05
10001- 20000	321	0.15	4,591,879	4,591,879	0.78
20001- 30000	145	0.07	3,558,463	3,558,463	0.61
30001- 40000	92	0.04	3,230,810	3,230,810	0.55
40001- 50000	50	0.03	2,259,987	2,259,987	0.39
50001- 100000	126	0.06	9,427,514	9,427,514	1.61
100001& Above	296	0.14	527,196,215	527,196,215	89.97
<b>Total:</b>	<b>212,246</b>	<b>100.00</b>	<b>585,938,609</b>	<b>585,938,609</b>	<b>100.00</b>

206,176 Folios comprising of 584,646,596 equity shares forming 99.78% of the share capital are in demat form and 6,070 Folios comprising of 1,292,013 equity shares forming 0.22% of the share capital are in physical form.

**Categories of shareholders as on 31 March 2020**

Category	No. of Shares	%
Promoters & Directors	304,767,481	52.01
NRIs/FPIs/Foreign Nationals	133,385,649	22.77
FIs / Banks	427,306	0.07
Mutual Funds	70,004,055	11.95
Insurance companies	3,174,757	0.54
Body corporates	7,693,579	1.31
General public and others	66,485,782	11.35
<b>Total</b>	<b>585,938,609</b>	<b>100.00</b>

**Outstanding GDR/ADR/warrants or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDR/ADR and there are no outstanding warrants or any convertible instruments.

**Commodity Price Risk or Foreign Exchange risk and hedging activities**

Detailed information on commodity price risk and foreign exchange risk has been provided under Management of Risks which forms part of this annual report. The Company has not undertaken any hedging activities for commodity price risk and foreign exchange risk.

**Plant locations of manufacturing and R&D facilities**

Unit No	No. of Shares
Unit-I	Survey No.379, 385, 386, 388 to 396 & 269, Borpatla Village, Hatnoor Mandal, Sangareddy District, 502296, Telangana.
Unit-II	Plot No.103/A & 104/A, SVCIE, Industrial Development Area, Bollaram, Jinnaram Mandal Sangareddy District, 500092, Telangana.
Unit-III	Survey No.313 & 314 Bachupally Village, Bachupally Mandal, Medchal Malkajgiri District, 500090, Telangana.
Unit-IV	Plot No.4 in Sy. No.151 and Plot Nos.34 to 48 in Sy. Nos. part of 146, 150, 151, 152, 153 and 154 situated in Phase-III, TSIC, EPIP, IDA, Pashamylaram, Patancheru Revenue Mandal , Sangareddy District 502307, Telangana.
Unit-V	Plot Nos.68 to 70, 73 to 91, 95, 96, 260 & 261, Industrial Development Area, Chemical Zone, Pashamylaram Village, Patancheru Mandal, Sangareddy District, 502307, Telangana.
Unit-VI	Survey No. 329/39 & 329/47, Chitkul Village, Patancheru Mandal, Sangareddy District, 502307, Telangana.
Unit-VII (SEZ)	Sy.Nos.411/P, 425/P, 434/P, 435/P & 458/P, Plot No.S1/A, Special Economic Zone (Pharma), TSIC, Green Industrial Park, Polepally Village, Jedcherla Mandal, Mahaboob Nagar District, 509302, Telangana.
Unit-VIII	Survey No.10 & 13, Gaddapothram, Industrial Development Area – Kazipally Industrial Area, Jinnaram Mandal, Sangareddy District, 502319, Telangana.
Unit-IX	Survey No.305, 369, 370, 371, 372, 373, 374 & 377, Gundlamachanoor Village, Hatnoora Mandal, Sangareddy District, 502296, Telangana.
Unit-X	Plot No 16, APIIC, Multi product SEZ at Sy.No.3 (P) to 6(P) & 413(P) & 416(P) Palchur village and 113 Part of Palepalem Village Naidupeta Mandal, PSR Nellore District 524126, Andhra Pradesh.
Unit-XI	Survey No. 52-78, of Pydibhimavaram Village, Survey No.2-11 & 29-32 of Chittivalasa Village Industrial Development Area, Pydibhimavaram, Ranasthalam Mandal, Srikakulam District, 532409, Andhra Pradesh
Unit-XII	Survey No.314, Bachupally Village, Bachupally Mandal, Medchal Malkajgiri District, 500090, Telangana.
Unit – XIV	JN Pharma City, Plot NO 17, Road No.10,11 & 19,20, E Bonangi Village, Parawada Mandal, Visakhapatnam District, 531021, Andhra Pradesh.
Unit – XV	JN Pharma City, Plot NO 17A, Road No.10,11 & 19,20, E Bonangi Village, Parawada Mandal, Visakhapatnam District, 531021, Andhra Pradesh.
Unit – XVI	Plot No.S-5/B,S-6&S-7, Sy No.408 to 412,418 to 435,437 to 445,452 to 459, TSIC,SEZ,Polepally-Village, Jadcherla-Mandal, Mahaboobnagar District, -509302 Telangana.
Unit – XVII *	Survey No.77 & 78, Indrakaran Village, Kandi Mandal, Sangareddy District, 502203, Telangana.
Unit – XVIII *	Survey No.69, 70, 71 & 72, Indrakaran Village, Kandi Mandal, Sangareddy District, 502203, Telangana.
APLRC – I @	Survey No. 313 & 314, Bachupally Village, Bachupally Mandal, Medchal Malkajgiri District, 500090, Telangana.
APLRC –II @	Survey No.71 & 72, Indrakaran Village, Kandi Mandal, Sangareddy District, 502203, Telangana.
Bhiwadi Unit	1128, RIICO Phase–III, Bhiwadi – 301 019, Rajasthan (under sub lease to Auronext Pharma Private Limited, a wholly owned subsidiary of the Company)

\* Facilities under construction/ development  
 @ Research and Development Centers

**Address for correspondence:**

Registered Office	Corporate Office	Name & Designation of Compliance Officer
Aurobindo Pharma Limited (CIN - L24239TG1986PLC015190) Plot No.2, Maithrivihar, Ameerpet Hyderabad - 500038, Telangana Phone: +91 40 2373 6370 Fax: +91 40 2374 7340 Email: 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 Email: 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 - 500084, Telangana Phone: +91 40 6672 5333 Fax: +91 40 6707 4044 Email: cs@aurobindo.com

**Contact address for investor grievances**

Email: ig@aurobindo.com

**List of all credit ratings obtained by the entity along with any revision thereto**

The Company has obtained the following ratings from India Ratings & Research Private Limited on 23 October 2019

Fund-based working capital limits: IND AA+/ RWE /IND A1+ / RWE

Non-fund-based working capital limits: IND A1+ / RWE

**OTHER DISCLOSURES**

**Related Party Transactions**

No transaction of material nature has been entered into by the Company with its Directors/management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

Transactions with related parties are disclosed in the Notes to Accounts in the Annual Report.

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee and Board of Directors of the Company have adopted a policy to determine Related Party Transactions. The policy is placed on the Company’s website at: <https://www.aurobindo.com/about-us/corporate-governance/governance-policies/>

**Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:**

There were no instances of non-compliance or penalties/strictures by the stock exchanges/SEBI/statutory authorities on any matter related to capital markets during the last three years except a settlement of a case under SEBI PIT Regulations. Brief facts of the settlement are as follows:

During 2008-09, the Company in the ordinary course of its business, entered into several Licensing and Supply Agreements with Pfizer Inc. (“Pfizer”). The Company has issued a Press Release consistent with the Pfizer Press Release on March 3,2009 to avoid any conjecture in the market. When things stand as above, some trades in the shares of the Company were undertaken by some of the promoters to consolidate their shareholding in the Company as per the amendments brought in by SEBI to the Takeover Code Regulations.

However, the above act of promoters has been considered by SEBI as violation of Insider Trading Regulations of SEBI and issued a Show Cause Notice dated 6 September 2017 (WTM SCN) under Section 11B of the SEBI Act, 1992 alleging violation of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 (PIT Regulations). Further, another Show Cause Notice dated 20 June 2018 (AO SCN) was issued by the Adjudication Officer (AO) of SEBI against the promoters and to the Company under Section 15 of the SEBI Act, 1992. The Company and the promoters submitted their responses to the aforesaid Show Cause Notices.

The Adjudicating Officer (AO) vide order dated 23 September 2019, levied a penalty of ₹10 million under Section 23 E of SCRA for violation of Clause 36 of the Equity Listing Agreement read with Section 21 of the SCRA and ₹10 million under Section 15HB for violation of Regulation 12 (1) read with Clause 3.2.1 of

Schedule I of the PIT Regulations, 1992 read with regulation 12 (2) of the PIT Regulations, 2015 and Regulation 12 (2) read with Clause 2.1 of Schedule II of the PIT Regulations, 1992 read with Regulation 12 (2) of the PIT Regulations, 2015 on the Company and ₹132 million under Section 15G for violation of Regulations 3 and 4 of PIT Regulations on the promoters / promoter group of the Company. Thereafter, the Company and the promoters have filed an Appeal before the Securities Appellate Tribunal on the above matter.

The Company and the promoters have in order to buy the peace, made settlement applications on 25 October 2019 before SEBI without admitting or denying any violation for settlement of the matter pending before SAT and also on WTM SCN. Accordingly, a meeting with Internal Committee of SEBI was held on 5 February 2020. The SEBI on 16 April 2020 has communicated its acceptance to the settlement proposal of the Company and its promoters. Accordingly, on 30 April 2020 the Company has paid ₹22 million and the promoters cumulatively have paid ₹198.2 million to SEBI towards settlement amount of the above matter.

SEBI vide settlement order dated 6 May 2020 disposed off all the enforcement proceedings of SEBI in respect of the aforesaid allegations against the Company and the Promoters and the matter is now closed.

**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 organisation 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 <https://www.aurobindo.com/wp-content/uploads/2019/04/Whistle-Blower-Policy-APL-clean.pdf>

**Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company has complied with all the mandatory requirements of Corporate Governance as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is in the process of implementation of non-mandatory requirements.

**Policy on Material Subsidiaries**

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of

the Company has adopted a policy with regard to determination of material subsidiaries. The policy is placed on the Company's website: <https://www.aurobindo.com/about-us/corporate-governance/governance-policies/>

**Recommendations of Committees of the Board**

There were no instances during the financial year 2019-20 wherein the Board had not accepted the recommendations made by any Committee of the Board.

**Total fee for all services paid by the listed entity and its subsidiaries on a consolidated basis, to the statutory auditor and all entities in the network firm network entity of which the statutory auditor is a part.**

During the year ended 31 March 2020, fees paid to the Statutory Auditors (B S R & Associates LLP) and its network firms are as follows:

			₹ in Million
Fees (including taxes)	Aurobindo Pharma Limited to Statutory Auditors	Aurobindo Pharma Limited to network firms of Statutory Auditors	Subsidiaries of Aurobindo Pharma Limited to Statutory Auditors and its network firms
Statutory Audit	13.20	--	4.48
Certification & other attest services	1.25	--	--
Non-audit services	-	--	--
Outlays and Taxes	3.26	--	--
<b>Total</b>	<b>17.71</b>	<b>--</b>	<b>4.48</b>

**Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, prohibition and redressal) Act, 2013:**

- a. Number of complaints filed during the financial year: Nil
- b. Number of complaints disposed of during the financial year: Nil
- c. Number of complaints pending as on end of the financial year: Nil

**Non-compliance of any requirement of corporate governance report of sub-para (2) to (10) of Schedule-V**

The Company has complied with the requirements of corporate governance report of sub-para (2) to (10) of clause C of Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**Adoption of discretionary requirements as specified in Part E of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

With regard to discretionary requirements, the Company has adopted clauses relating to the following:

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

**The Disclosures of the compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:**

Regulation	Particulars of Regulations	Compliance status (Yes/No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

**Code of Conduct**

The Board of Directors has laid down a ‘Code of Conduct’ (the Code) for all the Board members and the senior management of the Company and this Code is posted on the website of the Company. Annual declaration is obtained from every person covered by the Code.

The Company has a comprehensive Code of Conduct for prevention of insider trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. Pursuant to the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, which is effective from 1 April 2019, the Board has formulated a Code of Conduct to regulate, monitor and report trading by insiders and the Board has also adopted a code of practices and procedures for fair disclosure of un-published price sensitive information. The data management and monitoring of insider trading in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 is done through a dedicated application provided by Company’s Registrar & Transfer Agent, KFin Technologies Private Limited.

**Risk Management**

The Company recognises that it faces various financial, market, technical and operational risks including regulatory and compliance risks and needs to take appropriate steps to minimise 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: <https://www.aurobindo.com/about-us/corporate-governance/governance-policies/>

**CEO and CFO Certification:**

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO & CFO certification is provided in this Annual report as **Annexure-C**.

**Certificate on Corporate Governance**

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Certificate on Corporate Governance issued by practising Company Secretary is annexed to the Board’s report as **Annexure-D**.

**DECLARATION**

I, N. Govindarajan, Managing Director, hereby declare that as provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31 March 2020.

For Aurobindo Pharma Limited

Place: Hyderabad  
Date: 3 June 2020

**N. Govindarajan**  
Managing Director  
DIN: 00050482