Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

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, Maitri 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. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

The Company is principally engaged in manufacturing and marketing of active pharmaceutical ingredients, generic pharmaceuticals and related services. The standalone financial statements for the year ended 31 March 2020 were approved by the Board of Directors and authorised for issue on 3 June 2020.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the "Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

These standalone financial statements comprise the Balance Sheets as at 31 March 2020 and 31 March 2019, the Statements of Profit and Loss, Statements of Changes in Equity and the Statements of Cash Flows for the year ended 31 March 2020 and for the year ended 31 March 2019, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Standalone Financial Statements")

These standalone financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in these standalone financial statements.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The statement of cash flows have been prepared under indirect method.

b) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (₹), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated. Transactions and balances with values below ₹one lac have been reflected as "0.0" in the standalone financial statements.

c) Basis of measurement

The standalone financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following;

- certain financial assets and liabilities (including derivative instruments) are measured at fair value or amortised cost.
- employee defined benefit assets / liability recognised as the net total of the fair value of plan assets, and actuarial losses/gains, and the present value of defined benefit obligation."

d) Use of estimates and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 30(A) - leases: whether an arrangement contains a lease; lease classification.

- Note 30(C) - contingent liabilities: Measurement and likelihood of occurrence of provisions and contingencies.

- Note 2.2(q) and 43: Financial instruments

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(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

- Note 2.2(j), 8 and 28: Provision for income taxes, related tax contengencies and evaluation of recoverability of deferred tax assets.

- Note 2.2(d) and 2.2(e): Useful lives of property, plant and equipment and intangible assets.

- Note 31: Share based payments

- Note 32: Assets and obligations relating to employee benefits

Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Share-based payments

The grant date fair value of employee stock options granted is recognised as an employee expense over the period that the employee becomes unconditionally entitled to the options. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimation requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Black Scholes valuation model has been used by the Management for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 31.

(ii) Defined employee benefit plan (Gratuity)

The cost of the defined benefit gratuity plan and other accumulated leave entitlement and the present value of the gratuity obligation and accumulated leave obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 32.

(iii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 40 and 42 for further disclosures.

(iv) Depreciation on property, plant and equipment and amortisation of intangible assets

Depreciation on property, plant and equipment is calculated on a straight-line basis based on the useful lives estimated by the management. Considering the applicability of Schedule II of Companies Act, 2013, the management has re-estimated useful lives and residual values of all its property, plant and equipment. The management believes that useful lives currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets though these in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

(v) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market

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for the year ended 31 March 2020

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prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

(vi) Impairment of investments

The Company reviews its carrying value of investments annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(vii) Intangible assets under development

The Company capitalises acquired intangible asset under development for a project in accordance with the accounting policy. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The innovative nature of the product gives rise to some uncertainty as to whether the final approval for the products will be obtained.

(viii) Inventories

The Company estimates the net realisable value (NRV) of its inventories by taking into account their estimated selling price, estimated cost of completion, estimated costs necessary to make the sale, obsolescence by applying certain percentages over different age category of such inventories, expected loss rate considering the past trend and future outlook. Inventories are written down to NRV where such NRV is lower than their cost.

(ix) Recognition and measurement of other provisions:

The recognition and measurement of other provisions is based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the closing date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

2.2 Significant accounting policies

a. Foreign exchange transactions and translations

The standalone financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Initial recognition: Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and foreign currency at the date of the transaction.

Conversion: Foreign currency monetary items are reported at functional currency spot rate of exchange at the reporting date. 'Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences: Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous standalone financial statements, are recognised as income or as expenses in the year in which they arise.

b. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's CFO determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

c. Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods: Revenue from sale of goods is recognised when a promise in a customer contract(performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised is based on the consideration expected to be received in exchange for goods, excluding trade discounts, volume discounts, sales returns and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and services tax, etc., where applicable. Any additional amounts based on terms of agreement entered into with customers, is recognised in the period when the collectability becomes probable and a reliable measure of the same is available.

Rendering of services: Revenue from sale of dossiers/licenses/services, includes in certain instances, certain performance obligations and based on evaluation of whether or not these obligations are in consequential or perfunctory, revenue is recognised in accordance with the terms of the contracts with the customers when the related performance obligation is completed at point in time or spread over a period of time, as applicable.

Interest income: Interest income is recognised with reference to the Effective Interest Rate (EIR) method.

Dividend income: Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Export benefits, incentives and licenses: Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

d. Property, plant and equipment & Depreciation

Freehold land and buildings (property) held for use in the production or supply of goods or services, or administrative purposes are stated at cost less accumulated depreciation and accumulated impairment. Freehold land is not depreciated.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is provided on the straight-line method, based on the useful life of the assets as estimated by the Management.

The Company, based on technical assessment and management estimate, depreciates property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Company has estimated the following useful life to provide depreciation on its fixed assets:

Nature of the assets	Useful life as estimated by the management (in years)	Useful life as stated in the Companies Act, 2013 (in years)
Leasehold buildings	20	10 - 60
Freehold buildings	15- 60	10 - 60
Plant and equipment	5 - 20	3 - 40
Furniture and fixtures	10	10
Vehicles	4 - 8	8
Office equipment	5	5

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial period/year end and adjusted prospectively, if appropriate.

e. Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. Estimated useful lives by major class of finite life intangible assets are as follows:

Licences - 5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Research and development costs:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and use or sell the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Acquired research and development intangible assets that are under development are recognised as Intangible assets under development. These assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment is recognised as an expense in the statement of profit and loss.

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Subsequent expenditure on in process research and development project acquired separately and recognised as an intangible asset is:

- recognised as an expense, if it is research expenditure.
- recognised as an expense, if its development expenditure that does not satisfy the criteria for recognition as an Intangible asset; and
- added to the carrying amount of acquired in process research and development project, if it is development expenditure that satisfies the recognition criteria.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets relating to products in development and other intangible assets not available for use is tested for impairment annually.

f. Government grants and subsidies

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is deducted from the related expense. When the grant relates to an asset, it is recognised as deferred income and amortised over the useful life of such assets.

g. Inventories

Inventories are valued at lower of cost, determined on “Weighted average” basis and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work-in-progress: cost includes direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity, but excludes borrowing costs.

Trading goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

h. Retirement and other employee benefits

Provident fund

Retirement benefit in the form of provident fund is a defined contribution plan. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises 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 recognised 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 recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit and loss in subsequent periods.

Past service costs are recognised in profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined liability or asset. The Company recognises

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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

Compensated absences

Short term compensated absences are provided for based on estimates. The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such accumulated leaves are provided for based on an actuarial valuation using the projected unit credit method at the period-end/ year-end. The Company presents the entire liability in respect of leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond twelve months after the reporting date.

i. Share-based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in employee stock options reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. Service and non-market based performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

j. Taxes

Income tax expense comprises of current and deferred tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities in accordance with the Indian Income-tax Act, 1961. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate. The tax rate and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period/year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax

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assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Taxes paid on acquisition of assets or on incurring expenses which are not subsequently recoverable :

Expenses and assets are recognised net of the taxes paid, except:

(i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

(ii) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

k. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Where the Company is lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets

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that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Where the Company is lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

l. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for events such as bonus issue that have changed the number of shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

m. Provision and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

n. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cheques, cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

o. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

p. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset,

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unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods/ years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

q. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the standalone statement profit and loss. The losses arising from impairment are recognised in the standalone statement profit and loss. This category generally applies to trade and other receivables.

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI. Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is

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classified as at FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments:

All equity investments in subsidiaries are measured at cost less diminution other than temporary. All equity investments in scope of Ind AS 109 - Financial Instruments are measured at fair value. Equity investments which are held for trading are classified as FVTPL. For all other equity investments, the Company may make an irrevocable election to present in OCI subsequent changes in fair value. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain/loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

i) the rights to receive cash flows from the asset have expired, or

ii) the Company has transferred its rights to receive cash flows from the asset, and the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109 - Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

(i) Financial assets that are debt instruments, and are measured at amortised cost, e.g. loans, deposits, debt securities, etc.

(ii) Trade receivables that result from transactions that are within the scope of Ind AS 115 - Revenue from contracts with customers.

The Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected

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life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head other expenses/other income in the statement of profit and loss. ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ loss are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines the change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to the external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised

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gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit and loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit and loss at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

r. **Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The forward contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

s. **Cash dividend and non cash distribution to equity holders**

The Company recognises a liability to make cash and non cash distribution to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Corporate laws in India, a final dividend distribution is authorised when it is approved by the shareholders whereas for interim dividend when authorised by board. A corresponding amount is recognised directly in equity. Non cash distribution are measured at fair value of the assets distributed with fair value re-measurement recognised directly in equity.

t. **Recent accounting pronouncements**

Standards issued but not yet effective & not early adopted by the Company:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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3 (A). PROPERTY, PLANT AND EQUIPMENT

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	Leasehold land	Right -of-use assets	Freehold land	Leasehold buildings	Freehold buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Gross carrying value (at cost)										
As at 01 April 2018	138.0	-	730.0	12.0	8,734.4	31,888.9	939.6	243.2	235.7	42,921.8
Additions	9.0	-	43.6	-	2,393.1	8,977.3	289.3	25.1	49.9	11,787.3
Disposals	-	-	-	-	(1.0)	(275.9)	(0.9)	(17.6)	(0.3)	(295.7)
As at 31 March 2019	147.0	-	773.6	12.0	11,126.5	40,590.3	1,228.0	250.7	285.3	54,413.4
Additions	-	503.4	31.5	-	1,524.7	4,930.4	97.5	63.3	22.3	7,173.1
Disposals	-	-	-	-	-	(252.3)	(0.4)	(65.7)	(5.4)	(323.8)
Reclasified to Right-of-use assets	(147.0)	-	-	(12.0)	-	-	-	-	-	(159.0)
As at 31 March 2020	-	503.4	805.1	-	12,651.2	45,268.4	1,325.1	248.3	302.2	61,103.7
Accumulated depreciation										
As at 01 April 2018	(12.7)	-	-	(3.9)	(859.9)	(7,645.7)	(243.6)	(108.9)	(117.4)	(8,992.1)
Charge for the year	(4.5)	-	-	(1.3)	(394.5)	(3,503.7)	(120.3)	(56.3)	(41.3)	(4,121.9)
Disposals	-	-	-	-	0.1	145.7	0.8	12.3	0.2	159.1
As at 31 March 2019	(17.2)	-	-	(5.2)	(1,254.3)	(11,003.7)	(363.1)	(152.9)	(158.5)	(12,954.9)
Charge for the year	-	(90.8)	-	-	(447.5)	(3,919.9)	(137.0)	(55.3)	(44.8)	(4,695.3)
Disposals	-	-	-	-	-	80.7	-	56.0	5.4	142.1
Reclasified to Right-of-use assets	17.2	-	-	5.2	-	-	-	-	-	22.4
As at 31 March 2020	-	(90.8)	-	-	(1,701.8)	(14,842.9)	(500.1)	(152.2)	(197.9)	(17,485.7)
Net carrying value										
As at 31 March 2019	129.8	-	773.6	6.8	9,872.2	29,586.6	864.9	97.8	126.8	41,458.5
As at 31 March 2020	**-**	**412.6**	**805.1**	**-**	**10,949.4**	**30,425.5**	**825.0**	**96.1**	**104.3**	**43,618.0**

Capital work-in-progress ₹7266.2(31 March 2019 ₹7,500.7) (including expenditure during construction period) (refer note 33)

1. The title deeds of land and buildings aggregating to **₹166.5** (31 March 2019: ₹166.5) are pending transfer to the Company's name.
2. Depreciation for the year include **₹0.1** (31 March 2019: ₹1.2) taken as pre-operative capital expenditure on capital projects pending capitalisation.
3. Refer note 30 (A) for details of finance lease.
4. Refer note 36 for details of capital research and development expenditure.
5. Right-of-use assets consist of land and buildings.
6 Refer note 33 for details of expenditure during construction period transferred from capital work-in-progress to property, plant and equipment.

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3(B). INTANGIBLE ASSETS

	Licenses
Gross carrying value (at cost)	
As at 01 April 2018	-
Additions	48.1
Disposals	-
As at 31 March 2019	48.1
Additions	-
Disposals	-
As at 31 March 2020	**48.1**
Accumulated amortisation	
As at 01 April 2018	-
Charge for the year	9.6
Disposals	-
As at 31 March 2019	9.6
Charge for the year	9.6
Disposals	-
As at 31 March 2020	**19.2**
Net carrying value	
As at 31 March 2019	38.5
As at 31 March 2020	**28.9**

Intangible assets under development ₹**Nil** (31 March 2019 ₹389.4). These intangible assets under development has been transferred to Company's wholly owned subsidiary during the year.

4. INVESTMENTS

(A) Non-current investments	Face value	As at 31 March 2020		As at 31 March 2019	
		Quantity	Amount	Quantity	Amount
Investments in unquoted equity shares (fully paid, carried at cost, unless stated otherwise)					
In subsidiaries					
Aurobindo Pharma USA Inc, USA *	-	100% of paid-in-capital	2,832.5	100% of paid-in-capital	2,832.5
APL Pharma Thai Limited, Thailand	Baht 100	979,200	145.6	979,200	145.6
Aurobindo Pharma Industria Farmaceutica Ltda, Brazil	Real 1	10,124,795	260.0	10,124,795	260.0
Helix Healthcare B.V., The Netherlands	Euro 10	20,802,957	15,777.3	18,739,068	13,423.6
		represents 100% of paid-in-capital		represents 100% of paid-in-capital	
APL Research Centre Limited, India	₹10	12,260,000	122.6	12,260,000	122.6
APL Health Care Limited, India	₹10	216,000,000	2,160.0	216,000,000	2,160.0
All Pharma (Shanghai) Trading Company Limited, China	-	100% of paid-in-capital	27.5	100% of paid-in-capital	27.5
Aurobindo Pharma Produtos Farmaceuticos Ltda, Brazil	Real 1	99,000	2.1	99,000	2.1
Auronext Pharma Private Limited, India	₹10	124,984,028	1,298.6	124,984,028	1,298.6
Auro Peptides Limited, India	₹10	95,000	1.0	95,000	1.0
Curepro Parenterals Limited, India	₹10	13,310,107	1,989.5	13,310,107	1,989.5
Hyacinths Pharma Private Limited, India	₹10	32,500,000	394.9	32,500,000	394.9
AuroZymes Limited, India	₹10	50,000	0.5	50,000	0.5
Auro Pharma India Private Limited, India	₹10	100,000	1.0	100,000	1.0
Auro Active Pharma Private Limited	₹10	100,000	1.0	-	-

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(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

(A) Non-current investments	Face value	As at 31 March 2020		As at 31 March 2019	
		Quantity	Amount	Quantity	Amount
In joint ventures					
Tergene Biotech Private Limited, India	₹10	9,040,000	90.4	9,040,000	90.4
Raidurgam Developers Limited, India (formerly Aurobindo Antibiotics Limited, India)	₹10	4,000,000	40.0	4,000,000	40.0
In others (At fair value through profit and loss)					
Jeedimetla Effluent Treatment Limited, India	₹100	753	0.1	753	0.1
Patancheru Envirotech Limited, India	₹10	103,709	1.0	103,709	1.0
Progressive Effluent Treatment Limited, India	₹100	1,000	0.1	1,000	0.1
Synergy Remedies Private Limited	₹10	10,489,500	150.0	10,489,500	150.0
			25,295.7		22,941.0
Less: Provision for impairment in value of investments			3,175.0		3,175.0
		A	22,120.7		19,766.0
Investments in unquoted preference shares (fully paid, carried at amortised cost, unless stated otherwise)					
In subsidiaries					
Auro Peptides Limited, India (9.5% Cumulative Preference shares redeemable at par ranging from five years to twenty years from the date of issue)	₹100	10,220,000	1,022.0	9,120,000	912.0
Auronext Pharma Private Limited, India (9.5% Cumulative Preference shares redeemable at par ranging from five years to twenty years from the date of issue)	₹100	-	-	10,261,520	1,026.2
APL Health Care Limited, India (9.5% Cumulative Preference shares redeemable at par within five years from the date of issue)	₹100	600,000	60.0	600,000	60.0
Silicon Life Sciences Private Limited, India (9.5% Cumulative Preference shares redeemable at par within twenty years from the date of issue)	₹100	6,510,000	651.0	6,510,000	651.0
In joint ventures					
Tergene Biotech Private Limited, India (10.5% Cumulative Preference shares redeemable at par within six years from the date of issue)	₹100	1,675,000	167.5	1,295,000	129.5
		B	**1,900.5**		2,778.7
Investments in unquoted optionally convertible debentures (fully paid, carried at cost, unless stated otherwise)					
In joint ventures					
Raidurgam Developers Limited, India (Interest of 1.5% to 9.5% over a period of ten years redeemable at par within ten years from date of issue. These are optionally convertible into 100 equity shares per debenture at any time after one year from the date of issue.)	₹1000	1,175,463	1,175.4	845,463	845.5
		C	**1,175.4**		845.5

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(A) Non-current investments	Face value	As at 31 March 2020		As at 31 March 2019	
		Quantity	Amount	Quantity	Amount
Unquoted investment in government securities (Carried at fair value through profit and loss)					
National Savings Certificate (includes held by Income tax authorities ₹0.1 (31 March 2019: ₹0.1))			0.2		0.2
		D	0.2		0.2
		A+B+C+D	25,196.8		23,390.4
Aggregate value of unquoted investments			25,196.8		23,390.4
Aggregate amount of impairment in value of investments			3,175.0		3,175.0

* Includes employee stock options given to group employees considered as investment as per Ind AS-102 share based payments

(B) Current investments	Face value	As at 31 March 2020		As at 31 March 2019	
		Quantity	Amount	Quantity	Amount
Investments in unquoted equity shares (fully paid, carried at fair value through profit and loss)					
Citadel Aurobindo Biotech Limited, India	₹100	70,000	-	70,000	-
(At cost less impairment of ₹7.0 (31 March 2019: ₹7.0)					
Investments in quoted equity shares (fully paid, carried at fair value through profit and loss)					
Union Bank of India (formerly known as Andhra Bank)	₹10	4,520	0.2	4,520	0.2
			0.2		0.2
Aggregate value of unquoted investments			-		-
Aggregate value of quoted investments			0.2		0.2
Market value of quoted investments			0.2		0.2
Aggregate amount of impairment in value of investments			7.0		7.0

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

5. LOANS

	As at 31 March 2020	As at 31 March 2019
(A) Non current		
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured		
Loans to related parties (refer note 39)*	4,215.2	1,410.5
Loans to employees	57.2	55.1
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
	4,272.4	1,465.6
* Loan of ₹4,215.2 (31 March 2019: ₹1,410.5) has been given to wholly owned subsidiaries towards project development cost, at interest rate of 9.5% p.a.		
(B) Current		
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured		
Loans to employees	121.5	98.2
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
	121.5	98.2

No loans are due from directors or other officers of the Company either severally or jointly with any other person. Refer note 39 for dues from related parties.

6. TRADE RECEIVABLES

	As at 31 March 2020	As at 31 March 2019
(A) Non current		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	250.1	175.6
	250.1	175.6
Less: loss allowance for doubtful receivables	250.1	175.6
	-	-
(B) Current		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	57,895.7	52,320.7
Trade receivables which have significant increase in credit risk	209.8	-
Trade receivables - credit impaired	700.1	447.7
	58,805.6	52,768.4
Less: loss allowance for doubtful receivables	909.9	447.7
	57,895.7	52,320.7
The details of changes in allowance for credit loss during the year ended 31 March 2020 and 31 March 2019 are as follows:		
Balance at the beginning of the year	623.3	461.0
Provision made during the year, net of reversals	536.7	162.3
Balance at the end of the year	**1,160.0**	623.3

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Refer note 39 for dues from related parties.

Refer Note 43 for the Company's credit risk management process.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

7. OTHER FINANCIAL ASSETS

(Unsecured, considered good unless stated otherwise)

	As at 31 March 2020	As at 31 March 2019
(A) Non current		
Dividend accrued on investments in preference shares	119.1	149.8
Security deposits		
Considered good *	927.3	832.9
Doubtful	0.4	0.4
	927.7	833.3
Provision for doubtful deposits	0.4	0.4
	927.3	832.9
	1,046.4	982.7
* Non-current deposits include restricted deposits pledged with Enforcement Directorate of ₹131.6 (31 March 2019: ₹131.6). Refer note 30 C.		
(B) Current		
Derivatives - foreign currency forward contracts	-	64.4
Interest accrued on deposits	36.0	37.6
Interest accrued on loans to subsidiaries and investments in OCDs	271.3	100.5
	307.3	202.5

8. DEFERRED TAX LIABILITY (NET)

	As at 31 March 2020	As at 31 March 2019
Deferred tax assets		
Receivables, financial assets at amortised cost	436.4	249.0
Employee benefits	531.1	399.7
Unused tax credits (MAT) *	3,028.3	3,750.0
Deferred tax liability		
Property plant and equipment including lease liability	4,951.1	4,708.7
	(955.3)	(310.0)

Movement in deferred tax liability (net)

	As at 31 March 2019	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2020
Deferred tax asset				
Receivables, financial assets at amortised cost	249.0	187.4	-	436.4
Employee benefits	399.7	64.0	67.4	531.1
Unused tax credits	3,750.0	(721.7)	-	3,028.3
Deferred tax liability				
Property plant and equipment including lease liability	4,708.7	242.4	-	4,951.1
	(310.0)	(712.7)	67.4	(955.3)

* The Company based on its business plan along with supporting convincing evidence including future projections of profit believes that the Unused tax credits would be utilised within the stipulated time period as per the Income-tax Act, 1961.

9. NON - CURRENT TAX ASSETS (NET)

	As at 31 March 2020	As at 31 March 2019
Advance income-tax (net of provision for taxation)	831.3	1,381.1
	831.3	1,381.1

Refer note 28 for details of income tax expense

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

10. OTHER ASSETS

(Unsecured, considered good unless stated otherwise)

	As at 31 March 2020	As at 31 March 2019
(A) Non current		
Export incentives receivable		
Considered good	58.4	78.4
Doubtful	19.6	19.6
	78.0	98.0
Provision for doubtful receivables	19.6	19.6
	58.4	78.4
Export rebate claims receivable	288.8	288.8
Capital advances		
Considered good	192.1	261.4
Doubtful	0.8	0.8
	192.9	262.2
Provision for doubtful advances	0.8	0.8
	192.1	261.4
Advances other than capital advances		
Considered good	12.1	12.2
Doubtful	30.1	30.1
	42.2	42.3
Provision for doubtful advances	30.1	30.1
	12.1	12.2
Balance with government authorities		
Considered good	53.4	76.1
Doubtful	38.1	38.1
	91.5	114.2
Provision for doubtful receivables	38.1	38.1
	53.4	76.1
	604.8	716.9
(B) Current		
Export rebate claims receivable	1,876.5	2,105.7
Export incentives receivable	2,416.1	3,113.6
Advances other than capital advances	2,262.7	1,165.0
Balance with government authorities	3,672.8	4,607.2
	10,228.1	10,991.5

(Refer note 39 for transactions with related parties.)

11. INVENTORIES

(Valued at lower of cost and net realisable value)

	As at 31 March 2020	As at 31 March 2019
Raw materials	21,043.8	19,844.8
Packing materials	2,412.5	2,481.4
Work-in-progress	**11,016.7**	11,314.6
Finished goods (including stock-in-trade)	7,079.9	4,486.7
Stores, spares and consumables	1,592.7	1,585.1
	43,145.6	39,712.6

Details of material in transit included in inventories above

Raw materials	1,324.9	873.4
Finished goods	4,703.3	2,021.3

During the year, the Company recorded inventory write-downs to net realisable value of ₹**1,039.4** (31 March 2019: ₹316.5). These adjustments were included in cost of material consumed and changes in inventories.

Notes to Standalone Financial Statements
for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

12. CASH AND BANK BALANCES

	As at 31 March 2020	As at 31 March 2019
(A) Cash and cash equivalents		
Balance with banks:		
in current accounts	743.8	403.2
in cash credit accounts	12.1	47.0
Cash on hand	1.3	1.1
Cheques on hand	-	282.7
	757.2	734.0
(B) Bank balances other than cash and cash equivalents		
in unpaid dividend account	25.3	23.7
(C)® For the purpose of statement of cash flows, cash and cash equivalents comprise of following:		
Cash and cash equivalents as above	757.2	734.0
Less: Cash credit (refer note 15(A))	(162.8)	(47.0)
	594.4	687.0

(D) The disclosure regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2020.

13. EQUITY SHARE CAPITAL

	As at 31 March 2020	As at 31 March 2019
a) Authorised		
660,000,000 (31 March 2019: 660,000,000) equity shares of ₹1 each	660.0	660.0
1,000,000 (31 March 2019: 1,000,000) preference shares of ₹100 each	100.0	100.0
	760.0	760.0

b) Issued, subscribed and fully paid-up equity shares

	Equity Shares	
	Numbers	Value
As at 01 April 2018	585,907,609	585.9
Issued during the year under Employees Stock Option Plan (ESOP) (refer note 31)	8,000	0.0
As at 31 March 2019	585,915,609	585.9
Issued during the year under Employees Stock Option Plan (ESOP) (refer note 31)	23,000	0.0
As at 31 March 2020	585,938,609	585.9

c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

For the year ended 31 March 2020, the amount of interim dividend per share declared as distributions to equity shareholders was ₹**3.0** (31 March 2019: ₹2.5).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

d) Details of shareholders holding more than 5% total number of equity shares in the Company

	As at 31 March 2019	
	Numbers	% holding
RPR Sons Advisors Private Limited and Mrs. P. Suneela Rani (Joint Holders)*	196,376,250	33.52%
HDFC Trustee Company Limited (through various mutual funds)	35,566,536	6.07%

	As at 31 March 2020	
	Numbers	**% holding**
RPR Sons Advisors Private Limited and Mrs. P. Suneela Rani (Joint Holders)*	**196,376,250**	**33.51%**
HDFC Trustee Company Limited (through various mutual funds)	**51,504,246**	**8.79%**

*As per records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownerships of shares and the beneficial ownership is with RPR Enterprises, a partnership firm.

e) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	Numbers
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	
Year ended 31 March 2020	-
Year ended 31 March 2019	-
Year ended 31 March 2018	-
Year ended 31 March 2017	-
Year ended 31 March 2016	291,982,275

f) For details of shares reserved for issue under Employee stock option plan (ESOP) of the Company, refer note 31.

14. OTHER EQUITY

	As at 31 March 2020	As at 31 March 2019
A. Summary of other equity balance		
Capital reserve	**91.1**	91.1
Capital redemption reserve	**90.0**	90.0
Employee stock options outstanding account	**-**	0.6
Securities premium account	**3,421.9**	3,419.4
General reserve	**7,888.4**	7,888.4
Retained earnings	**118,474.3**	101,601.3
OCI	**(296.0)**	(170.5)
	129,669.7	112,920.3

a) For details of employee share based payments refer note 31.

b) The disaggregation of changes in reserves and surplus and OCI are disclosed in statement of changes in equity.

c) The details of distribution of dividend made are as under:

	31 March 2020	31 March 2019
Cash dividends on equity shares declared and paid during the year		
Interim dividend for the year ended 31 March 2020: ₹3.0 per share (31 March 2019: ₹2.50 per share)	**1,757.8**	1,464.8
Dividend distribution tax on interim dividend	**96.6**	138.6
	1,854.4	1,603.4

B. Nature and purpose of reserves

(a) Capital reserve :	Represents capital reserve balances of acquired entities which are transferred to the Company upon mergers in the earlier years.

Notes to Standalone Financial Statements
for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

(b) Capital redemption reserve :	The Company has recognised capital redemption reserve on redemption of non-convertible preference shares. The amount in capital redemption reserve is equal to nominal amount of the non convertible preference shares redeemed. This reserve will be utilised in accordance with Section 69 of the Companies Act, 2013.
(c) Employee stock options outstanding account :	The fair value of the equity-settled share based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to Employee Stock Options Outstanding Account. This will be utilised for allotment of equity shares against outstanding employee stock options.
(d) Securities premium :	The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013.
(e) General reserve :	The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
(f) Retained earnings:	Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to share holders.
(g) OCI represents Re-measurement on defined employee benefit plan :	Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and subsequently not reclassified into statement of profit and loss.

15. CURRENT BORROWINGS

	As at 31 March 2020	As at 31 March 2019
(A) Loans repayable on demand from Banks - working capital loans		
Cash credit facilities (unsecured)	162.8	-
Cash credit facilities (secured)	-	47.0
Working capital demand loan (secured)	500.0	1,750.0
Working capital demand loan (unsecured)	1,000.0	-
Packing credit loans (secured)	12,643.6	12,900.9
Packing credit loans (unsecured)	21,702.7	28,775.9
Bill discounting (secured)	-	1,246.4
Bill discounting (unsecured)	1,294.1	477.8
	37,303.2	45,198.0

(B) Details of secured and unsecured borrowings

The aggregate amount of borrowing includes:

Secured borrowings	13,143.6	14,697.9
Unsecured borrowings	24,159.6	30,500.1

(C) Terms of borrowings

(i) All secured working capital demand loans are secured by first pari passu charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) and carry interest rate in the range of **6.25%** to **8.75%** (31 March 2019: interest of 8.20%).

(ii) All unsecured working capital demand loans carry interest rate in the range of **6%** to **8.6%** (31 March 2019: Nil).

(iii) All secured cash credit facilities are secured by first pari passu charge by way of hypothecation of all the stocks, book debts and other current assets (both present and future) and carry interest rate in the range of **MCLR + 0 bps to 75bps** (31 March 2019: MCLR + 0 bps to 35 bps).

(iv) All unsecured cash credit facilities carry interest rate in the range of **MCLR + 0 bps to 75bps** (31 March 2019: Nil).

(v) All secured packing credit foreign currency loans carry interest rate in the range of respective **LIBOR plus 45 to 60 basis points.** (31 March 2019: respective LIBOR plus 20 to 60 basis points) with maturity within 6 months.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

(vi) All unsecured packing credit foreign currency loans carry interest rate in the range of respective **LIBOR plus 12 to 60 basis points** (31 March 2019: respective LIBOR plus 00 to 65 basis points) with maturity within 6 months.

(vii) All secured bills discounted are secured by pari passu charge on the current assets of the Company both present and future. Secured and Unsecured bills discounted carry interest rate in the range of respective **LIBOR plus 20 to 40 basis points** (31 March 2019: respective LIBOR plus 01 to 50 basis points).

16. PROVISIONS

	As at 31 March 2020	As at 31 March 2019
(A) Non current		
For employee benefits		
Gratuity [refer note 32(b)]	424.4	226.4
	424.4	226.4
(B) Current		
For employee benefits		
Gratuity [refer note 32(b)]	207.3	157.4
Compensated absences	941.3	807.7
	1,148.6	965.1

17. TRADE PAYABLES

	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises (refer note 34)	415.2	328.8
Total outstanding dues of creditors other than micro enterprises and small enterprises	18,730.1	18,085.1
	19,145.3	18,413.9

(Refer note 43 for the Company's liquidity risk management process)

18. OTHER FINANCIAL LIABILITIES

	As at 31 March 2020	As at 31 March 2019
(A) Non current		
Lease liability	111.4	-
(B) Current		
Interest accrued but not due on borrowings	17.1	3.9
Unclaimed dividend (refer note 35)	25.3	23.6
Capital creditors (refer note 34)	1,194.0	1,255.9
Acceptances *	3,638.7	-
Security deposits	1.5	3.5
Lease liability	58.4	-
Derivatives - foreign currency forward contracts	22.3	-
	4,957.3	1,286.9

*Acceptances includes credit availed by the Company from banks for payment to suppliers for rawmaterials purchased by the Company. The arrangements are interest bearing ranging from 0.17% to 0.24% p.a above the respective LIBOR. These are largely repayable within 180 days.

19. OTHER CURRENT LIABILITIES

	As at 31 March 2020	As at 31 March 2019
Advance from customers	168.2	61.7
Deferred income	10.1	-
Statutory liabilities	301.0	206.4
Employee payables	565.3	1,232.6
	1,044.6	1,500.7

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

20. REVENUE FROM OPERATIONS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products (net of GST)	129,176.5	119,226.3
Sale of services	168.8	160.7
Other operating revenues		
Scrap sales	148.3	154.7
Export incentives	3,171.2	3,037.2
	132,664.8	122,578.9

(a) Reconciliation of revenue from sale of products with the contracted price:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue as per contracted price	124,160.3	116,681.8
Adjusted for:		
Sales returns	(432.6)	(566.1)
Discounts and other sale price adjustments	5,448.8	3,110.6
Total revenue from contracts with customers	129,176.5	119,226.3

(b) Disaggregation of revenue:

Primary geographical markets	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Realted parties	Non- related parties	Realted parties	Non- related parties
India	601.2	18,404.2	512.9	18,806.3
USA	50,983.2	15,929.4	44,402.7	15,359.6
Europe	11,775.0	16,124.7	11,564.3	13,339.0
Rest of the world	5,196.6	10,162.2	4,479.8	10,761.7

21. OTHER INCOME

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on financials assets (carried at amortised cost)		
Other deposits and receivables	41.9	46.1
Loans to subsidiaries and investments in OCDs	281.5	68.3
Dividend income received from subsidiaries	1,259.2	790.8
Liabilities no longer required written back	1.1	99.9
Foreign exchange gain (net)	2,347.8	896.2
Miscellaneous income	102.2	90.9
	4,033.7	1,992.2

22. COST OF MATERIALS CONSUMED

	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw material consumed		
Opening stock	19,844.8	17,967.6
Add: Purchases	60,753.9	59,436.4
	80,598.7	77,404.0
Less: Closing stock	21,043.8	19,844.8
Cost of raw material consumed	59,554.9	57,559.2
Packing materials consumed	7,920.6	6,993.8
	67,475.5	64,553.0

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

23. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the end of the year		
Finished goods	7,079.9	4,486.7
Work-in-progress	11,016.7	11,314.6
	18,096.6	15,801.3
Inventories at the beginning of the year		
Finished goods	4,486.7	3,230.1
Work-in-progress	11,314.6	9,399.3
	15,801.3	12,629.4
	(2,295.3)	(3,171.9)
Transferred from capital work-in-progress*	-	273.9
	(2,295.3)	(2,898.0)

* Represents inventories of finished goods and work-in-progress identified on the date of capitalisation of under construction facility

24. EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	14,337.5	12,481.0
Contribution to provident and other funds (refer note 32 a)	533.5	455.1
Gratuity expense (refer note 32 b)	210.7	193.2
Compensated absences expense	299.5	281.7
Staff welfare expenses	233.5	216.7
	15,614.7	13,627.7

25. FINANCE COSTS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on financial liabilities measured at amortised cost	913.5	1,266.5
Bank and other financial charges	42.2	42.7
Exchange differences regarded as an adjustment to borrowing costs	1,453.7	999.4
	2,409.4	2,308.6

26. DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment inlcuding Right-of-use assets	4,695.2	4,120.7
Amortisation on intangible assets	9.6	9.6
	4,704.8	4,130.3

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

27. OTHER EXPENSES

	For the year ended 31 March 2020	For the year ended 31 March 2019
Conversion charges	614.9	482.3
Consumption of stores and spares	1,688.9	1,832.0
Chemicals consumed	2,909.5	3,002.2
Power and fuel	5,203.0	5,059.6
Carriage inward	507.1	511.0
Factory maintenance	356.7	346.6
Effluent treatment expenses	284.6	195.1
Repairs and maintenance		
i) Plant and machinery	1,145.0	1,053.2
ii) Buildings	409.2	403.3
iii) Others	134.6	125.6
Rent	8.6	92.1
Rates and taxes	219.4	138.0
Printing and stationery	244.9	239.5
Postage, telegram and telephones	68.5	66.2
Insurance	304.9	155.4
Legal and professional charges	1,822.3	1,245.7
Directors sitting fees	3.7	4.4
Remuneration to statutory auditors (refer note 37)	15.9	14.4
Sales commission	248.4	328.3
Carriage outwards	3,430.2	2,953.6
Selling expenses	198.7	324.3
Travelling and conveyance	240.5	215.1
Vehicle maintenance expenses	8.1	7.5
Analytical charges	1,425.1	1,115.5
Registration and filing charges	1,119.8	969.0
Loss on sale of property, plant and equipment (net)	24.0	106.2
Allowance for doubtful receivables (net)	536.7	162.3
Bad debts	11.6	2.0
Corporate Social Responsibility expenditure (CSR) (refer note below)	601.1	466.0
Miscellaneous expenses	1,171.4	1,444.4
	24,957.3	23,060.8

Note: Details of CSR expenditure as per Section 135 of the Companies Act, 2013

a) Gross amount required to be spent by the Company during the year 435.7 449.3

	in cash	Yet to be paid in cash	Total
b) Amount spent during the year ending on 31 March 2020:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	601.1	-	601.1
Amount spent during the year ending on 31 March 2019:			
i) Construction/acquisition of any asset		-	-
ii) On purposes other than (i) above	466.0	-	466.0

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

28. INCOME TAX

The major components of income tax expense for the year ended 31 March 2020 and 31 March 2019 are :

	For the year ended 31 March 2020	For the year ended 31 March 2019
Statement of profit and loss		
Current tax	5,058.6	4,266.1
Tax credit - Minimum Alternate Tax (MAT)	-	(480.5)
Deferred tax	(9.0)	563.3
	5,049.6	4,348.9
Other comprehensive income		
Deferred tax - net loss on remeasurements of defined benefit plan	67.4	7.6
	67.4	7.6
Reconciliation of effective tax rate for the year ended 31 March 2020 and 31 March 2019		
Profit before tax	23,777.0	19,646.2
Enacted tax rate in India	34.944%	34.944%
Tax at statutory tax rate	8,308.6	6,865.2
Effect of :		
Tax holidays (refer note (a) below)	(2,546.4)	(1,647.1)
Weighted deduction allowed for research and development expenditure	(783.4)	(930.7)
Dividend received from foreign subsidiary charged at special rate of tax	(177.4)	(138.2)
Expenses not deductible for tax purposes	212.9	165.7
Others (net)	35.3	34.0
Total	(3,259.0)	(2,516.3)
Income tax expense	5,049.6	4,348.9
Effective tax rate	21.237%	22.136%

Notes:

(a) The Company benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005.These tax holidays are available for a period of fifteen years from the date of commencement of operations. Under the SEZ scheme, the unit which begins providing services on or after 01 April 2005 will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profit or gains for a further period of five years and 50% of such profits or gains for the balance period of five years subject to fulfillment of certain conditions. From 01 April 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

(b) The Government of India, on 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Ordinance inserted a new Section 115BAA in the Income tax Act, 1961, which provides an option to the Company for paying income tax at reduced rates as per the provisions/conditions defined in the Said section. The Company has evaluated the above Ordinance and based on its evaluation currently the management proposed to continue with the old tax rates.

(c) During the year ended 31 March 2020 and 31 March 2019, the Company has paid dividend to shareholders, this has resulted in payment of dividend distribution tax to the taxation authorities. The Company believes that dividend distribution tax represents additional payment to tax authorities on behalf of shareholders. Hence, dividend distribution tax paid is charged to equity.

(d) There are no unrecognised deferred tax assets and liabilities as at 31 March 2020 and 31 March 2019.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

29. EARNINGS PER SHARE

	For the year ended 31 March 2020	For the year ended 31 March 2019
Earnings		
Profit after taxation considered for calculation of basic and diluted earnings per share	18,727.4	15,297.3
Shares		
Weighted average number of equity shares considered for calculation of basic earnings per share (a)	585,930,565	585,907,719
Effect of dilution on account of Employee Stock Options granted (b)	-	28,219
Weighted average number of equity Shares considered for calculation of diluted earnings per share (a+b)	585,930,565	585,935,938
Earnings per share of face value ₹1		
- Basic	31.96	26.11
- Diluted	31.96	26.11

30. COMMITMENTS AND CONTINGENCIES

A. Leases

Effective 1 April 2019, the Company adopted Ind-AS 116, on all lease contracts existing on 1 April 2019 using the modified retrospective method with Right-of-use assets recognised at an amount equal to the lease liabilities in the balance sheet. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. On transition, the adoption of the standard resulted in recognition of Right-of-use assets (ROU) of ₹**503.4** (includes reclassification of finance lease assets of ₹136.8 as at 31 March 2019) and lease liabilities of ₹**241.9**. The Right-of-use assets as on 31 March 2020 have been presented as part of Property, plant and equipment.

Changes in lease liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Opening Balance as at 1 April 2019	241.9	-
Finance cost	16.0	-
Payment of lease liabilities	88.1	-
Closing Balance	169.8	-
Non current lease liability	111.4	-
Current lease liability	58.4	-

Cash outflow on leases

Particulars	As at 31 March 2020	As at 31 March 2019
Payment of lease liabilities	72.2	-
Interest on lease liabilities	16.0	-
Total cash outflow on leases	88.2	-

Contractual maturities of lease liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Lessthan one year	75.8	-
1 to 5 years	95.5	-
above 5 years	39.5	-
	210.8	-

B. Capital and other commitments

Particulars	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	1,678.0	2,398.1

Notes to Standalone Financial Statements
for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

C. Contingent liabilities

	As at 31 March 2020	As at 31 March 2019
(A) Claims against the Company not acknowledged as debt		
Claims arising from disputes not acknowledged as debts - indirect taxes (excise duty and service tax)*	212.0	359.2
Claims arising from disputes not acknowledged as debts - direct taxes*	262.1	120.5
Claims against the Company not acknowledged as debts - other duties/claims*^	150.3	150.3
(B) Guarantees		
Corporate guarantees for loans taken by wholly owned subsidiaries**	18,633.1	23,652.1
Outstanding bank guarantees	808.1	681.6

* 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 standalone financial statements for the demands raised. The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

** Guarantees furnished towards business requirement in respective subsidiaries. The Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required.

^ The Company is involved in disputes, claims, Governmental and /or regulatory inspection, inquires, including patents and commercial 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 likely hood of any loss is not probable.

In addition to the above, the Company along with a subsidiary is a party to certain pending disputes with regulatory authorities relating to the certain allotment of lands that have taken place in earlier years. During the year 2018-19, pursuant to the order of the Honourable Appellate Tribunal, the lands belonging APL Research Centre Limited, subsidiary, which were attached earlier, were released after placing a fixed deposit of ₹131.6 as a security deposit with Enforcement Directorate. While the disposal of the cases are subject to final judgement from the CBI Special Court, in the assessment of the management and as legally advised, the allegations are unlikely to have a significant material impact on the financial statements of the Company.

31. SHARE BASED PAYMENTS

Employee Stock Option Plan "ESOP-2006"

The Company instituted an Employee Stock Option Plan "ESOP-2006" for issue of shares to eligible employees of the Company as per the special resolution passed in the 19th Annual General Meeting held on 18 September 2006. The compensation committee of the Board of directors accordingly, granted 3,240,500 options under eight grants of 175,000, 25,000, 90,000, 1,205,000, 300,000, 500,000, 915,500 and 30,000 options to eligible employees on 30 October 2006, 31 July 2007, 31 October 2007, 16 December 2011, 19 June 2012, 09 January 2013, 28 January 2013 and 09 August 2013 respectively. The method of settlement under scheme is by issue of equity shares of the Company and there are no cash settlement alternatives for the employees. Each option comprises of one underlying Equity Share of ₹1 each. The said options vest on an annual basis at 10%, 15%, 25% and 50% over a period of four years and can be exercised over a period of six years from the date of grant of options. The options have been granted at the then prevailing market price of ₹120.70, ₹132.35, ₹114.50, ₹91.60, ₹106.05, ₹200.70, ₹187.40 and ₹161.30 per share respectively. The fair value of share options grants is estimated at the date of grant using Black-Scholes model, taking into account the terms and conditions upon which the share options were granted.

The details of ESOP 2006 Scheme are summarised below:

Grant	Grant date	Number of options granted	Exercise price*	Weighted average fair value of option at grant date*
1st Grant	30 October 2006	175,000	60.35	73.10
2nd Grant	31 July 2007	25,000	66.18	78.82
3rd Grant	31 October 2007	90,000	57.25	68.18
4th Grant	16 December 2011	1,753,800	45.80	54.35
5th Grant	19 June 2012	300,000	53.03	57.42
6th Grant	09 January 2013	500,000	100.35	119.22
7th Grant	28 January 2013	1,483,170	93.70	111.32
8th Grant	09 August 2013	57,000	80.65	96.30

*Adjusted for bonus issue.

Notes to Standalone Financial Statements
for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

The details of activity under the Scheme ESOP 2006 are summarised below :

	For the year ended 31 March 2020	For the year ended 31 March 2019
Options outstanding at the beginning of the year	23,000	31,019
Granted during the year	-	-
Vested / exercisable during the year	23,000	31,019
Exercised during the year	23,000	8,000
Forfeited during the year subject to reissue	-	19
Options outstanding at end of the year	-	23,000
Exercisable at the end of the year	-	23,000
Weighted average exercise price for all the above options (₹)*	-	80.65
Weighted average fair value of options at the date of grant (₹)*	-	97.00

The details of share options outstanding are summarised below:

	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)
As at 31 March 2020	-	-	-
As at 31 March 2019	80.65	23,000	0.36

The following table lists the assumptions used for the plan:

For the year ended 31 March 2020				
Grant	**Dividend yield**	**Expected volatility**	**Risk-free interest rate**	**Expected life of options granted in years**
8th Grant		NA		

As at 31 March 2019				
Grant	Dividend yield	Expected volatility	Risk-free interest rate	Expected life of options granted in years
8th Grant	0.61%	0.31%	8%	4

32. EMPLOYEE BENEFITS

	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Disclosures related to defined contribution plan		
Provident fund contribution *	516.0	420.2
Contribution to ESI**	27.5	38.9

* Includes ₹**9.7** (31 March 2019: ₹4.0) transferred to capital work in progress
** Includes ₹**0.3** (31 March 2019: ₹0.0) transferred to capital work in progress

b) Disclosures related to defined benefit plan

The Company has a defined benefit gratuity plan governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to gratuity on departure at 15 days last drawn salary for each completed year of service or part thereof in excess of six months.

This defined benefit plan exposes the Company to actuarial risk, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The plan is funded with Life Insurance Corporation in the form of a qualifying insurance policy. The following tables summarise the components of net benefit expense recognised in the statement of profit and loss, the fund status and amounts recognised in the balance sheet:

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Net employee benefit expense (included under employee benefit expenses)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	191.2	173.0
Interest on defined benefit liability	23.3	27.3
Net employee benefit expenses*	**214.5**	200.3

* Includes ₹**3.8** (31 March 2019: ₹7.0) transferred to capital work in progress

Details of the employee benefits obligations and plan assets are as follows:

	As at 31 March 2020	As at 31 March 2019
Present value of funded obligation	1,703.1	1,284.7
Fair value of plan assets	1,071.4	900.9
Net defined benefit liability	**631.7**	383.8

Details of changes in present value of defined benefit obligation are as follows:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening defined benefit obligation	1,284.7	1,054.5
Current service cost	191.2	173.0
Interest on defined benefit obligation	92.0	75.7
Benefits paid	(59.2)	(43.7)
Remeasurement due to:		
Actuarial loss arising from changes in experience	36.9	18.6
Actuarial loss arising from changes in demographic assumptions	0.1	-
Actuarial loss/(gain) arising from changes in financial assumptions	157.4	6.6
Closing defined benefit obligation	**1,703.1**	1,284.7

Details of changes in fair value of plan assets are as follows:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening fair value of plan assets	900.9	628.5
Interest on plan assets	68.7	48.4
Employer Contribution	159.5	264.1
Benefits paid	(59.2)	(43.7)
Remeasurement due to - actual return on plan assets less interest on plan assets	1.5	3.6
Closing fair value of plan assets	**1,071.4**	900.9

Sensitivity analysis

The sensitivity of over all plan obligations to changes in key assumptions are as follows:

	As at 31 March 2020	As at 31 March 2019
Defined benefit obligation without effect of projected salary growth rate	1,119.5	855.3
Add: effect of salary growth rate	583.6	429.5
Defined benefit obligation with effect of projected salary growth	1,703.1	1,284.7
Defined benefit obligation, using discount rate plus 50 basis points	1,648.4	1,244.5
Defined benefit obligation, using discount rate minus 50 basis points	1,761.1	1,327.4
Defined benefit obligation, using salary growth rate plus 50 basis points	1,759.0	1,325.9
Defined benefit obligation, using salary growth rate minus 50 basis points	1,649.8	1,245.4

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at 31 March 2020	As at 31 March 2019
Funds managed by Insurers	100%	100%

Notes to Standalone Financial Statements
for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below

	As at 31 March 2020	As at 31 March 2019
Financial assumptions		
Discount rate (p.a.)	6.55%	7.62%
Expected salary increase (p.a)	10% for 2 Years and 7% thereafter	10% for first year and 7% thereafter

Demographic assumptions

Mortality rate			IALM (2012-14) Ultimate	IALM (2006-08) Ultimate
Attrition rate	As at 31 March 2020		As at 31 March 2019	
	Age (years)	Rates (p.a)	Age (years)	Rates (p.a)
	21 - 30	16%	21 - 30	16%
	31 - 40	12%	31 - 40	12%
	41 - 50	6%	41 - 50	6%
	51 - 57	23%	51 - 57	23%

Discount rate : The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.

Salary escalation rate : The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other related factors.

	As at 31 March 2020	As at 31 March 2019
Maturity profile of the defined benefit obligation		
Average expected future working life (Years)	8.06	8.02
Expected future cash flow of gratuity		
Within 12 months	207.3	157.4
Between 2 and 5 years	719.7	575.4
Beyond 5 years	2,052.0	1,644.3

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 ₹**207.3** (31 March 2019: ₹157.4) during the year ended 31 March 2021 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.

33. CAPITAL WORK-IN-PROGRESS INCLUDES EXPENDITURE DURING CONSTRUCTION PERIOD PENDING CAPITALISATION

	As at 31 March 2020	As at 31 March 2019
Balance brought forward	581.2	1,594.9
Add: Incurred during the year		
Salaries, wages and bonus	171.0	289.1
Consumption of material for testing	27.6	100.8
Consumption of stores and spares	88.0	144.9
Carriage inward	0.3	0.2
Power and fuel	217.5	160.0
Conversion charges	22.8	30.6

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Rates and taxes	6.4	2.7
Printing and stationery	4.8	9.2
Postage, telegram and telephones	0.6	1.0
Insurance	3.0	1.8
Legal and professional charges	1.2	1.5
Travelling and conveyance	2.4	3.7
Depreciation	0.1	1.2
Factory maintenance	44.5	48.3
Miscellaneous expenses	4.2	14.4
	1,175.6	2,404.3
Less: Capitalised to property, plant and equipment during the year	42.1	1,823.1
Balance carried forward	**1,133.5**	581.2

34. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT,2006

	As at 31 March 2020	As at 31 March 2019
The principal amount remaining unpaid to any supplier as at the end of each accounting year (including ₹75.6 shown under capital creditors [31 March 2019: ₹13.76])	490.8	342.5
The amount of interest accrued and remaining unpaid as at the end of the year.	Nil	Nil
Amount of interest paid by the Company in terms of Sec 16, of Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	Nil	Nil
Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) without the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

35. In respect of the amounts mentioned under section 125 of the Companies Act, 2013 there are no dues that are to be credited to the Investor Education and Protection Fund as at 31 March 2020 (31 March 2019: ₹ Nil).

36. RESEARCH AND DEVELOPMENT EXPENSES

a. Details of Research and development expenses incurred during the year, debited under various heads of Statement of Profit and Loss is given below

	For the year ended 31 March 2020	For the year ended 31 March 2019
Material and stores and spares consumption	1,630.5	1,822.5
Power and fuel	157.2	156.8
Repairs and maintenance	84.8	54.3
Employee benefits expense	1,860.8	1,646.7
Analytical charges	1,279.5	1,051.8
Legal and professional charges	1,096.0	909.8
Registration and filing fee	683.6	671.2
Depreciation expense	355.6	342.5
Others	268.2	285.6
Total	**7,416.2**	6,941.2

Notes to Standalone Financial Statements
for the year ended 31 March 2020

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b. Details of capital expenditure incurred for Research and development are given below:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Buildings	2.3	32.3
Plant and equipment		
- Plant and equipment	23.3	101.5
- Lab equipment	157.3	425.8
- Pipes and valves	1.0	7.8
- Data processing equipment	5.9	11.0
- Electrical installations	0.4	6.2
Office equipment	3.6	4.2
Furniture and fixtures	6.0	7.0
Total	**199.8**	**595.8**

37. REMUNERATION TO STATUTORY AUDITORS

	For the year ended 31 March 2020	For the year ended 31 March 2019
As Auditors :		
Statutory audit	5.7	8.4
Limited review - standalone	4.5	2.1
Limited review - consolidation	3.0	1.5
Certification	1.3	1.1
Reimbursement of expenses	1.4	1.3
	15.9	**14.4**

38. CONTRIBUTION TO POLITICAL PARTIES AS PER SECTION 182 OF COMPANIES ACT, 2013. (Included In Miscellaneous Expenses)

	For the year ended 31 March 2020	For the year ended 31 March 2019
To political parties	0.1	1.3
Purchase of Electroral Bonds in accordance with the Electroral Bond Scheme notified by the Government of India	210.0	500.0

39. RELATED PARTY DISCLOSURES

Names of related parties and description of relationship

Subsidiaries

1 APL Pharma Thai Limited, Thailand
2 All Pharma (Shanghai) Trading Company Limited, China
3 Aurobindo Pharma USA Inc., USA
4 Aurobindo Pharma Industria Farmaceutica Ltda, Brazil
5 Helix Healthcare B.V., The Netherlands
6 Aurobindo Pharma Produtos Farmaceuticos Limitada, Brazil
7 APL Healthcare Limited, India
8 Auronext Pharma Private Limited, India
9 APL Research Centre Limited, India
10 Auro Pharma Inc., Canada
11 Aurobindo Pharma (Pty) Limited, South Africa
12 Agile Pharma B.V., The Netherlands
13 Auro Healthcare (Nigeria) Limited, Nigeria (liquidated w.e.f.20 March 2019)
14 Aurobindo Pharma Japan K.K., Japan
15 Aurex B.V. (formerly Pharmacin B.V.), The Netherlands
16 Aurobindo Pharma GmbH, Germany
17 Aurobindo Pharma (Portugal) Unipessoal Limitada., Portugal**
18 Laboratorios Aurobindo S.L., Spain
19 Aurobindo Pharma B.V., The Netherlands (formerly known as Actavis B.V.)
20 Aurobindo Pharma (Romania) S.r.l, Romania

Notes to Standalone Financial Statements
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(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

39. RELATED PARTY DISCLOSURES

21 Aurobindo Pharma (Italia) S.r.l, Italy
22 Aurobindo Pharma (Malta) Limited, Malta
23 APL Swift Services (Malta) Limited, Malta
24 Milpharm Limited, UK
25 Aurolife Pharma LLC, USA
26 Auro Peptides Limited, India
27 Auromedics Pharma LLC, USA
28 Aurovida Farmaceutica S.A. DE C.V., Mexico
29 Curepro Parenterals Limited, India
30 Hyacinths Pharma Private Limited, India
31 Silicon Life Sciences Private Limited, India
32 AuroZymes Limited, India
33 Aurobindo Pharma Colombia S.A.S, Colombia
34 Aurovitas, Unipessoal LDA, Portugal**
35 Arrow Generiques SAS, France
36 Auro Health LLC, USA
37 Pharmacin B.V. (formerly Aurex B.V.), The Netherlands
38 1980 Puren Pharma GmbH (formerly Actavis Management GmbH), Germany
39 Puren Pharma GmbH & Co., KG (formerly Actavis Deutschland GmbH & Co., KG), Germany
40 Aurovitas Spain SA (formerly Actavis Spain SA), Spain
41 Natrol LLC, USA
42 Aurovitas Pharma Polska, Sp. z o o, Poland
43 Aurogen South Africa (Pty) Ltd, South Africa
44 Aurobindo Pharma USA LLC, USA (closed w.e.f. 15 November 2019)
45 Auro AR LLC, USA
46 Auro Vaccines LLC, USA
47 Auro Logistics LLC, USA
48 Acrotech Biopharma LLC, USA
49 Generis Farmaceutica S.A, Portugal
50 Mer Medicamentos, Lda, Portugal **
51 Generis Phar Unipessoal Lda., Portugal
52 Aurobindo Pharma Saudi Arabia Limited Company, Saudi Arabia
53 Auro Pharma India Private Limited, India
54 Aurovitas Pharma Ceska Republica s.r.o , Czech Republic
55 Aurovitas Pharma (Tazihou) Ltd, China
56 Apotex Polska S.p. z.o.o., Poland (w.e.f. 8 February 2019) (Merged with Aurovitas Pharma Polska w.e.f. 01 April 2019)
57 Aurovitas Spol s.r.o (w.e.f. 8 February 2019 Formerly Apotex (CR))
58 APOTEX ESPANA SL, Spain (w.e.f. 8 February 2019, Merged with Aurovitas Spain SA w.e.f. 1 April 2019)
59 Apotex NV, Belgium (w.e.f. 8 February 2019)
60 Apotex Europe B.V., The Netherlands (w.e.f. 8 February 2019)
61 Apotex Nederland B.V., The Netherlands (w.e.f. 8 February 2019)
62 Sameko Farma B.V, The Netherlands (w.e.f. 8 February 2019)
63 Leidapharm B.V, The Netherlands (w.e.f. 8 February 2019)
64 Marel B.V, The Netherlands (w.e.f. 8 February 2019)
65 Pharma Dossier B.V, The Netherlands (w.e.f. 8 February 2019)
66 Curateq Biologics GmbH, Switzerland (w.e.f. 20 March 2019)
67 Aurobindo Pharma FZ-LLC, Dubai (w.e.f. 6 January 2019)
68 Auro Science LLC, U.S.A (w.e.f.28 March 2019)
69 Auro Science (Pty) Ltd, Australia
70 Auroactive Pharma Private Limited, India (w.e.f. 09 January 2020)
71 Auro Packaging LLC, USA (w.e.f 1 April 2019)
72 Aurobindo N.V. Belgium, (w.e.f 17 Decmber 2019)

**Mer Medicamentos, Lda, Portugal, Aurovitas, Unipessoal LDA, Portugal and Aurobindo Pharma (Portugal) Unipessoal Limitada., Portugal were merged with Generis Farmaceutica S.A., w.e.f. 01 April 2018.

Notes to Standalone Financial Statements
for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

39. RELATED PARTY DISCLOSURES

Joint Ventures

1 Novagen Pharma (Pty) Limited, South Africa (Joint Venture of a Subsidiary, Aurobindo Pharma (Pty) Limited, South Africa)
2 Eugia Pharma Specialities Limited, India
3 Tergene Biotech Private Limited, India
4 Raidurgam Developers Limited, India (formerly known as Aurobindo Antibiotics limited, India)
5 Purple Bellflower (Pty)Ltd, South Africa (w.e.f. 23 August 2018)
6 Luioxin Aurovitas Pharm (Chengdu) Co, Ltd, China
7 Longxiang Pharma Taizhou Co, Ltd, China (w.e.f.20 October 2019)
8 Novagen BBBEE Invest Co, (Pty) Ltd, South Africa (w.e.f.7 November 2019)

Enterprises over which Key Management Personnel or their relatives exercise significant influence

1 Pravesha Industries Private Limited, India
2 Sri Sai Packaging, India (Partnership firm)
3 Trident Chemphar Limited, India
4 Auropro Soft Systems Private Limited, India
5 Axis Clinicals Limited, India
6 Pranit Projects Private Limited, India
7 Pranit Packaging Private Limited, India
8 SGD Pharma India Limited (formerly Cogent Glass Limited), India
9 Orem Access Bio Inc, India
10 Veritaz Healthcare Limited, India
11 Alex Merchant PTE. LTD, Singapore
12 Trident Petrochemicals DMCC, Dubai
13 Axis Clinicals LLC, USA
14 Alex Merchant DMCC, Dubai
15 Crest Cellulose Private Limited, India
16 East Pharma Technologies, India (Partnership firm)
17 Axis Clinicals Latina SA DE CV, Mexico
18 Gelcaps Industries, India
19 Aurobindo Foundation, India
20 Alcedo Pharmachem Private Limited, India
21 Ambipack Industries, India
22 Giyaan Pharma Private Limited, India

Key Managerial Personnel

1 Mr. K. Nityananda Reddy, Whole-time Director
2 Dr. M. Sivakumaran, Whole-time Director
3 Mr. M. Madan Mohan Reddy, Whole-time Director
4 Mr. P. Sarath Chandra Reddy, Whole-time Director
5 Mr. N. Govindarajan, Managing Director
6 Mr. Santhanam Subramanian, Chief Financial Officer
7 Mr. B. Adi Reddy, Company Secretary
8 Mr. K. Ragunathan, Non-executive Chairman and Independent Director
9 Mr. M. Sitarama Murty, Independent Director
10 Dr. (Mrs.) Avnit Bimal Singh, Independent Director
11 Mr.P.Venkata Ramprasad Reddy, Non Executive promoter director
12 Mrs.Savitha Mahajan, Independent Director

Relatives to Key Managerial Personnel

1 Mr. Vishnu M Sriram (Son in law of Dr. M. Sivakumaran, Whole-time Director)

Notes to Standalone Financial Statements
for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

39. RELATED PARTY DISCLOSURES

Transactions with related parties

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a. Loans given and repayment thereof		
Transactions with subsidiaries		
AuroZymes Limited, India		
Interest accrued	7.0	6.6
Loan given	1.0	2.0
Balance receivable	104.0	96.1
Silicon Life Sciences Private Limited, India		
Receipt against loan and interest	357.8	-
Interest accrued	11.7	6.0
Loan given	135.0	245.0
Balance receivable	76.7	287.8
Auronext Pharma Private Limited, India		
Receipt against loan and interest	135.5	-
Interest accrued	1.7	3.8
Loan given	-	130.0
Balance receivable	-	133.8
APL Healthcare Limited, India		
Interest accrued	110.6	16.2
Loan given	1,760.0	590.0
Balance receivable	2,476.7	606.2
Hyacinths Pharma Private Limited, India		
Interest accrued	14.9	3.1
Loan given	113.3	102.0
Balance receivable	233.2	105.1
Curepro Parenterals Limited, India		
Interest accrued	77.2	11.4
Loan given	1,230.4	262.5
Balance receivable	1,581.4	273.9
Transactions with Joint venture		
Raidurgam Developers Limited		
Receipt/Converted into optionally convertible debentures against loan and interest	-	1.8
b. Sale of products/ purchases, services and other transactions		
Transactions with subsidiaries		
APL Pharma Thai Limited, Thailand		
Sale of products	15.4	36.8
All Pharma (Shanghai) Trading Company Limited, China		
Purchases	1.9	0.6
Reimbursement of expenses	15.1	32.6
Aurobindo Pharma Produtos Farmaceuticos Ltda, Brazil		
Sale of products	96.5	46.4
Reimbursement of expenses	-	0.3
Sales Commission	21.4	19.9
APL Swift Services (Malta) Limited, Malta		
Sale of products	7,883.5	6,819.2
Sales Commission	0.1	1.2
Purchase of services	386.4	48.2
Reimbursement of expenses received	0.4	2.3

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for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

39. RELATED PARTY DISCLOSURES

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Aurobindo Pharma USA Inc., USA		
Sale of products	39,829.4	33,925.9
Reimbursement of expenses received	23.7	0.2
Sale of property, plant and equipment	19.7	-
Corporate guarantee given	34,881.6	42,253.7
Reimbursement of expenses	1.1	-
Corporate guarantee fee received	5.4	-
Dividend received	338.2	-
Acrotech Biopharma LLC, USA		
Corporate guarantee given	-	7,426.1
Corporate guarantee fee received	7.5	-
Aurobindo Pharma Industria Farmaceutica Ltda, Brazil		
Sale of products	590.0	619.7
Reimbursement of expenses received	0.5	-
Reimbursement of expenses	3.5	6.1
Dividend received	677.0	790.8
Auro Pharma Inc., Canada		
Sale of products	2,905.2	2,471.4
Reimbursement of expenses received	0.5	
Reimbursement of expenses	4.0	0.1
Aurobindo Pharma (Pty) Limited, South Africa		
Sale of products	876.4	223.7
Reimbursement of expenses received	0.5	-
Sales Commission	(1.2)	3.8
Pharmacin B.V., The Netherlands (formerly Aurex B.V.)		
Sale of products	9.7	10.7
Sales Commission	0.7	0.2
Reimbursement of expenses received	0.3	-
Reimbursement of expenses	0.3	-
Aurex B.V., The Netherlands (formerly Pharmacin B.V.)		
Sale of products	-	1.1
Reimbursement of expenses received	0.1	-
Milpharm Limited, UK		
Sale of products	3,800.4	3,700.3
Reimbursement of expenses	20.5	10.6
Reimbursement of expenses received	1.6	-
Aurolife Pharma LLC, USA		
Sale of products	1,227.6	1,152.5
Purchases	5.5	41.9
Aurobindo Pharma Japan K.K., Japan		
Sale of products	112.2	407.1
Sales Commission	37.4	23.1
Reimbursement of expenses received	-	1.9
Aurobindo Pharma (Malta) Limited, Malta		
Reimbursement of expenses	33.8	1.0
Auronext Pharma Private Limited, India		
Sale of products	11.1	96.2
Purchases	7.0	81.0
Investment in 9.5% Cumulative Redeemable Preference shares	-	40.0
Purchases of asset	-	1.4
Rent received	4.1	1.8
Sale of services	9.5	7.4
Dividend received	244.0	-
Laboratorios Aurobindo S.L, Spain		
Reimbursement of expenses	0.7	-
Reimbursement of expenses received	1.7	0.1
Auro Medics Pharma LLC, USA		
Sale of products	9,076.3	8,642.9

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for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

39. RELATED PARTY DISCLOSURES

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Reimbursement of expenses	-	29.6
APL Healthcare Limited, India		
Sale of products	239.0	117.3
Sale of fixed assets	17.0	5.3
Purchases	95.1	24.9
Purchase of property, plant and equipment	-	1.0
Corporate guarantee given	250.0	200.0
Equity contribution	-	338.5
Auro Peptides Limited, India		
Rent Received	11.3	10.8
Reimbursement of expenses received	54.4	49.8
Investment in 9.5% cumulative redeemable preference shares	110.0	82.0
Sale of products	0.8	1.1
Purchases	66.8	180.7
Silicon Life Sciences Private Limited, India		
Sale of products	154.6	87.3
Purchases	252.2	56.1
Sale of property, plant and equipment	3.5	5.6
Corporate guarantee given	-	250.0
Reimbursement of expenses received	6.9	-
Aurovida Farmaceutica, SA DE CV, Mexico		
Sale of products	138.4	46.7
Reimbursement of expenses received	0.6	-
Reimbursement of expenses	102.5	37.1
Aurobindo Pharma (Portugal) Unipessoal Limitada, Portugal		
Reimbursement of expenses	-	0.2
Aurobindo Pharma Colombia S.A.S., Colombia		
Sale of products	312.9	337.7
Reimbursement of expenses received	0.6	-
Reimbursement of expenses	7.7	4.1
Arrow Generiques S.A.S., France		
Sale of products	2.3	3.2
Reimbursement of expenses received	4.8	0.9
Aurobindo Pharma B.V. (formerly Actavis B.V.), The Netherlands		
Sale of products	-	454.4
Reimbursement of expenses received	5.0	0.5
Reimbursement of expenses	10.6	-
Aurovitas Spain SAS, Spain		
Reimbursement of expenses received	3.0	0.2
Reimbursement of expenses	2.2	-
Aurovitas Unipessol LDA, Portugal		
Reimbursement of expenses received	-	0.1
Aurobindo Pharma GmbH, Germany		
Reimbursement of expenses received	0.9	0.2
Aurobindo Pharma (Italia) S.r.l, Italy		
Sale of products	-	222.0
Reimbursement of expenses	0.3	0.6
Reimbursement of expenses received	3.2	0.7
Auro Health LLC, USA		
Sale of products	849.9	681.4
Puren Pharma GmbH & Co., KG, Germany		
Reimbursement of expenses received	3.2	0.6
Hyacinths Pharma Private Limited, India		
Equity contribution		175.5
Sale of products	0.2	0.0
Aurovitas Pharma Polska, Poland		
Reimbursement of expenses	63.3	188.2
Reimbursement of expenses received	1.3	-

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for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

39. RELATED PARTY DISCLOSURES

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Generis Farmaceutica SA, Portugal		
Sale of products	79.1	354.0
Reimbursement of expenses	0.4	0.5
Reimbursement of expenses received	2.8	2.0
Helix Healthcare B.V., The Netherlands		
Equity contribution	2,353.5	2,745.0
Corporate guarantee given	6,414.7	4,000.1
Corporate guarantee fee received	10.5	16.9
Agile Pharma BV, The Netherlands		
Corporate guarantee given	4,262.7	4,000.1
Corporate guarantee fee received	3.7	5.2
Curateq Biologics GmbH, Switzerland		
Sale of Intangible Asset	341.8	-
Sale of Intangelble Service	123.1	-
Aurobindo Pharma (Romania) S.r.l, Romania		
Reimbursement of expenses received	0.5	-
Aurovitas Pharma Ceska Republica s.r.o , Czech Republic		
Reimbursement of expenses received	0.2	-
Auro Active Pharma Private Limited		
Equity contribution	1.0	-
c. Sale/purchase of goods, services and other transactions		
Transactions with Joint Venture		
Novagen Pharma (Pty) Limited, South Africa		
Sale of products	149.6	290.4
Raidurgam Developers Limited, India (Joint Venture from 30 November 2017)		
Investment in optionally convertible debentures	330.0	134.6
Interest accrued	30.4	14.4
Eugia Pharma Specialities Limited, India		
Sale of products	15.7	47.3
Sale of property, plant and equipment	0.2	-
Purchases	-	0.1
Purchase of property, plant and equipment	-	0.4
Reimbursement of expenses received	-	-
Tergene Biotech Private Limited, India		
Equity contribution	-	15.4
Investment in 10.5% Cumulative Redeemable Preference shares	38.0	34.5

d. Transactions with enterprises over which key management personnel or their relatives exercise significant influence

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Pravesha Industries Private Limited, India		
Sale of products	-	0.3
Sale of property, plant and equipment	0.4	-
Purchases	3,062.9	2,766.1
Sri Sai Packaging, India		
Sale of products	0.4	0.4
Purchases	243.2	239.4
Axis Clinicals Limited, India		
Purchase of services	1,074.3	759.3
Axis Clinicals Latina SA DE CV, Mexico		
Purchase of services	26.1	6.4
Trident Chemphar Limited, India		
Purchases	1,405.5	1,037.2
Purchase of services	95.4	131.1
Pranit Packaging Private Limited, India		
Purchases	246.7	204.3
SGD Pharma India Limited (formerly Cogent Glass Limited)		
Purchases	1,118.4	1,055.8

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

39. RELATED PARTY DISCLOSURES

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Orem Access Bio Inc, India		
Purchases	305.9	274.8
Veritaz Healthcare Limited, India		
Sale of products	236.2	216.8
Rent received	0.3	0.3
Alex Merchants DMCC, Dubai		
Purchases	-	242.4
Crest Cellulose Private limited, India		
Purchases	377.4	441.9
Sale of property, plant and equipment	-	0.9
East Pharma Techonologies, India		
Purchases	95.9	55.1
Gelcaps Industries, India		
Purchases	438.4	289.5
Aurobindo Foundation, India		
Contribution towards CSR activities	601.1	466.0
Alcedo Pharmachem Private Limited, India		
Purchases	217.5	-
Ambipack Industries, India		
Purchases	128.6	-
Giyaan Pharma Privated Limited, India		
Sale of products	13.6	-
Axis Clinicals LLC, USA		
Purchase of services	8.7	-

e. Transactions with key managerial personnel or their relatives

	For the year ended 31 March 2020	For the year ended 31 March 2019
Mr. K Nityananda Reddy		
Managerial remuneration	15.2	15.1
Rent expense	2.7	2.6
Dr. M Sivakumaran		
Managerial remuneration	15.2	15.1
Mr. M Madan Mohan Reddy		
Managerial remuneration	40.7	26.7
Mr. P Sarath Chandra Reddy		
Managerial remuneration	8.8	8.6
Mr. Vishnu M Sriram		
Remuneration	6.4	5.8
Mr.N Govindarajan		
Managerial Remuneration	168.9	146.3
Mr.Santhanam Subramanian		
Remuneration	21.1	18.7
Mr.B. Adi Reddy		
Remuneration	4.8	3.9
Mr. P.Venkata Ramaprasad Reddy		
Director sitting fees	0.4	0.4
Mr. K.Ragunathan, Non-executive Chairman and Independent Director		
Director sitting fees	1.1	1.2
Mr. M. Sitarama Murty, Independent Director		
Director sitting fees	0.8	1.1
Mrs.Avnit Bimal Singh, Independent Director		
Director sitting fees	0.7	1.0
Mrs.Savitha Mahajan, Independent Director		
Director sitting fees	0.8	0.8

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for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

39. RELATED PARTY DISCLOSURES

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 31 March 2020 (31 March 2019), provision for bad and doubtful debts will be made on an aggregate basis i.e. not specific to party. The assessment is undertaken each financial year through evaluating the financial position of the related party and the market in which the related party operates.

f. Loans to subsidiaries - Maximum amount outstanding

Name of the Companies	Closing Balance as at 31 March*		Maximum outstanding at any time during the year ended 31 March*	
	2020 ₹	2019 ₹	2020 ₹	2019 ₹
AuroZymes Limited, India	82.0	81.0	82.0	81.0
Silicon Life Sciences Private Limited, India	75.0	245.0	280.5	245.0
Auronext Pharma Private Limited, India	-	130.0	130.0	130.0
APL Health Care Limited, India	2,350.0	590.0	2,350.0	590.0
Hyacinths Pharma Private Limited, India	215.3	102.0	215.3	102.0
Curepro Parenterals Limited, India	1,492.9	262.5	1,492.9	262.5

* Excluding interest on loan

g. Balances with Subsidiaries at the year end

Particulars	As at 31 March 2020	As at 31 March 2019
APL Pharma Thai Limited, Thailand		
Balance payable	-	8.5
All Pharma (Shanghai) Trading Company Limited, China		
Balance payable	7.7	21.8
Helix Healthcare B.V., The Netherlands		
Corporate guarantee for loans outstanding	7,807.7	9,505.2
Balance receivable	2.5	16.3
Aurobindo Pharma Produtos Farmaceuticos Ltda, Brazil		
Balance receivable	90.5	21.0
Balance payable	1.7	-
APL Swift Services (Malta) Limited, Malta		
Balance receivable	7,612.8	5,330.7
Balance payable	48.2	17.9
Aurobindo Pharma USA Inc., USA		
Balance receivable	20,835.0	17,847.8
Corporate guarantee for loans outstanding	-	5,878.2
Aurobindo Pharma Industria Farmaceutica Ltda, Brazil		
Balance receivable	402.9	156.1
Balance payable	2.9	-
Auro Pharma Inc., Canada		
Balance receivable	1,984.5	1,943.7
Balance payable	4.0	2.2
Aurobindo Pharma (Pty) Limited, South Africa		
Balance receivable	418.0	41.3
Balance payable	-	6.5
Pharmacin B.V., The Netherlands (formerly Aurex B.V.)		
Balance receivable	8.8	6.3
Balance payable	0.3	-
Milpharm Limited, UK		
Balance receivable	1,897.1	1,488.7

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for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

39. RELATED PARTY DISCLOSURES

Balance payable	0.3	1.6
Aurolife Pharma LLC, USA		
Balance receivable	797.9	185.8
Balance payable	7.4	1.2
Aurobindo Pharma Japan K.K., Japan		
Balance receivable	46.5	129.6
Balance payable	-	2.8
Aurobindo Pharma (Malta) Limited, Malta		
Balance payable	18.4	0.1
Auronext Pharma Private Limited, India		
Balance receivable	-	379.3
Balance payable	3.4	-
Laboratorios Aurobindo S.L, Spain		
Balance receivable	0.1	-
Balance payable	0.7	0.7
Auromedics Pharma LLC, USA		
Balance receivable	2,698.9	4,221.8
Balance payable	26.0	382.7
APL Healthcare Limited, India		
Corporate guarantee for loans outstanding	304.4	-
Balance receivable	218.2	79.3
Balance payable	6.4	-
Auro Peptides Limited, India		
Balance receivable	82.7	35.8
Silicon Life Sciences Private Limited, India		
Corporate guarantee for loans outstanding	63.4	-
Balance receivable	93.4	223.3
Aurovida Farmaceutica, SA DE CV, Mexico		
Balance receivable	103.8	31.8
Aurobindo Pharma B.V.,The Netherlands		
Balance receivable	11.0	66.0
Balance payable	10.9	-
Aurobindo Pharma Colombia S.A.S., Colombia		
Balance payable	-	4.1
Balance receivable	207.5	245.8
Arrow Generiques S.A.S., France		
Balance receivable	-	1.6
Agile Pharma B.V. The Netherlands		
Corporate guarantee for loans outstanding	3,269.4	3,068.1
Balance receivable	1.0	5.0
Aurobindo Pharma GmbH, Germany		
Balance receivable	0.1	0.1
Aurobindo Pharma (Italia) S.r.l, Italy		
Balance receivable	-	94.2
Balance payable	-	0.3
Puren Pharma GmbH & Co., KG, Germany		
Balance Receivable	1.2	-
Auro Health LLC, USA		
Balance receivable	540.9	407.0
Generis Farmaceutica SA, Portugal		
Balance receivable	40.7	134.6
Aurovitas Pharma Polska, Poland		
Balance payable	-	89.6
Balance receivable	1.4	-
Acrotech Biopharma LLC, USA		
Corporate guarantee for loans outstanding	7,188.2	5,186.6
Balance receivable	2.5	-

Note: For closing balance of investments and provision for diminution in value of investments, refer note 4.

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39. RELATED PARTY DISCLOSURES

Particulars	As at 31 March 2020	As at 31 March 2019
h. Balances with Joint venture at the year end		
Novagen Pharma (Pty) Limited, South Africa		
Balance receivable	43.6	101.1
Raidurgam Developers Limited, India		
Balance receivable	14.4	8.2
Eugia Pharma Specialities Limited, India		
Balance receivable	3.9	39.6
i. Balances with enterprises over which key management personnel or their relatives exercise significant influence at the year end.		
Pravesha Industries Private Limited, India		
Balance payable	935.3	618.4
Sri Sai Packaging, India		
Balance payable	2.7	31.6
Axis Clinicals Limited, India		
Balance payable	205.9	0.2
Trident Chemphar Limited, India		
Balance receivable	738.8	29.3
Pranit Packaging Private Limited, India		
Balance payable	16.0	19.0
SGD Pharma India Limited (formerly Cogent Glass Limited), India		
Balance payable	375.6	220.6
Veritaz Healthcare Limited, India		
Balance receivable	120.7	85.8
Orem Access Bio Inc, India		
Balance payable	81.3	44.7
Crest Cellulose Private limited, India		
Balance payable	87.5	68.6
East Pharma Technologies, India		
Balance payable	15.7	11.1
Gelcaps Industries, India		
Balance payable	90.8	55.0
Alcedo Pharmachem Private Limited, India		
Balance payable	7.0	-
Ambipack Industries, India		
Balance payable	21.5	-
Giyaan Pharma Private Limited, India		
Balance receivable	8.3	-
Axis Clinicals Latina S.A. DE C.V		
Balance payable	23.4	-
Balances with with key managerial personnel at the year end		
Mr.N Govindarajan		
Balance payable	100.0	100.0
Mr. K Nityananda Reddy		
Balance payable	0.2	0.2

40. HEDGING ACTIVITIES AND DERIVATIVES - DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

The Company uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one week to twelve months.

41. CAPITIAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

42. COVID-19 IMPACT ANALYSIS

The Company has considered the possible effects that may result from the pandemic relating to COVID-19. With a view to ensure minimal disruption with respect to operations including production and distribution activities, the Company has taken several business continuity measures. While the Company has not experienced any significant difficulties with respect to market demand, liquidity, financing capital expansion projects, collections so far, the Company has assessed the financial impact of the COVID-19 situation particularly on the carrying amounts of receivables, inventories, property, plant and equipment and intangible assets. The Company has, as at the date of approval of these standalone financial results, used internal and external sources of information, including economic forecasts and estimates from market sources. On the basis of evaluation and current indicators of future economic conditions, the Company believes that it will be in a position to recover the carrying amounts of these assets and does not anticipate any material impact due to impairment to these financial and non-financial assets. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

43 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 March 2020

Particulars	Notes	Carrying amount			Fair value			
		FVTPL	Amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Non-current investments in others*	4(A)	151.2	-	151.2	-	-	151.2	151.2
Non-current investments in government securities*	4(A)	0.2	-	0.2	-	-	0.2	0.2
Current investments*	4(B)	0.2	-	0.2	0.2	-	-	0.2
		151.6	-	151.6	0.2	-	151.4	151.6
Financial assets not measured at fair value								
Non-current investments in preference shares	4(A)	-	1,900.5	1,900.5				
Trade receivables	6(B)	-	57,895.7	57,895.7				
Loans	5(A)&5(B)	-	4,393.9	4,393.9				
Cash and bank balances	12(A)&12(B)	-	782.5	782.5				
Other financial assets	7(A)&7(B)	-	1,353.7	1,353.7				
		-	66,326.3	66,326.3				
Financial liabilities measured at fair value								
Derivatives - foreign currency forward contracts	18	22.3	-	22.3	-	22.3	-	22.3
		22.3	-	22.3	-	22.3	-	22.3
Financial liabilities not measured at fair value								
Borrowings (including current maturities of non-current borrowings)	15(A) &15(B)	-	37,303.2	37,303.2				
Trade payables	17	-	19,145.3	19,145.3				
Other current financial liabilities	18		5,046.4	5,046.4				
		-	61,494.9	61,494.9				

Notes to Standalone Financial Statements
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(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

31 March 2019

Particulars	Notes	Carrying amount			Fair value			
		FVTPL	Amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Non-current investments in others*	4(A)	151.2	-	151.2	-	-	151.2	151.2
Non-current investments in government securities*	4(A)	0.2	-	0.2	-	-	0.2	0.2
Current investments*	4(B)	0.2	-	0.2	0.2	-	-	0.2
Derivatives - foreign currency forward contracts	7(B)	64.4	-	64.4	-	64.4	-	64.4
		216.0	-	216.0	0.2	64.4	151.4	216.0
Financial assets not measured at fair value								
Non-current investments in preference shares	4(A)	-	2,778.7	2,778.7				
Trade receivables	6(B)	-	52,320.7	52,320.7				
Loans	5(A)&5(B)	-	1,563.8	1,563.8				
Cash and bank balances	12(A)&12(B)	-	757.6	757.6				
Other financial assets	7(A)&7(B)	-	1,120.8	1,120.8				
		-	58,541.7	58,541.7				
Financial liabilities not measured at fair value								
Borrowings (including current maturities of non-current borrowings)	15(A), 15(B) & 18	-	45,198.0	45,198.0				
Trade payables	17	-	18,413.9	18,413.9				
Other current financial liabilities	18		1,286.9	1,286.9				
		-	64,898.8	64,898.8				

*These are for operational purposes and the Company estimates that the fair value of these investments are not materially different as compared to their cost.

B. Measurement of fair values

i. Valuation technique and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Derivative instruments	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable

ii. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2019-20 and no transfers in either direction in 2018-19.

C. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports to the board of directors on its activities.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

The Company's risk management policies are established to identify and analyse the risks being faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

The Company is exposed primarily to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The Company uses derivative financial instruments such as forwards to minimise any adverse effect on its financial performance.

i. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of credit worthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and credit worthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, loans and other financial assets. The Company establishes an allowance for doubtful receivables and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Management also evaluates the factors that may influence the credit risk of its customer base, including the default risk and country in which the customers operate. The Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if available, financial statements, credit agency information, industry information and in some case bank references. Sales limits are established for each customer and reviewed quarterly.

The Company's receivables turnover is quick and historically, there was no significant default on account of trade and other receivables. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Company assesses at each reporting date whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Other financial assets

The Company maintains exposure in cash and cash equivalents and derivative instruments with financial institutions. The Company has loan receivables outstanding from its wholly owned subsidiaries amounting to ₹**4,215.2** (31 March 2019 : ₹1,410.5).

The Company's maximum exposure to credit risk as at 31 March 2020 and 31 March 2019 is the carrying value of each class of financial assets.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The following are the remaining contractual maturities of financial liabilities at reporting date:

As at 31 March 2020	Carrying amount	Contractual cash flows			
		< 12 months	1 to 5 years	> 5 years	Total
Non-derivative financial liabilities					
Current borrowings	37,303.2	37,439.9	-	-	37,439.9
Trade payables	19,145.3	19,145.3	-	-	19,145.3
Other current and non currentfinancial liabilities	5,046.4	5,130.3	95.5	39.5	5,265.3
Derivative financial liabilities					
Foreign exchange forward contracts	22.3	22.3	-	-	22.3

As at 31 March 2019	Carrying amount	Contractual cash flows			
		< 12 months	1 to 5 years	> 5 years	Total
Non-derivative financial liabilities					
Non-current borrowings	-	-	-	-	-
Current borrowings	45,198.0	45,523.8	-	-	45,523.8
Trade payables	18,413.9	18,413.9	-	-	18,413.9
Other current financial liabilities	1,286.9	1,286.9	-	-	1,286.9

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk and interest rate risk.

a) Foreign Currency risk:

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit 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:

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for the year ended 31 March 2020

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The summary of quantitative data about the Company's exposure to currency risk as reported to the management is as follows:

As at 31 March 2020

Amount in ₹

Particulars	USD	Euro	GBP	Others	Total
Financial assets					
Trade receivables	36,001.2	8,002.2	1,893.2	2,285.2	48,181.7
Cash and bank balances	334.6	150.8	158.9	5.7	649.9
Total	**36,335.8**	**8,152.9**	**2,052.1**	**2,290.8**	**48,831.7**
Less:					
Derivatives - foreign currency forward contracts	(6,166.7)	(4,014.3)	(383.4)	(939.1)	(11,503.5)
Net exposure in financial assets	**30,169.1**	**4,138.6**	**1,668.7**	**1,351.8**	**37,328.2**
Financial liabilities					
Borrowings including current maturities of non-current borrowings	32,540.5	2,618.4	481.5	-	35,640.4
Interest accrued but not due on borrowings	12.2			(0.0)	12.2
Trade payables (including capital creditors)	11,317.9	315.3	13.8	43.6	11,690.7
	43,870.6	**2,933.7**	**495.3**	**43.6**	**47,343.3**
Less:					
Derivatives - foreign currency forward contracts	(1,020.5)			-	(1,020.5)
Net exposure in financial liabilities	**42,850.1**	**2,933.7**	**495.3**	**43.6**	**46,322.8**
Net exposure in respect of recognised assets/(liabilities)	**(12,681.0)**	**1,204.9**	**1,173.4**	**1,308.1**	**(8,994.6)**

As at 31 March 2019

Amount in ₹

Particulars	USD	Euro	GBP	Others	Total
Financial assets					
Trade receivables	33,736.5	6,292.4	1,472.3	2,220.9	43,722.1
Cash and bank balances	242.6	52.6	24.1	3.3	322.6
Total	33,979.1	6,345.0	1,496.4	2,224.2	44,044.7
Less:					
Derivatives - foreign currency forward contracts	(0.0)	(1,786.5)	-	(1,025.9)	(2,812.4)
Net exposure in financial assets	33,979.1	4,558.5	1,496.4	1,198.3	41,232.3
Financial liabilities					
Borrowings including current maturities of non-current borrowings	37,016.9	5,116.8	1,267.3	-	43,401.0
Interest accrued but not due on borrowings	2.2	0.5	-	-	2.7
Trade payables (including capital creditors)	8,013.9	323.4	13.8	47.9	8,399.0
	45,033.0	5,440.7	1,281.1	47.9	51,802.7
Less:					
Derivatives - foreign currency forward contracts	(420.5)			-	(420.5)
Net exposure in financial liabilities	44,612.5	5,440.7	1,281.1	47.9	51,382.2
Net exposure in respect of recognised (liabilities) / assets	(10,633.4)	(882.1)	215.3	1,150.4	(10,149.9)

Notes to Standalone Financial Statements
for the year ended 31 March 2020

(All amounts are in Indian Rupees in millions, except for share data and where otherwise stated)

Sensitivity analysis:
A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars,GBP and Euro at 31 March would have affected the measurement of financial instruments denominated in US dollars, GBP and Euro and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit or (loss)		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
USD (5% movement)	**634.0**	**(634.0)**	**499.4**	**(499.4)**
Euro (5% movement)	**(60.2)**	**60.2**	**(47.4)**	**47.4**
GBP (5% movement)	**(58.7)**	**58.7**	**(46.2)**	**46.2**
Others (5% movement)	**(65.4)**	**65.4**	**(51.5)**	**51.5**
31 March 2019				
USD (5% movement)	531.7	(531.7)	(414.0)	414.0
Euro (5% movement)	44.1	(44.1)	(34.3)	34.3
GBP (5% movement)	(10.8)	10.8	8.4	(8.4)
Others (5% movement)	(57.5)	57.5	44.8	(44.8)

b) interest rate risk:
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to risk of change in market interest rates because it borrows funds at both fixed and floating interest rates. The Company manages its interest rate risk by having a balances portfolio of fixed and variable rate loans and borrowings. As the company has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

Particulars	31 March 2020	31 March 2019
Variable rate borrowings including current maturities and lease liabilities	**35,973.0**	43,448.0
Fixed rate borrowings	**1,500.0**	1,750.0
Total borrowings	**37,473.0**	45,198.0

Sensitivity analysis:

Particulars	31 March 2020		31 March 2019	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Variable rate instruments	**185.2**	**(185.2)**	(222.3)	222.3
Fixed rate instruments	**0.8**	**(0.8)**	(9.4)	9.4

c) commodity risk:
Exposure to market risk with respect to commodity prices primarily arises from the Company's purchase of active pharmaceutical ingredients and other raw material components for its products. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's business are generally more volatile. Cost of raw materials forms the largest portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of 31 March 2020, the Company had not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

44. SEGMENT REPORTING
In accordance with Indian Accounting Standard (Ind AS) 108 on Operating segments, segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.

As per our Report of even date attached.

For B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 116231W/ W-100024

Sriram Mahalingam
Partner
Membership No.049642

Place: Hyderabad
Date: 3 June 2020

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
Membership No.13709

Place: Hyderabad
Date: 3 June 2020