AUROBINDO

PRESS RELEASE

7th September 2011

Aurobindo Pharma establishes Joint Venture with Diod (Russia) to manufacture and market generic drugs in Russia

Aurobindo Pharma Limited through its investment holding subsidiary (hereinafter referred to as "Aurobindo") and OJSC DIOD, a Russian manufacturer of ecological healthcare equipment and nutrition supplements through its investment holding subsidiary (hereinafter referred to as "Diod"), announce establishment of a joint venture in Russia on a parity basis (50%:50%). The name of the Joint Venture is Aurospharma Company (hereinafter referred to as the JV). It is established to manufacture and sell the pharmaceuticals in the markets of Russia, Belarus and Kazakhstan.

As a part of this cooperation, the JV intends to construct a state of the art plant to manufacture Non Penicillin and Non Cephalosporin Rx generics and other drugs that are categorized as Over The Counter (OTC) products in Russia. To harmonize interests of the JV partners in the Russian market environment, it has been contemplated to transfer 100% interest in the CJSC Olifen (engaged in production of pharmaceutical substances) being held by DIOD to the JV company subject to due diligence. In addition, the JV shall source Penicillins, Cephalosporins and few other therapy products manufactured by Aurobindo Pharma Ltd, India to sell in the markets of Russia, Belarus and Kazakhstan.

The plant to be built in Russia will focus on production of socially significant medicinal drugs. This project fully complies with the priorities of the Strategy for Development of the Russian Pharmaceutical Industry for the Period through 2020 (Pharma-2020 Strategy) approved by the Russian Ministry of Industry and Trade, since it indeed helps make the Russian public healthcare less dependent on import of finished dosage forms. Once implemented, the project would bring about substantial savings for the program of government procurement of socially significant medicinal drugs and reduction of applicable budgetary expenses. Consequently, this should make modern pharmaceuticals more affordable and accessible to the public at large in the countries-members of the Customs Union. A number of Russian public organizations also support the project. It is important to realize that the project will help the government to save considerable budgetary funds since instead of buying expensive original drugs it could buy generics, which are no less efficient, but are much cheaper than the original drugs. More Russian citizens will get access to therapy every year.

The plant meeting the GMP standards (using AUROBINDO's expertise), will be constructed in the Podolsk District (Moscow region). It is expected that the construction will be completed and the plant will attain its rated capacity closer to the end of 2013.

Vladimir Tikhonov, Diod CEO, commented: "Diod has made a journey towards this partnership, lasting for many years. We believe that the establishment of the JV should allow us to become an important player at the Russian pharmaceutical market within the target period. Diod intends to enrich this project with its unique long-term experience in selling medicinal drugs and nutrition supplements in the markets of Russia, Belarus and Kazakhstan and support it with its own distribution network resources and streamlined channels of interfacing with medical organizations.

While commenting on the arrangements to establish the JV, Mr. Vishnu Sriram, Associate Vice President of Aurobindo, said, "Establishment of a JV with the Russian Diod company perfectly weds with our international expansion strategy, in accordance with which we establish partnership relations with competent local companies in the target countries. The JV format gives us an opportunity to localize our production in Russia. Using the Russian partner's marketing vision, we will be able to enter the growing and challenging Russian market with greater confidence and expedite our presence in the market. Aurobindo will enrich the JV with its successful international experience in manufacturing medicinal substances and drugs – the so-called generics*.

About OJSC DIOD: (www.diod.ru) is a leading Russian healthcare goods producer. The company manufactures such well-known nutrition supplement brands as Capilar, Viardo, Iod-Active, Phase 2, etc., holding 6% of the Russian market (source: DSM Group, 2009). Diod also manufactures healthcare equipment, healthcare cosmetics (3.4% share of the Russian market), pharmaceuticals (Orvirem, Hypoxen), and has its own retail chain "Mir ekologii". The company is the world's largest producer of dihydroquercetine (taxifolin) (source: Cherkassy NIITEKhIM, 2009).

At the end of 2010 Diod reported audited consolidated revenues of RU1.5 bln, and EBITDA of RU0.2 bln. According to IFRS-compliant statements, the company's net income in 2010 amounted to RU131 million. In June 2010, the Company placed 10% of its shares in the Sector of Innovations and Investments on MICEX. Measured by results of this IPO, Diod's capitalization amounted to RU3.0 bln. ZAO FINAM acted as the organizer of the placement and the market-maker of these shares.

About Aurobindo Pharma Limited: (www.aurobindo.com), headquartered at Hyderabad, India, manufactures generic pharmaceuticals and active pharmaceutical ingredients. The company's manufacturing facilities are approved by several leading regulatory agencies like USFDA, UKMHRA, WHO, Health Canada, MCC South Africa, TGA Australia, ANVISA Brazil. The company's robust product portfolio is spread over 6 major therapeutic/product areas encompassing Antibiotics, Anti-Retrovirals, CVS, CNS, Gastroenterologicals, and Anti-Allergics, supported by an outstanding R&D set-up. The Company is marketing these products globally, in over 125 countries.

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