Cipla

TRANSFORMING.

For a new horizon.

Cipla Limited | Annual Report 2016-17

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Strategic transformation is critical to survive and thrive in an evolving business environment.

At Cipla, we are transforming to build capabilities for the future and remain ever-relevant to stakeholders globally.

Given our growth ambitions, multi-cultural workforce, global footprint and the constantly evolving operating landscape, we felt the need to clearly articulate who we are and what we seek to achieve in the mid- and long-term future. Our First Principles were born out of such an endeavour. We are now institutionalising these principles across the Company to realise our OneCipla Credo.

Our strategic transformation is enabling us to win across markets. During the year, our domestic business recorded double digit growth, despite multiple regulatory challenges. We also successfully integrated our two acquisitions in the US (InvaGen and Exelan) into our global mainstream operations. Recently, Cipla USA achieved high prominence in prescriptions and achieved 9th rank in TRx among all the generic companies in the US. We are now among market leaders in South Africa and various countries in the emerging markets territory such as Sri Lanka, North Africa and Yemen.

Our consistent R&D investments have enabled us to stay ahead of the curve and grow, despite a highly competitive environment. We have filed many products nationally and internationally and we are confident that the outcomes will be encouraging in the coming years. At the same time, we have sharpened our focus in areas where we have relevant experience and expertise. We strongly believe that this is critical for success. During the year, we also exited from non-core businesses such as animal health in South Africa. We also decided to allocate capital towards our Specialty programme and evaluate business development and in-licensing opportunities for our biotech business. At the same time, we continue to elevate our systems, processes, technologies, people practices, governance standards and brand equity.

We have embarked upon an exciting and eventful voyage, which will help us discover new horizons of growth and sustainability. We are building on our legacy with new energy and innovation, along with a deep commitment to compassion and care.

Caring for Life

At Cipla, our objective is to ensure access to high quality and affordable medicines, and to support patients in need.

We are a leading global pharmaceutical company, dedicated to high-quality, branded and generic medicines. We are trusted by healthcare professionals and patients across geographies.

In the last 81 years, we have strengthened our leadership in India's pharmaceutical industry and fortified our promise of 'Caring for Life'. With a turnover of over USD 2.2 billion, 1,500+ products across various therapeutic categories and 50+ dosage forms, we are present in over 80 countries.

During the year, we renewed our strategic focus, and aligned the Board, the management and over 23,000 employees with our First Principles. We are now strengthening our global focus by consolidating and deepening our presence in the key markets of India, South Africa, the US, and other economies of the emerging world.

Key Strengths

Science

Science is at the core of everything we do at Cipla. Our innovation-driven approach has helped us constantly challenge convention and reinvent the way we do business. Cipla's laboratories have produced one of the world's largest and most diverse portfolios of drugs and devices in inhalation therapy, and our cutting-edge technology platforms and combinations in HIV therapy cater to all age groups.

Quality Manufacturing

Quality is a way of life at Cipla, and the bedrock of our sustainable growth. Each one of us at Cipla is responsible for Quality. Our excellence comes from a robust integration of people, processes and products. The track record of our 43 internationally-approved state-of-the-art manufacturing facilities around the world speaks for itself, making Cipla the partner of choice for multinational, government and non-government institutions globally.

Patient-Focused

Cipla has been built, brick-by-brick, on a foundation of care. Be it the world's first oral iron chelator for thalassaemia, a first-of-its-kind palliative care centre, the triple ARV therapy for HIV at less than a dollar a day, or transfer of technology to countries that needed it the most, Cipla has always put patients first. Caring for Life has been, and continues to remain, our guiding purpose.

Quick Facts

3rd
Largest Pharmaceutical Company in India*

4th
Largest Pharmaceutical Company in South Africa#

9th
in TRx amongst all generic companies in the US#

43
Manufacturing Facilities^

50+
Dosage Forms

1,500+
Products

Capacity Overview

32Bn units
Tablets & Capsules

110 Mn units
Aerosols pMDI

94 Mn units
Oral Liquids

1,000 MT
APIs

5 Mn units
Lyophilised Injections

45 Mn units
Pre-filled Syringes

110 Mn units
Form Fill Seal Eye Drops

640 Mn units
Respules

*By market share, India sales, IMS MAT March '17
#As per IMS MAT March '17
^ Including associates

Global Reach^

Sustained growth momentum in core markets of India and South Africa

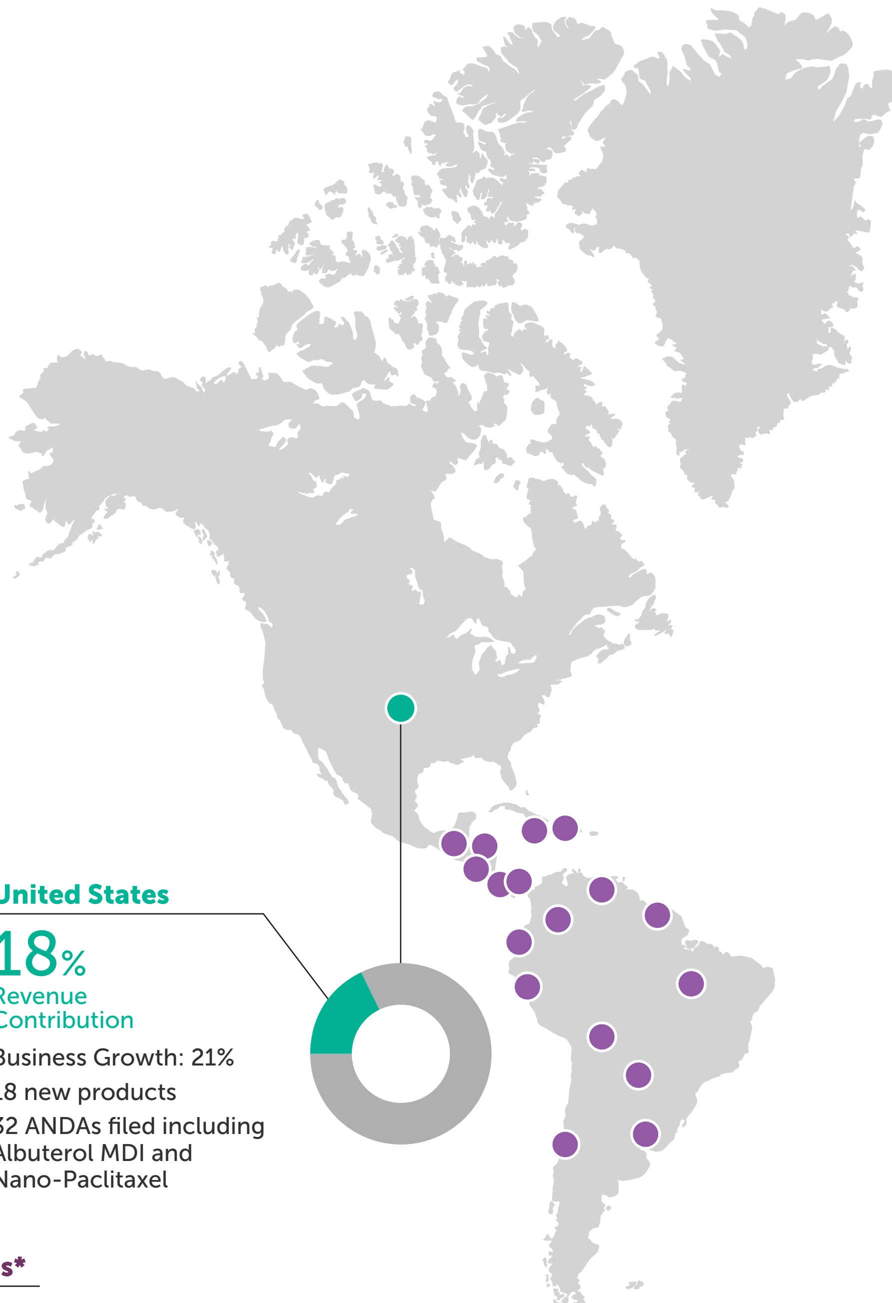
Cipla ranked #9 in TRx in the US

Maintained leadership position with strong in-market performance in various emerging markets

Managed transformation and turnaround of the European business back to profitability

32 ANDA filings in the US including certain complex products

Successful quality track record with Establishment Inspection Report (EIR) received for Indore, Goa and InvaGen Plants



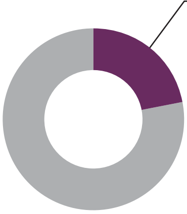
United States

18%
Revenue Contribution

Business Growth: 21%

18 new products

32 ANDAs filed including Albuterol MDI and Nano-Paclitaxel



Emerging markets*

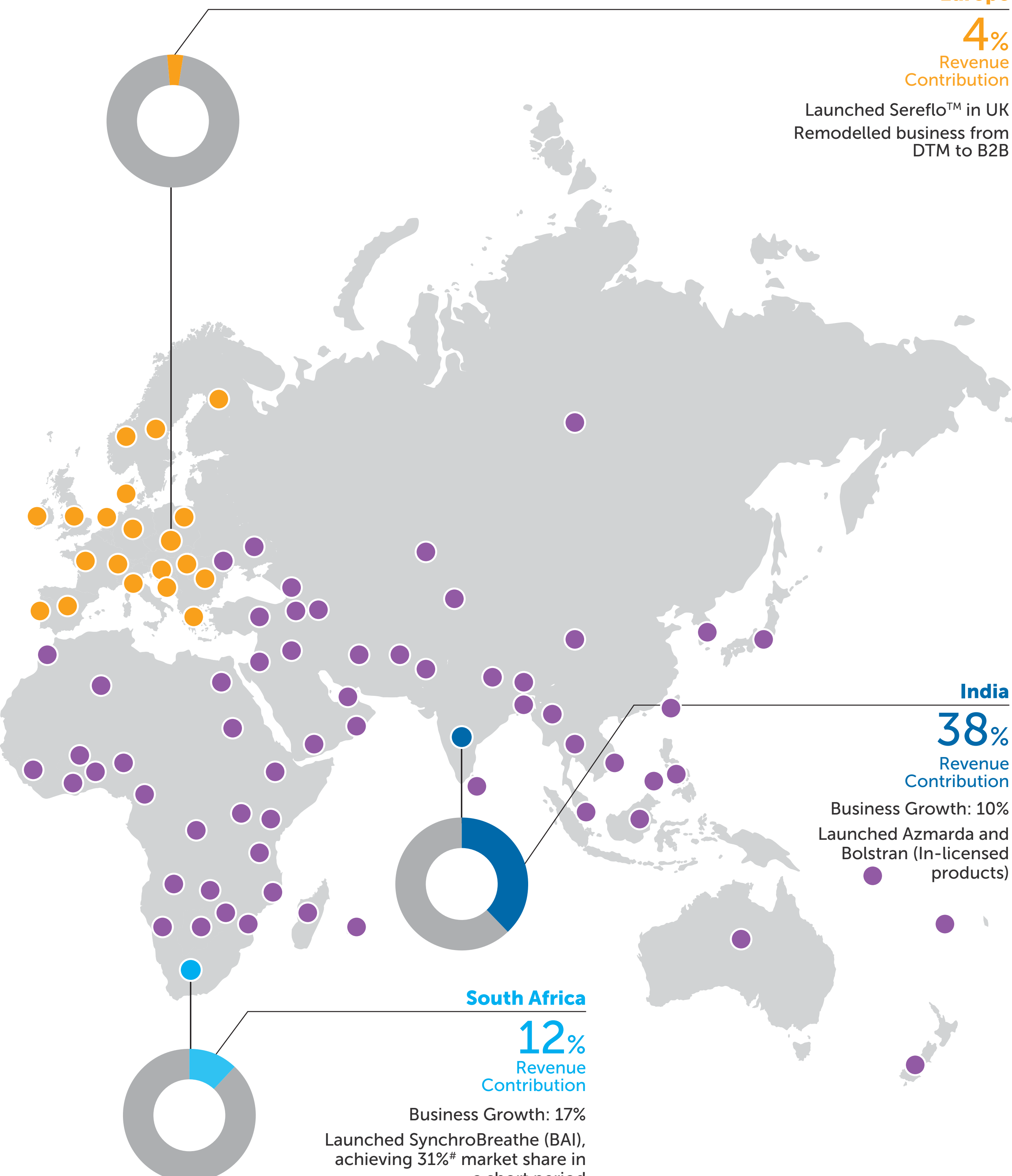
22%
Revenue Contribution

Strong in-market performance

* Includes formulations business of markets other than the US, India, South Africa and Europe

Map not to scale

^6% revenues contributed by Global API, CNV business, Vet and others; not captured on the map.



Europe

4%
Revenue Contribution

Launched Sereflo™ in UK

Remodelled business from DTM to B2B

India

38%
Revenue Contribution

Business Growth: 10%

Launched Azmarda and Bolstran (In-licensed products)

South Africa

12%
Revenue Contribution

Business Growth: 17%

Launched SynchroBreathe (BAI), achieving 31%# market share in a short period

Of the total pMDI Fixed Combination market in South Africa

Business Highlights

₹14,630 Crore
Revenue

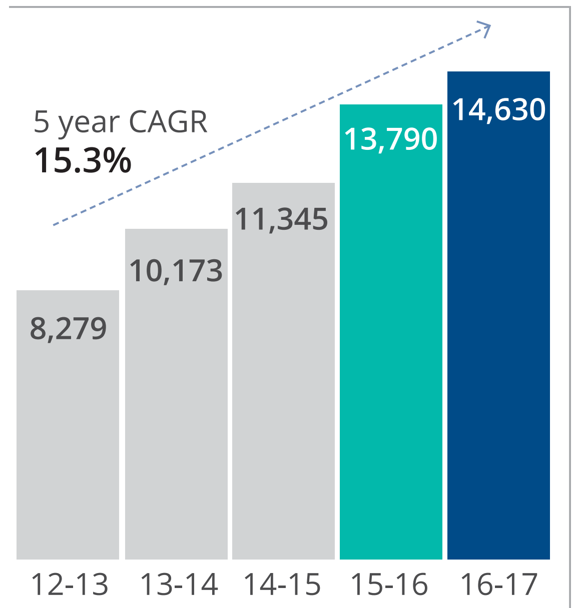
₹2,476 Crore
EBITDA

₹1,260 Crore
Free cash flow from operations

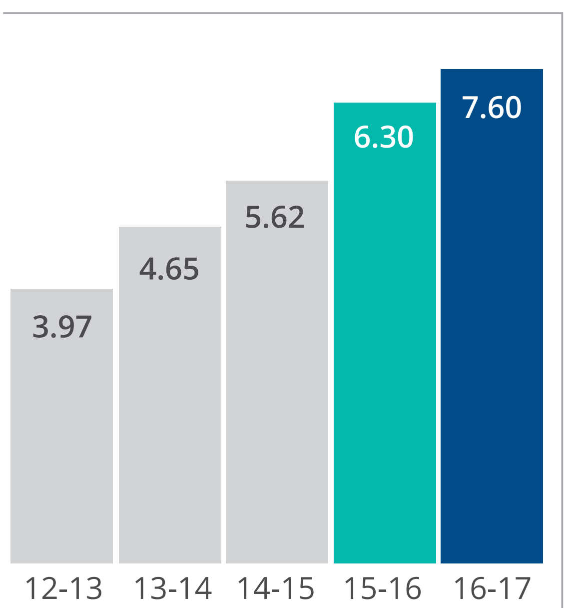
₹1,006 Crore
Net Profit

Revenue from Operations#

₹ in Crore

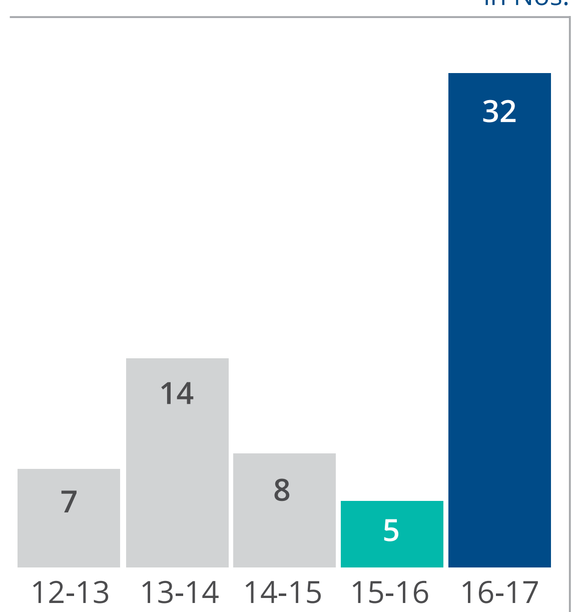


R&D Spends as % of Revenue



US ANDA Filings*

in Nos.



#FY16 and FY17 numbers are as per Ind AS
*excluding PEPFAR ANDAs

Strategic Initiatives

1 Building Organisation for the Future

At Cipla, we have always transformed in line with the changing business landscape and patient requirements. We are now building organisational capabilities to drive best-in-class execution and governance.

Key Highlights

- Adopted our new 'First Principles'
- Succession planning and leadership development
- Target to build a speciality franchise, contributing significantly to overall revenues in the medium to long-term

2 Distinctive R&D and Portfolio

Innovation has been an integral part of Cipla's growth story. We have a rich history of R&D and manufacturing partnership with global players for blockbuster products

Key Highlights

- 73 ANDAs under approval as of March 2017
- 100+ patents granted including Respiratory
- 1500+ dedicated and talented scientists
- Ramping up filing intensity with focus on complex products

3 Operational Excellence

Cipla has an excellent track record of maintaining high quality and compliance standards. We have been able to leverage our existing capabilities globally to create one of the world's most respected pharmaceutical businesses.

Key Highlights

- 46 successful audits for FY 2016-17 conducted by global regulatory bodies across our facilities
- Increased automation to further strengthen quality and control processes

4 Focus on High Growth Markets

Cipla continues to strengthen its position in high growth markets across the globe. We are well-positioned to drive future leadership with multiple levers of business excellence.

Key Highlights

- 6 of the top 100 brands and 22 of top 300 brands in Indian Pharma
- Fastest growing among top 10 companies in the South African market
- With InvaGen well integrated, North America business is positioned for the next wave of growth
- Europe remodelled to B2B model

Chairman's Message

> I firmly believe that Cipla is undergoing a transformation for the better and we will deliver to our shareholders a stronger future, based on the foundation of our past legacy.

Dear Shareholders,

It gives me immense pleasure to share with you some important insights about your Company, the indigenous pharma industry and the overall status of healthcare.

These are extremely challenging times for our industry and also for Cipla. The industry saw a slow growth rate in the recent past, due in some measure to Government policies and control measures. Also, globally, we witnessed increasing pressure on the pharmaceutical industry – regulatory and compliance issues are getting more demanding, intellectual property rights increasingly have become more complex and pricing pressures are intensifying. Moreover, socio-economic and environmental volatility is prevalent in most of the markets that we serve across the world.

Let me share with you some statistics related to the status of healthcare in India. The disease pattern reveals some startling figures. We rank 147 out of 184 countries in healthcare spending. India spends approximately 1% of its GDP on healthcare, compared to over 8% by the US, Sweden and Cuba. In fact, over 60% of Indians pay for their personal healthcare. The average cost of hospitalisation has increased from about ₹ 9,000 in 2004 to over ₹ 25,000 currently.

However, the above dismal picture reinforces our commitment to ensure that no patient will be denied access to high quality affordable medicine and medical support. For more than eight decades of our corporate evolution, we have striven to make medicines accessible and affordable to a large number of patients, both in India and globally.

Even as we remain committed to our purpose of 'Caring for Life', we hope that our Government takes industry leaders into confidence to address major issues such as pricing, intellectual property and monopoly. A long-term pragmatic drug policy can certainly help the industry and the Government to plan and work towards building better healthcare facilities for the future as healthcare is a basic human right.

During the financial year ended March 17, your Company's domestic growth has been 10%. We have successfully integrated our two recent acquisitions, InvaGen and Exelan into our global mainstream operations. Recently, Cipla USA ranked 9th highest in prescriptions among all the US generic companies. Besides, we are among the leaders in South Africa and also in several smaller countries, such as Uganda, Sri Lanka and Mauritius, among others. We continue to serve multiple markets effectively throughout the world.

One of the major factors for your Company to stay ahead and maintain a suitable growth, despite a highly competitive environment is Cipla's investment in R&D. This year the figure has reached 7.6% of our total revenue and we are among the leaders conducting effective R&D in the domestic pharmaceutical landscape. This year we filed 32 Abbreviated New Drug Applications (ANDAs) in the US. We have filed many patents in India and internationally and we are confident that the overall result of our initiatives will be evident in the coming years.

At the same time, your Company has taken a very strategic decision to sharpen our focus in areas where we have the maximum competence and expertise. Cipla strongly believes this is essential for progress.

Your Company stays committed to widen its reach and meet patient needs by entering into licensing agreements and partnerships, with both international and Indian companies. Cipla continues to provide drugs of exemplary quality, consistency and reliability to the public and serve their medical requirements both in India and abroad. Cipla will continue to develop existing and newer markets globally and assist underdeveloped nations in all possible ways. Your Company's focus will remain on a global access programme in several critical therapeutic and neglected areas that include HIV/AIDS, malaria, hepatitis, cancer and reproductive health. Recently, Cipla was one of only two international pharma companies selected for an African cancer initiative programme by a group consisting of the American Cancer Society, Clinton Health Access Initiative, National Comprehensive Cancer Network and IBM.

Your Company is proud of its manufacturing facilities, both in API and finished dosage forms across the world. We will continue to upgrade and preserve our tradition of the highest quality standards.

Cipla is committed to using its technology and innovation to deliver medicines of outstanding quality for which we have an excellent reputation within India and abroad. Cipla has an exceptionally talented management team that is preparing Cipla for the years ahead. Your

Cipla continues to provide drugs of exemplary quality, consistency and reliability to the public and serve their medical requirements both in India and abroad.

Company's systems, technologies, people practices, governance standards are now benchmarked with the best anywhere. The OneCipla Credo is a commitment to be the kind of company we want to be. I firmly believe that Cipla is undergoing a transformation for the better and we will deliver to our shareholders a stronger future, based on the foundation of our past legacy.

I wish to convey my gratitude to all of you for your continued support over the years. Your Directors and management are committed to ensuring that Cipla remains a leading institution that we all believe in – a unique blend of science, business, purpose, commitment and humanity.

Sincerely,
Y. K. Hamied

MD & CEO's Message

Today, we are a cohesive team of ~23,000 people around the world playing to the spirit of OneCipla.

Dear Shareholders,

It gives me great pride to present my first report to you as Cipla's MD & Global CEO. Largely, FY 2016-17 was a satisfying year for our business operations, as well as a year of several firsts. We strengthened our core, executed key priorities, and came closer together as an organisation. Our consolidated revenue from operations for FY 17 stood at ₹ 14,630 crore, marking a 6% growth over FY 16. We delivered a 16.9% EBITDA margin, with ~300 bps improvement in our base business profitability, in line with our expectation. In FY 16, a substantial one-time contribution from Esomeprazole in the US had delivered around ₹ 1,000 crore of revenue and consolidated EBITDA. Excluding Esomeprazole, our financial performance for FY 17 showed a robust 15% top-line growth and a significantly higher bottom-line growth.

We faced setbacks in the form of tough external environment in some markets, one-time impairment related to InvaGen and Cipla BioTec, had to take some tough decisions, and were held back from achieving our top-line growth target in FY 17. However, our key markets continued to show strong growth, and we built depth in capability across the organisation.

A Strong Show

Cipla's India business grew at 10% despite pricing challenges and the impact of demonetisation. Most key therapies retained their leadership position and exceeded market growth – Respiratory (10.5% against 9.8%), Urology (19.4% against 13.7%) and Gastrointestinal (10.4% against 8.5%). We focused on raising our game with innovative marketing campaigns, sales force excellence, an increased rigour for new launches, and in-licensing of products across focus therapies such as Azmarda (Cardiology) and Bolstran (Respiratory). Twenty-two of our brands feature in the industry top 300, according to the IMS MAT figures for March 2017.

South Africa continued to deliver solid performance with around 17% growth in local currency terms. Cipla scaled two ranks to become the 4th largest pharmaceutical company in the private sector and is the fastest-growing among the top 10 companies. We launched our proprietary breath-actuated inhaler 'SynchroBreathe', which achieved a 31% market share within a short period of its launch. In line with our strategy of nurturing our core, we signed a definitive agreement with Ascendis Pharma for the divestment of our animal health business in South Africa.

In the US, we successfully integrated InvaGen and Exelan with Cipla's global operations. Recently, Cipla attained 9th rank among all generic companies in the US in terms of total prescriptions, and is the fastest growing by prescription. A total of 10 of our 45 products in the IMS are ranked 1st, and 25 are among the top 3 in their therapeutic categories.

Our Emerging Markets business, though challenged by volatility, tender uncertainty and channel inventory, delivered in-market growth in the major front-ends. We successfully transformed and simplified our business model in Europe, bringing it back to profitability.

With the intention of shifting focus from illness to wellness, Cipla Health Limited was created as a separate company in 2016. Our flagship smoking cessation brand, Nicotex, continues to retain undisputed leadership in its category, making it one of the most recognised brands in the healthcare category.

The Challenges

Our API and CGA businesses saw a decline driven in large measure by partner-specific issues, pricing and increasing competition. Our API business has started to see lock-ins with key customers, which will help in the medium to long-term. Our focus will be on identifying new customers and leveraging existing relationships to support our business for the future. As part of our restructuring efforts to reinforce our core and allocate capital efficiently, we have repositioned our biotech business into a licensing model.

Our Key Capabilities

In FY 17, our investment in R&D increased to 7.6% of revenue. Innovation is the key to our transformation, and to this end, our approach is to create a strong pipeline of generics and several limited competition products. FY 17 saw a record 32 ANDA filings in the US including Albuterol (our first MDI in the US) and Nano-Paclitaxel, and over 700 filings internationally. In the Specialty segment, we monetised our 16.7% stake in Chase Pharmaceuticals to Allergan, and signed a worldwide licensing agreement (excluding East Asia) with MEDRx to further develop and commercialise MRX-4TZT, a Tizanidine patch for the management of Spasticity. Our goal is to build a pipeline in the Specialty segment.

Several of our factories underwent successful audits, including by the USFDA, demonstrating our motto of 'all time readiness' and our uncompromising commitment to quality, safety and compliance. EIRs from the USFDA were received for Indore and Goa in India, and InvaGen in the US. We successfully commissioned Unit II in Sikkim. We also started our safety remediation activities at several sites, which will be largely completed in FY 18.

Much of our simplification and cost-efficiency measures in FY 17 were conducted through 'Project Eagle', yet another OneCipla effort to build a culture of synergy. I am pleased to see its progress as Ciplaites from across the organisation contribute their ideas to this project.

People and Culture

Over the course of the year, we deliberated upon and released Cipla's First Principles, consisting of our Credo, Winning Aspiration, and Leadership Essentials. MiRole was an exhaustive organisation-wide exercise to ensure job descriptions, band, and grade for all employees around the world. Last year, we started internal townhalls between the Management Council and Ciplaites across the globe to facilitate honest two-way conversations.

Caring for Life

No one embodies our Credo of 'Caring for Life' better than Cipla Foundation, which continued to take Cipla's mission beyond medicines to the areas of education, skilling, healthcare and disaster response. The Cipla Palliative Care and Training Centre is now in its 20th year of extending free-of-cost holistic care to cancer patients and their families. We were honoured to be named by Fortune magazine in their 2016 'Change the World' list as one among 50 companies in the world that have had a positive social impact through activities that are part of their core business strategy.

Looking Ahead – Becoming an Innovation-Led and Commercially-Smart Enterprise

Our biggest imperative in FY 18 will be to generate sustainable and profitable top-line growth, and to build a strong organisation. We will work towards bolstering our leadership position in India, South Africa, and key Emerging Markets. In the US, we are eyeing over 20 ANDA filings, strengthening the execution of key launches, and building our Specialty focus in Respiratory and CNS.

We will maintain our excellence in quality, safety, and compliance at all manufacturing locations across Cipla. Our R&D investment will continue at over 8% for the fiscal year. Our effort to drive efficiency and effectiveness with 'Project Eagle' will continue. Corporate culture is the key to ensuring that an organisation becomes more than the sum of its parts. We remain committed to creating a culture that attracts and retains the best talent, and enables us to remain alert and adaptive to business needs in a fast-changing world.

Once again, I would like to take this opportunity to thank all of our shareholders, as well as the Cipla Board and my Management Council colleagues for their confidence and support. But most of all, I would like to thank all my Cipla colleagues around the world for rising up to the rallying cry of OneCipla - today, we are a cohesive team of ~23,000 people. Cipla must create its own destiny and own it. It will be my honour and privilege to help steer the Company towards accomplishing it.

Best Wishes,

Umang Vohra

Our future is to TRANSFORM

into being an integrated, forward-looking and agile organisation, while continuing to serve our patients with care and compassion.

Photographs AMIT PASRICHA

Our First Principles

We are observing sweeping changes around us in terms of industry dynamics, innovation horizons and requirements of patients and stakeholders across the world. Considering the pace of change around us, we challenged ourselves over the last year to re-evaluate our strengths and core values, and to recalibrate our strategies to stay ever-relevant to our stakeholders.

Purpose-Inspired

Looking at actions and solutions that are sustainable and lead to 'Caring for Life'

Responsibility-Centred

Culture of accountability and owner's mindset for Cipla's long-term success

Innovation-Driven

Courage to experiment, willingness to challenge status quo, to be curious and learn from failures

Excellence-Focused

Setting the gold standard by going above and beyond what is expected

Integrity & Trust-Anchored

Doing the right thing even when no one is watching, and building all interactions based on trust

To be in step with the changing times, Cipla needs to retain its core values and yet transform. Our First Principles were born out of such a realisation.

Our First Principles - comprising our OneCipla Credo, Winning Aspiration and Cipla Leadership Essentials - redefine our mission, set realistic and time-bound growth plans, and show a feasible roadmap to build strong leadership in global markets. Most importantly, they align our internal stakeholders to the fundamentals of our OneCipla Credo.

Our Credo is our core belief system. As a global pharmaceutical company that consistently cares for life and strives to deliver on its commitment to all its stakeholders, Cipla's well-articulated Credo elements will guide every conversation, organisational decision and anchor every action of all employees.

Our belief in our Credo will catalyse the achievement of our Winning Aspiration.

Our Leadership Essentials outline the critical success factors that make Cipla's leaders distinctive and impactful. They define a common language and approach for building leaders within Cipla. They will help employees excel in their current job while preparing them for future challenges.

These tenets show the way forward and guide our actions as Team Cipla. They help us connect with our OneCipla fundamentals, irrespective of geography, business or function.

Cipla Leadership Essentials define what a Cipla leader is like and enable the following:

- Embedding our Credo as the OneCipla Way
- Achieving our Winning Aspiration
- Building a strong leadership pipeline to ensure that internal growth matches external dynamism

Winning Aspiration FY22

Our Winning Aspiration centres around three priorities:

Patients

- Focus on impact and double the number of patients we serve globally
- Transform to be an innovation-led enterprise focusing on unmet patient needs

Leadership

- Be among the top 3 in home markets and legacy emerging markets
- Be among the fastest growing in emerging economies and Specialty business

Commercial Excellence

- Accelerated revenue growth and sustainable margin expansion

Board of Directors

Dr. Y. K. Hamied
Chairman

Mr. M. K. Hamied
Vice Chairman

Ms. Samina Vaziralli
Executive Vice Chairperson

Mr. Umang Vohra
Managing Director & Global CEO

Mr. S. Radhakrishnan
Whole-time Director

Mr. Ashok Sinha
Independent Director

Dr. Peter Mugyenyi
Independent Director

Mr. Adil Zainulbhai
Independent Director

Ms. Punita Lal
Independent Director

Ms. Naina Lal Kidwai
Independent Director

Ms. Ireena Vittal
Independent Director

Mr. Peter Lankau
Independent Director

CHAIRMAN MEMBER
- Nomination and Remuneration Committee
- Audit Committee
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Investment and Risk Management Committee
- Securities Issuance Committee

Management Council

Mr. Umang Vohra
Managing Director
& Global Chief Executive Officer

Dr. Ranjana Pathak
Global Head – Quality

Mr. Prabir Jha
Global Chief People Officer

Ms. Geena Malhotra
Global Head - Integrated
Product Development

Mr. Kedar Upadhye
Global Chief Financial Officer

Ten Year Highlights

₹ in Crore

Particulars	2017*	2016*	2015	2014	2013	2012	2011	2010	2009	2008
Income Statement Data										
Revenue from Operation	14630.24	13790.10	11345.44	10173.39	8279.33	7020.71	6323.84	5359.52	4960.60	4010.38
Total Income	14858.93	13998.31	11510.99	10438.76	8501.47	7160.23	6415.52	5713.02	5315.09	4349.66
Profit for the Year	1006.39	1359.99	1180.77	1388.41	1544.85	1144.24	989.57	1082.59	771.02	701.04
Dividend	160.84	160.62	160.59	160.58	160.58	160.58	160.58	160.58	155.46	155.46
Balance Sheet Data										
Share Capital	160.90	160.68	160.59	160.58	160.58	160.58	160.58	160.58	155.46	155.46
Other Equity	12364.52	11355.54	10628.65	9889.77	8858.10	7478.35	6505.55	5749.99	4192.34	3599.71
Property, Plant & Equipment - Gross Block	6029.13	5085.46	7003.09	6183.18	5317.52	4626.35	4240.55	2897.26	2693.29	2201.79
Investments	973.01	757.62	639.78	708.57	2532.44	1269.10	590.77	246.41	80.05	93.48
Additional Data										
Earnings per Share - Basic (₹)	12.52	16.93	14.71	17.29	18.75	14.25	12.32	12.50	9.92	9.02
Earnings per Share - Diluted (₹)	12.50	16.89	14.66	17.27	19.24	14.25	12.32	13.70	9.92	9.02

*Figures for FY 2016-17 and FY 2015-16 are based on Ind AS.

Corporate Information

Founder
Dr. K. A. Hamied
(1898-1972)

Chairman
Dr. Y. K. Hamied

Vice Chairman
Mr. M. K. Hamied

Executive Vice Chairperson
Ms. Samina Vaziralli

Managing Director & Global Chief Executive Officer
Mr. Umang Vohra

Whole-time Director
Mr. S. Radhakrishnan

Independent Directors
Mr. Ashok Sinha
Dr. Peter Mugyenyi
Mr. Adil Zainulbhai
Ms. Punita Lal
Ms. Naina Lal Kidwai
Ms. Ireena Vittal
Mr. Peter Lankau

Global Chief Financial Officer
Mr. Kedar Upadhye

Company Secretary
Mr. Rajendra Chopra

Statutory Auditor
Walker Chandiok & Co LLP

Cost Auditor
Mr. D. H. Zaveri

Secretarial Auditor
BNP & Associates

Chief Internal Auditor
Mr. Deepak Viegas

Registered Office
Cipla House
Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai – 400 013
www.cipla.com
Tel. No.: +91 22 2482 6000

Corporate Identity Number
L24239MH1935PLC002380

Share Transfer Agent
Karvy Computershare Private Limited
(Unit: Cipla Limited)
Karvy Selenium, Tower- B,
Plot No. 31 & 32, Gachibowli
Financial District, Nanakramguda,
Serilingampally,
Hyderabad – 500 032, Telangana
Tel. No.: +91 40 6716 2222

Cipla Foundation

Our commitment is to CARE for the communities that we serve

Management Discussion and Analysis

Global Pharmaceutical Market and Macroeconomics

As per a recent IMS# report, the global medicine spending is expected to reach nearly USD 1.5 trillion by 2021. This represents a 4-7% CAGR over the next five years. Increased spending in Oncology, Autoimmune and Diabetology treatments is expected to drive a large part of the spending growth. the US will continue to remain the largest pharmaceutical market with spending growth driven by originator brands. Increased focus on developing Specialty medicines by both innovators and generic players is expected to drive increase in the Specialty share of global spending from 30% in 2016 to 35% in 2021.

In the US, increasing penetration of generics and channel consolidation will lead to significant decline in patient out-of-pocket costs despite rising costs of brand prescriptions. With rising income levels, penetration of healthcare services and expansion of healthcare insurance schemes, the Indian Pharmaceutical Market is expected to grow in double digits. However, an uncertain regulatory environment can have a considerable impact on the growth prospects. While other emerging markets continue to grapple with challenges of slowed economic growth and weakening currencies, Government support in expanding healthcare infrastructure will be critical in driving volume growth. Given the volatility in economic growth in these markets, countries are adjusting their healthcare policies leading to significant volatility in demand.

Regulatory Developments

The pharmaceutical markets in the key countries of US and India are experiencing regulatory interventions on several fronts. While this is not new, the pace and direction of these developments require companies to rethink their approach towards drug development, portfolio, manufacturing and sales & marketing.

1. The US FDA has increased its focus to further accelerate approval cycle of generics after having seen a significant improvement in the approval timelines under the Generic Drug User Fee Act (GDUFA). Specifically, clearer guidelines and faster approvals on complex generics will be beneficial for the Indian Pharmaceutical players. Over the last few years, US FDA has considerably increased its focus on inspecting facilities outside the US. Considering the increasing presence of Indian Pharmaceutical players in US, the Indian Pharmaceutical industry is expected to witness heightened scrutiny from the regulatory authority in the coming years. The new administration in the US has also announced several healthcare-related changes including Border Adjustment Tax, repeal of 'the Patient Protection and Affordable Care Act' and others which could potentially alter the US market opportunity for Indian pharmaceutical companies.

2. The Indian regulatory environment is also rapidly evolving with several announced and expected changes as follows:

- Expansion of the National List of Essential Medicineswith more drugs coming under price control
- Potential ban on fixed dose combination drugs
- Expected regulation around mandatory generic prescription by doctors
- Stringent regulatory compliance with Uniform Code of Pharmaceutical Marketing Practices (UCPMP)

Pharmaceutical companies are dealing with such regulatory and other macroeconomic challenges by investing in complex generics and difficult-to-develop and manufacture products. They are also expanding globally with a view to diversify the footprint and benefit from the scale as well as the opportunity to service patients. Enhancing access, improving affordability and driving innovation are some of the common themes reflected in the portfolio and pipeline of key pharmaceutical companies.

Cipla

Over the past 81 Years of Caring for Life, Cipla has bolstered its leadership position in the Indian Pharmaceutical industry. The Company today is the 3rd* largest pharmaceutical player in India. It has 43 manufacturing facilities and presence in over 80 countries. After several steps towards a determined strategic transformation in the past years, Cipla is now

IMS Report: 'Outlook for Global Medicines through 2021', Dec'16.
* By market share, India sales, IMS MAT Mar ' 17.

augmenting its global focus by consolidating and deepening its presence in the priority markets of India, North America, South Africa and key countries within the emerging markets territories. The Company is focusing on improving the quality of revenues and earnings through a number of initiatives. To drive sustainable growth in the future, the Company is also investing towards building a well-balanced portfolio with focus on differentiated and complex products. In the year ahead, the Company aims to maintain its focus to further streamline its operations to obtain cost-efficiencies. In Cipla's mission to provide affordable lifesaving drugs to the world, the Company has laid a strong foundation of a future-ready Cipla on the back of a strong management team driven by the OneCipla Credo.

Growth Momentum at Cipla

Cipla operates through its two business segments- Pharmaceuticals and New Ventures. During the financial year under review:

- The Company demonstrated strong business momentum in India, growing by ~10%. Cipla maintained its leadership position across key therapy areas including Respiratory, Urology and Pediatrics. The Company continued to maintain a strong position in Anti-infectives and Cardiology as well.

- With InvaGen and Exelan successfully integrated, the Company showcased strong commercial execution capabilities in the US. Cipla is now ranked No.9 in TRx amongst all generic companies as per IMS MAT March 2017. The Company is currently the market leader (#1) in 10/45 (22%) marketed products as per IMS 2017.

- Cipla continued its dominance in South Africa by growing ~17% in local currency terms. The Company today is the fourth largest pharmaceutical company in South Africa with significant market share in key therapeutic areas like Respiratory, Central Nervous System (CNS), Oncology and Musculoskeletal System. As per IMS, Cipla's growth in the private market for FY 2016-17 was 13.3% as compared to the overall market growth of 7.8%.

- Despite geopolitical and currency volatilities, the Company continued to maintain its leadership position in various emerging markets including Yemen, Sri Lanka, Morocco, Nepal and Myanmar. The Company also launched its direct-to-market (DTM) operations in Malaysia and Columbia during the year.

- The Company implemented a successful business turnaround in Europe from a direct-to-market (DTM) to a partnership-based model bringing the business back on a profitable trajectory. The Company also launched its flagship product, Salmeterol-Fluticasone MDI (Brand Name: Sereflo™) in UK during the year.

- On the regulatory front, the Company had a very successful year with EIRs received from the US FDA for its Indore, Goa and InvaGen plants.

- Cipla invested significantly in staying ahead of the curve for its quality and R&D systems with multiple automation and process improvement related projects. Also, during the year, the Company expanded capacities at Sikkim, Goa, Indore and Bangalore API facilities.

- Laid the foundation for future growth with 32 ANDA filings in the US.

- During the financial year, Cipla divested its 16.7% stake in Chase Pharmaceuticals to Allergan in the US along with other shareholders. The Company will continue to invest in building an in-house Specialty franchise along with exploring partnership opportunities.

- Cipla launched its first innovator Breath Actuated Inhaler (BAI) SynchroBreathe in South Africa. The product has been extremely well-received gaining 31% market share within a short period of its launch.

- During the financial year, the Company also commenced commercial production at its newly built formulation unit at Sikkim

FY 2017-18 Outlook

The Company achieved significant progress on its key priorities in FY 2016-17 despite a number of challenges around an uncertain regulatory environment, volatility in emerging markets and pricing pressure across the globe. For FY 2017-18, Cipla will remain focused on its agenda of superior revenue growth, cost consciousness and improving the overall margin profile of the Company. The Company expects to taper down capital investments and continue its focus on operational efficiencies to drive strong cash flows. The Company is aiming to ramp-up investments in R&D and maintain the filing momentum of 20-25 ANDAs in the US. Given the challenges related to GST and certain key product launches in the US market, the Company expects higher growth in the second half of the next fiscal. Cipla will continue its focus on investing towards building its Specialty franchise through a mix of in-house development and in-organic opportunities.

Financial Highlights[1]

The Company's revenue from operations on a consolidated basis during FY 2016-17 amounted to ₹ 14,630 crore against ₹ 13,790 crore in the previous year, recording a growth of 6%. EBITDA for the year stood at ₹ 2,476 crore or ~17% of sales. Profit after tax for the year stood at ₹ 1,006 crore.

Revenues

During the financial year, revenues grew by ~6%. The year-on-year numbers are not fully comparable due to significant contribution of Esomeprazole in FY 2015-16 and full contribution from US acquisitions in FY 2016-17. Revenue growth was largely driven by strong performance across our home markets of India, North America and South Africa. Macroeconomic challenges including significant currency volatility across emerging markets impacted the growth in the region.

Gross Profit

Gross profit recorded growth of ~7% driven by topline growth and improvement in margins. The gross profit margin, excluding one-offs, rose by ~300bps driven by a favourable product and geography mix and focus on cost consciousness in procurement and manufacturing.

Employee Expenses

Employee expenses grew by ~8% during the year. The increase was largely attributable to the consolidation impact of US acquisitions.

Other Expenses

The other expenses which include R&D, sales & marketing, regulatory, manufacturing and others grew by ~11%. The increase was largely on account of increased investments in R&D, growth-enabling capacity expansion, and sales & marketing investments in our priority markets.

R&D Expenses

The Company has been investing towards building a strong internal pipeline for the future. The R&D investments in the financial year rose to 7.6% of sales from 6.3% in FY 2015-16. The absolute spend is in line with the expectations and will drive focus on developing complex and high value products.

Finance Costs

Finance expenses declined by ~23% in the financial year to ₹ 159 crore. Strong cash generation leading to reduction in short-term borrowing in India and repayment of long-term debt in South Africa has resulted in this decline in the finance expenses.

Income Tax

The effective tax rate for the full year, excluding the adjustments related to the write-back of Deferred Tax Liabilities against the impairment charge for InvaGen, was ~20%. The Company expects to see an increase in the tax rate with reducing deductions on R&D and other tax benefits.

Net Profit

The Profit After Tax for the financial year was ₹ 1,006 crore or ~7% of sales. The year saw impact on account of one-time impairment charges related to InvaGen and provision on loss of certain assets for Cipla BioTec of ₹ 270 crore, net of tax.

Debt-Equity

The Company continued its focus on operational efficiencies which resulted in improvement in cash flows. Despite 6% growth in business, inventory reduced from ₹ 3,808 crore (March 2016) to ₹ 3,485 crore (March 2017), i.e., a reduction of ₹ 323 crore.

During the year, the Company paid back debt of ~₹ 1,080 crore. The Net Debt to Equity ratio saw a significant improvement from 0.32 in March 2016 to 0.21 in March 2017.

No material changes and commitments have occurred after the close of the year till the date of this report, which may affect the financial position of the Company.

Enhancing Specialty Segment in the US

With an aim to further accelerate growth in the US market, Cipla has identified Respiratory and Central Nervous System (CNS) as its core focus areas in Specialty.

The Company has significant in-house capabilities for development of products under the 505(b)(2) route.

On the CNS front, the Company monetised its first Specialty asset in the financial year by divesting, through

1. Consolidated Financials for FY 2016-17.

Cipla EU Limited, its 16.7% stake in Chase Pharmaceuticals Corporation to a subsidiary of Allergan, who paid USD 125 million upfront, plus agreed to pay significant potential regulatory and commercial milestones in the future to the shareholders of Chase. Cipla is proud to have made a meaningful contribution in advancing an Alzheimer's drug to an advanced stage of development where the product has now successfully concluded Phase 2 study.

India

As one of India's leading pharmaceutical companies, Cipla's commitment is to drive better patient outcomes. For Cipla, the India business contributes 38% of the Company's global revenues. In FY 2016-17, the business had another year of strong performance. Despite pricing challenges and the impact of demonetisation Cipla's India business grew at 10%.

Growth of prescription business has been at par with the market. The prescription business accounts for around 81% of the India business. Cipla enjoys a market share of 5.2% as of March 2017. As per IMS, Cipla surpassed market growth rate in Respiratory (10.5% vs 9.8%), Urology (19.4% vs 13.7%) and Gastrointestinal (10.4% vs 8.5%). FY 2016-17 saw development and implementation of various innovative marketing campaigns and sales execution strategies.

Key Highlights

- Respiratory
    - Overall growth for respiratory is 10.5% vs 9.8% market growth
    - Launched patient-centric campaigns such as "Save your lungs" with focus on patient care, diagnosis. The campaign helped create awareness and access to better lung care amidst pollution challenges. Widespread awareness was created through print, radio and digital media
    - Engaged with other healthcare providers/ diagnostic labs to expand "BreatheFree" network for improved diagnosis
    - Respiratory business saw strong uptake with over 14% growth in the COPD portfolio
- In Urology, Cipla is ranked No.1 with two brands in top 300 brands in Indian Pharmaceutical Market- Urimax D and Urimax. The Company strengthened its leadership position by maximising BPH portfolio and Uro-Oncology portfolio through therapy-shaping initiatives
- In Hepatitis C, with the launch of Sofosbuvir and its combinations, last year around 15,000 patients have got access to this new oral therapy

During the year under review, the Company streamlined its processes and structure to make itself more efficient and agile. Cipla aims to drive a high therapy focus, aligned with patient care approach, which allows the Company opportunities across the care continuum. Cipla remains committed to building talent capability and enable the best possible engagement with all its stakeholders.

Cipla continues to focus on strengthening its presence in Specialty. Portfolio introductions through in-licensing and partnering gained strong momentum during the year. Nine deals were executed for products spanning across therapy segments including severe asthma, COPD, chronic heart failure and gastroenterology.

Cipla's Generics business in India contributed 19% of the domestic pharmaceutical revenues with over 4,000+ partners covering the entire country. The business operates within an extremely competitive environment in a highly fragmented market with over 5,000 pharmaceutical players. Despite competitive pressures and on-going regulatory challenges, the business delivered strong growth in the year under review and continued its leadership position in the market. The Company is focusing on strengthening its presence in Tier 3 and Tier 4 towns along with expanding the product portfolio to cater to the needs of the patients. The Generics business continues to operate in a challenging regulatory environment with uncertain policies governing trade margins, branded generics, DPCO and product approvals.

South Africa

Cipla in South Africa comprises a head office located in Cape Town, a manufacturing facility housed in Kwazulu-Natal, a state-of-the-art distribution centre in Cape Town and satellite offices situated throughout the country to house commercial and regulatory functions.

The total South Africa business grew by 17% in local currency, over FY 2015-16, with the private market growing at a rate which is double the South African Pharmaceutical Market. The tender business grew by 22% enabling access to life-saving medicines across many therapies including HIV, Oncology, Respiratory and others.

This performance allowed Cipla to become the fourth-largest and fastest growing of the top ten pharmaceutical companies in the private market in South Africa, with a market share of 5.8%. In FY 2016-17, Cipla South Africa jumped two places in the industry overtaking both Novartis and Pfizer. Cipla is also one of the largest suppliers of medicines to the State through the Government tender business and the tender revenues contribute about 30% of its total topline. When private and tender businesses are combined Cipla ranks number 3 in South Africa.

Cipla South Africa has recently been awarded a significant portion of the Respiratory tender which is effective from May 2017 – June 2020, securing revenues for the next three financial years. The tender and private business is serviced from its state-of-the-art distribution centre facility which has doubled the Company's existing capacity and conferred competitive advantage by helping to improve customer service levels, enhance compliance, and reduce the cost of distribution.

Another success story in FY 2016-17 was the manufacturing facility in Kwazulu-Natal which managed to operate at more than 80% utilisation for the year and delivered more than 50% of the HIV tender volumes.

The arrangement with Teva/Actavis has been fully integrated and is likely to add significant growth in the next few years and help topline health, until internal pipeline products are commercialised which are pending registrations at the local MCC. In order to further enhance focus on human pharmaceuticals, Cipla South Africa entered into definitive agreements with subsidiaries of Ascendis Pharma, South Africa to divest 100% stake in its animal health subsidiaries, namely, Cipla Vet Pty Ltd and Cipla Agrimed Pty Ltd.

The Cipla brand inspires trust and has become a household name among consumers, pharmacies, prescribers and key opinion leaders in South Africa.

North America

USA is the largest pharmaceutical market representing over one-third of the global market. Dr. Scott Gottlieb, the new US FDA Commissioner, indicated that the US FDA would work to further accelerate the approval cycle of the generic products. With the implementation of GDUFA II, the Company expects that the FDA may be able to increase the approval rate from 650 to 1,000 approvals annually. Consequent to the faster approvals, the US Generic market is expected to grow at a CAGR of around 7.5% reaching USD 112 billion by 2020. The customer base in the US continues to see further consolidation with only three large buyers now. Channel consolidation in conjunction with entrance of new players in the US market may put further pressure on pricing.

During FY 2016-17, Cipla successfully integrated the operations of its US-based entities, InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc. with its global operations.

Overall, North America grew by 21% compared to the previous year. This growth was not only driven by a successful integration of InvaGen and Exelan but also from robust organic growth through the India-based pipeline. North America now represents 18% of overall company revenues.

The Company's growth in North America has been made possible in large part by providing expanded access to patients and strengthening relationships with the highly consolidated customer base. As of March 2017, Cipla ranked #9 in TRx (total number of prescriptions dispensed). Today, 22% of the products hold the #1 market share position, and 56% of the products hold a Top 3 market share position. During the year, the Company successfully launched 18 products, achieving both significant share and value. In parallel, the Company continued to build on its successful partnerships with Teva, Mylan, Sandoz etc. for limited competition and first-to-market products.

In FY 2016-17, the Company also significantly turbo-charged its US pipeline, filing 32 ANDAs, well ahead of most of its peers. With the filing of Albuterol MDI in the US, the Company is focusing on building a strong Respiratory franchise in the coming years. Moving forward, the Company plans to continue growing the US market, delivering on its strategy to develop complex generics, and Respiratory portfolio of products in this key Market.

Emerging Markets

Emerging Markets is defined as all markets for Cipla excluding India, North America, Europe and South Africa. With a diverse range of more than 1,000 products and over 100 global partners across 60+ countries, Cipla has a presence in Africa, the Middle East, Latin America, Asia Pacific, Australia, New Zealand and Russia. Cipla has more than 10 sales offices in the Emerging Markets region, with a sales force of more than 500.

Sub-Saharan Africa comprises businesses in Kenya, Tanzania, Uganda and Southern African Development Community (SADC) countries. Revenues grew by 15% vs FY 2015-16. Cipla decided to invest in East Africa and has put up a Direct-To-Market (DTM) team in Kenya and Tanzania, moving away from the hitherto distributor model. This is expected to deliver high growth in the coming years.

Cipla's subsidiary in Uganda, Cipla Quality Chemicals Industries Limited, includes a WHO-approved manufacturing facility that achieved 100% capacity utilisation and more than one billion tables were manufactured and packed in FY 2016-17. The subsidiary company is a preferred supplier to the Global Fund and the Government of Uganda.

In recent years, Cipla has implemented a business model change in 12 countries including Morocco, Sri Lanka, Colombia and Malaysia, adopting the direct-to-market (DTM) approach. Despite continuing challenges of currency devaluation in several emerging markets, the Company continued strong in-market growth momentum and holds the No 1 position in Sri Lanka, and top leadership position across several markets such as Yemen and North Africa.

Cipla's business in partnership-led markets (B2B) saw a proactive approach towards simplifying its businesses, rationalising markets where necessary, and focusing only on high-growth markets where it holds a leadership position. The business exited from more than 20 low priority countries in FY 2016-17 and rationalised more than 200 SKUs, to drive higher profitability and simplicity for the business.

Going forward, Cipla's focus will be to drive significant in-market growth within key territories. The Company will invest towards establishing leadership position across chosen therapeutic areas of Respiratory and Oncology. Apart from these, the Company will drive growth in Cardiology, CNS and Anti-retrovirals (ARVs) in certain select markets. The Company will also focus on building a strong foundation for the biosimilars business in the region and evaluate opportunities to establish strategic presence in Brazil and China in the coming financial year.

Europe

The European business of Cipla contributes about 4% to the overall Cipla revenue. The business in Europe went through a consolidation phase in FY 2016-17. Cipla has implemented a business model change in most countries in Europe moving from direct-to-market (DTM) to partnership-led (B2B) model. This model change has significantly improved profitability of European business and would support stronger growth in future driven by deep infrastructure and experience of Cipla's in-market partners.

FY 2016-17 was an important year for Respiratory launches in Europe. Cipla's flagship product, Salmeterol-Fluticasone metered-dose inhaler (Brand name: Sereflo™) received approval in the UK and was launched in February 2017. It has received a good response from the market and the outlook appears strong, with plans for launch in many more European countries.

In Europe, the focus will be to establish a strong Respiratory franchise and continue to drive value creation based on strategic and long term partnerships.

Cipla Global Access (CGA)

Since its inception, Cipla's ethos has been firmly rooted in the vision- 'Caring for life'. The Company strongly believes that access to high quality, affordable medicines is a basic human right. Cipla Global Access (CGA) is an international tender-based institutional business that concentrates on five key therapy areas: HIV/AIDS, Malaria, Multi drug-resistant tuberculosis, Hepatitis-C and Reproductive health.

Cipla is among the leading manufacturers of Anti-retroviral drugs in the world. In 2001, Cipla was the first pharmaceutical company to supply Anti-retrovirals (ARVs) to countries with a high HIV burden at less than a dollar a day. Today, Cipla has the highest number of Anti-retroviral products approved for the treatment of both children and adults. In order to meet the growing demand for ARV products, the Company augmented production capacity significantly during the financial year.

A novel formulation of Lopinavir/Ritonavir as pellets was approved by the US FDA in June 2015 and is now available in over 10 countries. With increasing acceptance of the formulation, Cipla is expanding current capacities to meet the demand and to ensure accessibility.

In parallel to this development, Cipla is also developing a 4-in-1 HIV formulation for children which could be sprinkled over food.

Cipla is also one of the largest suppliers of anti-malarial drugs in the world. This portfolio covers treatment for over 100 million malaria patients across all the affected countries. Cipla's anti-malarial treatment costs less than a dollar for the entire course of adult treatment. Cipla has always been at the forefront in initiatives to identify, develop, manufacture and supply low cost treatment with Artemisinin-based Combination Therapies (ACTs). Going forward, the Company will endeavour to expand its portfolio to include more potent and safer anti-malarials, using novel drug delivery systems, such as Rectal Artesunate which is now available for supplies to high malaria burdened countries. Rectal Artesunate is indicated in cases of severe malaria in children between six months to six years of age. It is a life-saving drug in cases where there are no health facilities offering parenteral treatment.

Reproductive health and family planning is an emerging segment. Cipla has aligned its strategy with international development initiatives to provide safe and effective contraceptive drugs to enable reach to over 120 million women.

Cipla Global Access also caters to the developing world requirement for essential medications for infections caused by helminths, schistosomiasis and kala azar, which pose major health threats in low and middle income countries (LMIC).

Cipla, as part of its access initiatives signed various non-exclusive, royalty-based/free-licensing agreements with innovator companies. It allows for the manufacturing of generic active pharmaceutical ingredients and finished formulations of Anti-retrovirals and drugs for treatment of Hepatitis-C, a silent killer which till the introduction of the current treatment was difficult and expensive to treat.

Cipla has developed and fostered robust relationships with all the major global organisations, regulatory bodies, public institutions and funding agencies that work towards this common cause. Additionally, the Company has partnered with several global scientific research organisations to develop innovative, effective and affordable formulations for these therapeutic areas.

Respiratory

In its pursuit to build a global Respiratory franchise, Cipla filed its first MDI Albuterol in the US and is on track to start clinical trials on some of the key pipeline projects. The Company also launched the much-awaited Salmeterol-Fluticasone (FPSM) MDI in the UK through its partners. Cipla launched this flagship product across 11 markets in Europe. The Company also launched its first innovator Breath Actuated Inhaler (BAI) SynchroBreathe in South Africa. The product has been extremely well-received gaining 31% market share within a short period of its launch.

In India, Cipla's flagship initiative BreatheFree* achieved a new milestone of reaching out to 8 million patients through its varied below-the-line (BTL) activations and widespread presence across digital media. The Company also engaged other healthcare providers, including diagnostic labs, to expand the "BreatheFree" network and drive improved diagnosis for Respiratory diseases. During the year, Cipla forayed into the consumer space in Respiratory segment with "Save your lungs Dilli" campaign, creating significant awareness about lung care amidst alarming air pollution levels in the National Capital Region. The Company was able to successfully engage ~5000 patients through the campaign with significant awareness created through print, radio, digital and out-of-home advertising (OOH)

With ~USD 400 million in revenue from Respiratory, it contributes to about ~19% of Cipla's consolidated revenues. In the future, Cipla will continue its focus on establishing Respiratory as a global franchise for the Company.

Active Pharmaceutical Ingredients (APIs)

Cipla's API legacy spans over five decades of having serviced the world's largest pharmaceutical companies with more than 200 generic and complex APIs. Cipla takes pride in its state-of-the- art API plants which meet stringent quality and current Good Manufacturing Practices (cGMP) requirements, all approved by the US FDA and other major international regulatory agencies.

With a total API manufacturing capacity of 1,000 MT, the Company continues to be one of the significant API players in the industry, supporting internal as well as global customers. A substantial portion of the APIs manufactured

*BreatheFree is an initiative by Cipla in the Respiratory segment to support patients through their entire treatment journey from awareness to diagnosis to disease management resulting in better health outcomes.

by Cipla are consumed internally with a significant increase in consumption due to the new launches and front ending in several markets globally.

During the financial year, revenue from external customers registered a year-on-year decline of 30% due to increased competition, pricing pressure and customer consolidation. More than 60% of the total sales were from regulated markets and over one-third of our API sales in FY 2016-17 were to the top generics players in the world. The Gastroenterology, HIV and Respiratory segments were major contributors to the business.

Cipla continues to build its future pipeline of complex products with its established robust portfolio selection process, providing early launch capabilities along with Intellectual Property (IP) advantages. Selective vertical integration, scale and more importantly its investments in manufacturing and quality have helped the Company build a quality product pipeline.

Cipla APIs cover a broad spectrum of therapeutic categories with 30+ Drug Master Files (DMF) filed in FY 2016-17 in various countries. Cipla is also ramping up its filings for regulated markets with a robust pipeline of over 50 APIs at various stages of development. The Company is expected to continue the strong pipeline building momentum in the coming years as well.

Cipla New Ventures (CNV)

Cipla Consumer Health (CHL)

After incubating the consumer healthcare business for a period of two years, the business was spun out into a separate company, Cipla Health Limited (CHL) in 2016. In April, 'Eight Roads Ventures India' [Formerly FIL Capital Investments (Mauritius) II Limited] invested in the Company to own a minority stake. The objective of CHL is to leverage the increasing shift from illness to wellness which has defined its vision of improving daily lives of every Indian consumer through innovative products

The flagship smoking cessation brand, Nicotex, continues to retain undisputed leadership in its category. The year saw the launch of innovative line extensions with 'Teeth Whitening' variant as well as a high-end Tin Pack. Both the line extensions are first in the category in India. During the year Nicotex won 5 more awards taking the final tally to 11 awards and making Nicotex one of the most awarded brand in the healthcare category.

Continuing its focus on product innovation, CHL test marketed "Active Kids Immuno boosters", a pioneering nutrition brand with immunity boosting properties and it has been launched nationally in April 2017. During the year, Cipla's legacy cough product "Cofsils" was relaunched nationally under the CHL business.

CipTec

The mandate of CipTec (a division within the Company) is to establish a strong Specialty business in the US with significant focus on business development and investment opportunities. Cipla divested its investment in Chase Pharmaceuticals, with the Company sold to Allergan Plc. Chase had a successful completion of Phase 2 for its Alzheimer's asset. This investment journey provided an excellent understanding of the Neurology space and helped sharpen focus for its Specialty portfolio for the US.

Ciptec took the first steps in building a portfolio in Neurology and is also evaluating options in building a branded franchise in Respiratory in the US.

Cipla BioTec

Cipla BioTec (CBT) completed its global Phase 1 for CBT 124 (Bio-similar for Avastin) in ANZ and developed a Biosimilar product of Herceptin (CBT 127) at small scale. Considering the extensive resource requirements, gestation period, scale of investment and the associated risks in the biosimilars program, Cipla has decided to reposition this business to explore new business development opportunities including in-licensing to de-risk future investments in the segment without solely relying on in-house development.

Integrated Product Development (IPD)

Cipla's Integrated Product Development (IPD) includes development of APIs, formulations development, Analytical, Clinical, Regulatory, Device Development and Quality by Design. Cipla's R&D expense increased from 6.3% of total revenue in FY 2015-16 to 7.6% in FY 2016-17. The Company is committed to investing in the future through increased R&D spend.

Our new filings in the formulation segment in FY 2016-17 stood at 32 ANDAs which includes 4 NCE-1 filings & Albuterol (Respiratory MDI) for North America, 9 filings for South Africa and over 700 filings for Emerging Markets in addition to 900+ renewals. We expect to file 20-25 ANDAs in FY 2017-18 including some NCE-1 and Oncology filings.

This year, Cipla has also received approvals for 17 ANDAs which includes two tentative approvals. More than 130 MAs approval in Europe, 12 approvals in CGA market, 12 approvals in South Africa & more than 250 approvals in Emerging Markets.

Completing validation of two APIs for NCE-1 (Para 4) filing in the US was a noteworthy achievement.

Cipla continues to build technology platforms in the field of respiratory devices to facilitate effective drug delivery across dosage forms. These include breath actuated inhaler and unit dose nasal sprays. In the world of digital disruption, IPD is developing a family of digital devices such as peak flow meter, digital inhalers that will connect the patients with doctors, provide portable diagnostic solutions, assist them in self-management of disease and improve adherence to the prescribed dosage schedule. Cipla is also building a strong skillset in engineering design, systems modelling and simulation such as CFD toolkit to support rapid development and high performance of these devices.

New Technologies: The Company is working towards building various technologies or sustainable development of Novel Drug Delivery Systems:

- Co-extrusion Technology: The Company developed an indigenous platform technology for the co-extrusion of polymeric materials. This technology enables the development of rate controlled, thin-polymer layered intra-vaginal ring for contraception. The product is designed to deliver a precise amount of hormones over twenty one days.

- Extrusion technology: Hot-Melt Extrusion being used for developing implants of bio-degradable polymeric material that can deliver gonadotropin releasing hormone agonist over a period of one to three months. With a specially designed safety-lock mechanism that enables subcutaneous delivery of implants, the technology will enhance a patient convenience and compliance by reducing the frequency of administration.

- Microsphere technology: A bio-degradable polymer matrix based micro-particle system is developed that can deliver peptide drugs in a controlled manner over a sustained period of time. These microspheres having control on initial burst of free drug from the microspheres will help in minimising a adverse events and occurrence of injection site reactions.

- Injection Molding: In order to minimise the potential abuse of opioid drugs, a platform technology is being developed using injection molding for forming rate controlled matrix type tablets. These tablets will be resistant to crushing and would not allow potential extraction of the opioid drugs.

- 3D Printing: 3D printing technology is a combination of chemistry, optics, robotics and digital software sciences. The technology recently received a boost Spritam (levetiracetam) 3D printed orodispersible tablets by Aprecia got USFDA approval. Cipla is developing this technology for transdermal applications & oral dosage forms by optimising the use of polymers and excipients.

Quality

Cipla Quality as a centre of excellence assures a culture of compliance and follows systematic interventions to consistently meet or exceed quality standards.

Cipla's focus during the year has been to enhance its Quality Management Systems to meet and/or exceed the current expectations of regulatory authorities such as CDSCO, US FDA, MHRA, TGA, MCC, WHO, etc.

Cipla has state-of-the-art manufacturing facilities that are cGMP compliant in conformity with national and international standards. Several dosage forms and APIs manufactured at the Company's facilities continue to be approved by major international regulatory agencies.

These agencies include the US FDA, MHRA (UK), TGA (Australia), Federal Ministry of Health-Germany, MCC (South Africa), the Department of Health (Canada), INVIMA (Columbia) ANVISA (Brazil), the Danish Medical Agency, WHO and Ministry of Health of various countries.

The implementation of robust and effective Quality Management Systems is continuously monitored through quality metrics and internal audits.

In addition, during the year, the first phase of Laboratory Information Management System (LIMS) has been completed across all Cipla Quality Control Laboratories which significantly improves compliance in our laboratories' data management.

Manufacturing

During the year under review, the Company has commenced commercial production at its state-of-the-art manufacturing unit for formulations at Sikkim II. In addition, capacities of formulation manufacturing of existing facilities at Indore and Goa were enhanced to service increasing demand across markets. Cipla commissioned additional manufacturing capacity of 10 Metric Tonnes/year specifically for Oncology API at Bommasandra in Bengaluru. The Company also commissioned a pilot facility for micro/flow reactor at Kurkumbh as a step towards continuous manufacturing process. Besides the new facility, all the existing facilities are upgraded regularly to meet current cGMP, Safety, Health and Environmental Standards. Various initiatives are taken towards energy and water conservation.

The Company's journey towards achieving operational excellence across functions was driven through its efforts to de-bottleneck resources, cycle time reduction, setting internal benchmarks for material and manpower productivity. The Company scaled up several key APIs through yield improvement, cycle time reduction and cost improvement projects. The continued focus on process and operational improvements has resulted in reducing solvent losses to less than 15% thereby reducing environmental impact. Similarly, batch size increase of about 45 products in formulations was carried out during the year resulting in improvement in productivity.

Cipla is now on a path to digitise the manufacturing operations by integrating all process-related machines to server to capture real-time process parameters for better operations control, improvement in productivity, and enhanced compliance status.

Environment, Health & Safety (EHS)

Commitment to high standards of environment, health and safety performance is integral to Cipla's DNA. It is Cipla's self-commitment to continually reduce its environmental footprint. Cipla works to ensure that each employee is dedicated to striving to achieve EHS excellence.

EHS Management System

Over the years EHS excellence has been extensively promoted as a corporate culture within Cipla. Doing the "right things right" so that the employees, the community at large, and the environment including the natural resources, are protected leaving minimal environmental footprint, is integral to Cipla's EHS philosophy. On the road to EHS excellence, Cipla has started work on freshly defining an integrated and harmonised world class EHS Management System adopting a top down approach & embracing the principles and codes of the global best EHS practices. Our proposed corporate EHS standards, guidelines and local procedures are aimed at addressing global, national and local requirements.

Cipla's leadership regularly and periodically met during the year to review the EHS performance of the Company. Various EHS matters were discussed and future expectations spelled out.

Environment

All the manufacturing locations remained fully compliant with environmental regulations. The Company continued to maintain, upgrade and modernise the waste management facilities and effluent testing facilities at its manufacturing facilities. The year saw a push for more positive environmental initiatives within the Company. These initiatives were targeted towards reducing the environmental burden like reduction in Greenhouse Gases (GHG), conservation of natural resources and energy. The Fourth-Generation Japanese make ETP sludge de-watering equipment 'Volute' was installed at Goa and Sikkim. Volute reduces the energy consumption by over 99% over the conventionally used decanter centrifuges.

Environment-friendly and energy efficient CSTR based Anaerobic Digester for high COD-high TDS effluent streams was installed and successfully commissioned at Kurkumbh site. Additionally, Polyhouse for drying of ETP sludge were installed at Kurkumbh and Bommasandra sites.

Energy efficient Phytorid wastewater treatment technology for sewage treatment was adopted and installed at Indore location.

Zero Liquid discharge status is maintained and online monitoring ensured at all API manufacturing sites.

Additionally, several initiatives aimed at efficient use of energy that included enhancement and upgradation of engineering controls in utilities through absorption of newer technologies were undertaken during the year.

Occupational Health and Safety

Cipla adopts a risk-based approach for management of hazards and their associated risks, primarily at source.

Hazards identification and risk assessment studies were conducted for all new products and process changes.

Harmonised `Life Safety Rules' were developed and released across Cipla sites globally, including subsidiaries. Employees and contractors were trained to adopt these 15 mandatory rules.

Our major sites in India were audited for electrical and fire safety by international auditing and consultancy agencies. Actions were progressed on addressing the identified gaps. This included positive initiatives towards further strengthening the existing safety infrastructure at manufacturing sites. Senior management maintained close oversight in monitoring the progress made.

To sustain high performance on safety, the sites initiated the concept of 24 X 365 EHS surveillance by EHS personnel. Adequate manpower was allocated towards this initiative.

Spread over the year, a number of EHS training programmes on various important topics were organised to refresh & enhance the learning to employees and contractors.

Cipla's manufacturing sites at Goa, Bengaluru, Baddi, Indore, Kurkumbh, Patalganga and Sikkim continue to be certified for ISO 14001 and OHSAS 18001 standards.

Important developments in Human Resources

HR at Cipla is not just a function but a strategic agenda. In FY 2016-17, Cipla worked extensively on organisational transformation and gearing up for the changing business environment. Breaking silos and creating a company without boundaries to ensure simplification, speed, agility and customer-centricity was a focus of the global 'One Cipla' campaign.

In FY 17, the Company also significantly upgraded the quality of its leadership bench strength across various functions. This not only supplements Cipla's ability to serve our immediate needs but high pedigree capability prepares the Company for its ambitions ahead.

The MiRole Project will enable the Company to improve talent mobility, build careers for its talent and align HR policies better. This will help promote a growth mindset within the organisation.

As part of the HR transformation agenda, Cipla upheld its promise to become a better "listening organisation" by launching MiVoice, the first Employee Engagement Survey, globally with an impressive response rate of 85%. Close to 250 town halls were conducted by the India Business. Leveraging technology, HR has also initiated quarterly web-enabled Management Council town halls, which has made communication of strategy, plans, achievements and setbacks completely transparent. A more aligned company will deliver more impactful business performance.

The Company also created Cipla University, a virtual holding entity that comprises several Functional Academies, to build organisational capacity in all key domain areas. Executive coaching for senior leaders was another thrust of Cipla University. The Company also sent a record number of employees to various overseas locations as part of our talent development programme.

A series of structured employee recognition platforms, including live webcasts to families reinforced a culture of celebration of success. Many of the HR policies were reviewed this year and Cipla today has industry-leading HR policies including maternity, adoption and surrogacy leave.

Other key HR initiatives included introduction of variable pay to ~2000 employees to encourage performance driven culture. Second Saturday off was introduced for field teams in the India Business, reinforcing the commitment of the organisation to ensure work life balance and care for the employee. probation period was scrapped for all lateral hires and reduced for campus crainees to six months.

Supported by a best-in-class HR function and leveraging state-of-the-art HR technology platforms, Cipla reinvented its people practice in FY 17, thereby improving its people productivity metrics and seeks to consolidate the gains in FY 18 to become a purpose driven and people centered high performing culture.

Threats, Risks and Concerns

The pharmaceutical industry continues to face significant challenges both in India and internationally with the volume and complexity of change having greatly intensified the implication of risk. Regulatory risks, which are an inherent threat in pharma, are compounded by evolving regulations, new legislation and increased enforcement. To provide affordable healthcare, the Union Health Ministry in India plans to make prescription of generic medicines mandatory by amending the Drugs and Cosmetics Act. The Company will fully cooperate and partner with the Government on efforts focused towards ensuring access and increasing affordability of medicines while maintaining strong commitment on quality.

As the list of drugs keeps evolving and increasing for price revision under DPCO, the Company is restructuring the cost to align with potential downward pricing exposure. The Company is also realigning prices to ensure parity.

Increased emphasis on the US market has broadened the risk environment. The key risks include customer consolidation and regulatory risks - aggressive vigilance on compliance, product liability and product quality. The Company has implemented strong policy and procedures to address the operational risks relevant to the US market. The Company is also planning new launches in the current year to increase revenue and market share. The establishment of front-end market presence will enable the Company to achieve results in the long-run and position itself as a key generic player in US.

The geopolitical risk has clouded uncertainties around expanding business in Emerging Markets. To stay ahead of geopolitical uncertainty, the Company is identifying trends and disruptions that are specific to the organisation and markets in which it operates, assessing potential market impact across a range of scenarios and developing initiatives to mitigate risks or capture opportunities. Mitigation measures include local manufacturing through partners, new product launches, getting plants to be certified for target countries, minimise translation losses through currency hedging, repatriation of funds and insurance.

Though it is not possible to eliminate all the risks, the Management's aim is to mitigate risks and capitalise on opportunities.

Internal Financial Controls and their Adequacy

The Company's internal control procedures are adequate to ensure compliance with various policies, practices and statutes in keeping with the organisation's pace of growth and increasing complexity of operations.

The Company maintains a system of internal controls designed to provide reasonable assurance regarding the following:

- Effectiveness and efficiency of operations
- Adequacy of safeguards for assets
- Prevention and detection of frauds and errors
- Accuracy and completeness of the accounting records
- Timely preparation of reliable financial information

Key controls have been tested during the year and corrective and preventive actions are taken for any weakness.

The internal controls and governance process are duly reviewed for their adequacy and effectiveness through periodic audits by Cipla's internal audit function supported by various internal auditors and are found to be adequate. Risk-based internal audit plan is approved by the Audit Committee which also reviews adequacy and effectiveness of the Company's internal financial controls. The Audit Committee is periodically briefed on the corrective and preventive action taken to mitigate identified risks.

Adherence to Accounting Standards

The Company adopted, for the first time, all the standards and accounting policies, under the Indian Accounting Standards ('Ind AS') from 1st April, 2016 as prescribed under section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Changes in policies, if any, are approved by the Audit Committee.

Board's Report

The Directors take pleasure in presenting the 81st Annual Report of the Company along with the audited financial statements for the year ended 31st March, 2017.

Company Overview

Cipla is a leading global pharmaceutical company which uses cutting-edge technology and innovation to meet the everyday needs of all patients. For over eight decades, the Company has emerged as one of the most respected pharmaceutical companies in India as well as in over 80 countries. The Company's portfolio includes over 1500 products across a wide range of therapeutic categories with one uniform global standard of quality.

Whilst delivering a long-term sustainable business, the Company recognises its duty to provide affordable medicines. The Company's pioneering role in HIV/AIDS treatment in 2001 was recognised globally when it became the first pharmaceutical company to offer a triple combination anti-retroviral (ARV) therapy in Africa at less than a dollar a day, thereby ensuring access to life-saving medicines for millions of patients. The Company's R&D focuses on developing innovative products and drug delivery systems.

Financial Summary and Company Affairs

(₹ in Crore)

Year ended 31st March, 2016			Year ended 31st March, 2017	
Standalone	Consolidated		Standalone	Consolidated
12117.72	13790.10	Gross total revenue	10974.58	14630.24
1743.97	1727.03	Profit before tax	1186.94	1222.17
1462.30	1359.99	Profit for the year	974.94	1006.39
(7.00)	(8.21)	Other comprehensive Income for the year (not to be reclassified to P&L)	6.93	7.46
5870.61	5782.98	Surplus brought forward from last balance sheet	7145.00	6953.84
-	-	Adjustment of tax on dividend of previous year	-	-
7325.92	7134.76	Profit available for appropriation	8126.87	7967.69
		Appropriations:		
(160.62)	(160.62)	Dividend	(160.84)	(160.84)
(20.30)	(20.30)	Tax on dividend	(32.74)	(32.74)
7145.00	6953.84	Surplus carried forward	7933.29	7774.11

The details of the Company's operations have been further discussed in detail in the Management Discussion and Analysis Report.

The Company adopted Indian Accounting Standards ('Ind AS') from 1st April, 2016 as prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. The adoptions were carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards

Share Capital

During the year under review, 11,25,792 equity shares were issued and allotted under Employee Stock Option Schemes. Accordingly, the issued share capital of the Company as on 31st March, 2017 stood at ₹ 161.10 crore divided into 80,55,13,469 equity shares of ₹ 2/- each. The subscribed and paid-up share capital of the Company as on 31st March, 2017 stood at ₹ 160.90 crore divided into 80,45,10,074 equity shares of ₹ 2/- each.

Dividend

The Board recommend a final dividend of ₹ 2/- per equity share (i.e. 100%) for the FY 2016-17. The dividend, if approved at the Annual General Meeting (AGM), will be paid to those members whose names appear in the Company's Register of Members on Thursday, 27th July, 2017. The total dividend pay-out will amount to approximately ₹ 161 crore (excluding dividend distribution tax) resulting in a pay-out of 16.50% of the standalone profit after tax of the Company.

General Reserve

The Company has not transferred any amount to the General Reserve for the financial year ended 31st March, 2017.

Management Discussion and Analysis Report

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI Listing Regulations) the Management Discussion and Analysis Report for the year under review, is presented in a separate section, forming part of the Annual Report.

Corporate Social Responsibility (CSR)

Cipla has remained both patient-centred and community-focused. Cipla Foundation upholds the OneCipla Credo of 'Caring for Life', to empower the most vulnerable in society. As a vibrant and thriving global foundation, it endeavours to minimise gaps in access and affordability in quality healthcare, education, skill advancement and disaster response initiatives. Across geographies, Cipla Foundation is united and aligned with Cipla's commitment and approach to enhance the quality of life.

The Company's CSR Committee complies with the requirements of the Companies Act, 2013. The composition and terms of reference of the CSR Committee are provided in the Report on Corporate Governance, which forms part of the Annual Report. The Company's Corporate Social Responsibility Policy, is available on the Company's website at http://www.cipla.com/templates/home_tpl/images/Corporate_Social_Responsibility_Policy.pdf

The Annual Report on CSR initiatives as required under section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time forms part of this report as Annexure I.

Business Responsibility Report

As mandated by the Securities and Exchange Board of India (SEBI), the Business Responsibility Report (BRR) forms part of the Annual Report. The BRR contains a detailed report on business responsibilities vis-à-vis the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business framed by the Ministry of Corporate Affairs.

Corporate Governance

Pursuant to the SEBI Listing Regulations, the Report on Corporate Governance for the year under review, is presented in a separate section, forming part of the Annual Report. A certificate from M/s. BNP & Associates, confirming compliance of conditions of Corporate Governance, as stipulated under the SEBI Listing Regulations, is annexed as Annexure II to this report.

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013 it is confirmed that the Directors have:

i. Followed applicable accounting standards in the preparation of the annual accounts and there are no material departures for the same;

ii. Selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2017 and of the profit of the Company for that period;

iii. Taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. Prepared the annual accounts on a going concern basis;

v. Laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

vi. Devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The details of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed to this report as Annexure III.

Employee Stock Option Scheme

Presently the Company has one Employee Stock Option (ESOP) scheme, namely "Employee Stock Option Scheme 2013-A" which helps the Company to retain and attract the right talent. The Nomination and Remuneration Committee monitors the Company's ESOP scheme. There is no change in the ESOP scheme during the financial year under review. The ESOP scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

As required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the applicable disclosures as on 31st March, 2017 are available on the Company's website at http://www.cipla.com/en/investor-information/shareholder-information.html

Human Resources

Details of remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure IV.

Particulars of employee remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. However pursuant to the provisions of the first proviso to section 136(1) of the Companies Act, 2013, the Annual Report is being sent to shareholders excluding the aforementioned information. The information will be available on the Company's website www.cipla.com and is available for inspection at the registered office of the Company during working hours 21 days before the Annual General Meeting. Any member interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company.

Particulars of Loans, Guarantees and Investments

Particulars of loans, guarantees and investments under section 186 of the Companies Act, 2013 are provided in Note No. 48 to the standalone financial statements.

Extract of Annual Return

As required under sections 92(3) and 134(3)(a) of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9 forms part of this report as Annexure V.

Secretarial Audit Report

The Board had appointed M/s. BNP & Associates, Company Secretaries, Mumbai as the Secretarial Auditor for FY 2016-17. The Secretarial Audit Report for the financial year ended 31st March, 2017 is annexed to this report as Annexure VI. The report, confirms that the Company is in compliance with the applicable laws and does not contain any qualification, reservation or adverse remark.

Vigil Mechanism

The Company believes in upholding professional integrity and ethical behaviour in the conduct of its business. To uphold and promote these standards, the Company has formulated a Vigil Policy which serves as a mechanism for its Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal. The details of the Vigil Policy are available on the Company's website at http://www.cipla.com/templates/home_tpl/images/Vigil_Policy.pdf

A brief note on the highlights of the Vigil Policy and compliance with the Code of Conduct is also provided in the Report on Corporate Governance, which forms part of this Annual Report.

Contract and Arrangements with Related Parties

A detailed note on procedure adopted by the Company in dealing with contracts and arrangements with related parties is provided in the Report on Corporate Governance, which forms part of this Annual Report.

All contracts, arrangements and transactions entered by the Company with related parties during FY 2016-17 were in the ordinary course of business and on an arm's length basis. During the year, the Company did not enter into any transaction, contract or arrangement with related parties, that could be considered material in accordance with the Company's policy on related party transactions. Accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. However detailed disclosure on related party transactions as per IND AS-24 containing name of the related party and details of the transactions have been provided under Note No. 45 of the standalone financial statements on Page No. 150.

The policy on materiality of and dealing with Related Party transactions is available on the Company's website at http://www.cipla.com/uploads/investor/1443000127_Policy-on-Related-Party-Transactions.pdf

Material changes and commitments affecting financial position between end of financial year and date of report

No material changes and commitments have occurred after the close of the year till the date of this report which may affect the financial position of the Company.

Significant and Material Orders

No significant or material orders were passed by the regulators or courts or tribunals which could impact the going concern status of the Company and its future operations.

Internal Financial Controls

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

Cipla has aligned its current systems of internal financial control with the requirement of Companies Act, 2013, on lines of globally accepted risk-based framework as issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. The Internal Control – Integrated Framework (2013) is intended to increase transparency and accountability in an organisation's process of designing and implementing a system of internal control. The framework requires a company to identify and analyse risks and manage appropriate responses. The Company has successfully laid down the framework and ensured its effectiveness. During testing of such controls no reportable material weaknesses in the design or operation were observed.

During the year under review, there were no instances of fraud reported by the auditors under section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board of Directors.

Risk Management

Risk Management is embedded in Cipla's operating framework. The Company has a duly approved Risk Management Policy, which lays down broad guidelines for the appropriate authority to identify, assess, categorise and prioritise risks in a timely manner and formulate plans for mitigation of such risks.

The Risk Management framework is reviewed periodically by the Board and the Investment & Risk Management Committee, which includes discussing the overall risk management framework, key risks, mitigation plans etc, with the Management. The Internal Audit function is responsible for assisting the Investment & Risk Management Committee on an independent basis with a full status of the risk assessments and management. Operationally, management process to identify key risks across the organisation and prioritise relevant action plans to mitigate these risks.

Detailed discussion on Risk Management is part of the 'Threats, Risks and Concerns' section of the Management Discussion and Analysis, which forms part of this Annual Report. At present, in the opinion of the Board of Directors, there are no risks which may threaten the existence of the Company. However, the top risks and their mitigation plans are set out in the Management Discussion and Analysis Report.

Deposits

During FY 2016-17, the Company did not accept any deposit within the meaning of sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014 and therefore no amount of principal or interest was outstanding, as on the balance sheet closure date.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the Directors individually and that of its Committees. A detailed disclosure on the manner of the Board evaluation undertaken by the Board has been provided in the Corporate Governance Report.

Subsidiaries, Associates and Joint Ventures

The Company had 54 subsidiaries, joint ventures and associates as on 31st March, 2017. Details of these subsidiaries, joint ventures and associates are set out on Page 270 of the Annual Report. Pursuant to section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statement of the subsidiary, associate and joint venture companies is given on Page 270 of the Annual Report. The statement also provides details of the performance and the financial position of each of the subsidiaries, joint ventures and associates. The consolidated financial statements presented in this Annual Report include financial results of the subsidiary companies.

During FY 2016-17, Cipla BioTec South Africa (Pty) Limited and CIPLA Algérie became subsidiaries of the Company and Four M Propack Pvt. Ltd., Cipla Canada Inc. and Cipla Medpro Research and Development Proprietary Ltd., ceased to be subsidiaries of the Company.

There was no change in the joint venture / associate companies during FY 2016-17.

Copies of the financial statement of the subsidiary companies will be available on the Company's website www.cipla.com and will also be available for inspection by any member at the registered office of the Company during business hours. Copies of the said financial statements will be made available to any member of the Company and those of the respective subsidiary companies upon request.

The Policy for Determining Material Subsidiaries is available on the Company's website at http://www.cipla.com/uploads/investor/1443000071_Policy-for-determining-Material-Subsidiaries.pdf

Directors and Key Managerial Personnel

Ms. Samina Vaziralli was elevated to the position of Executive Vice-Chairperson by the Board w.e.f. 1st September, 2016. In view of the change in her role and responsibilities, the Board on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the shareholders, had approved revision to the terms of her appointment including remuneration structure. The Board recommends the revision in the terms of appointment of Ms. Samina Vaziralli including remuneration structure for approval of shareholders.

During the year, Mr. Subhanu Saxena resigned as Managing Director and Global Chief Executive Officer w.e.f. close of business hours on 31st August, 2016. Mr. Umang Vohra relinquished office as Global Chief Financial Officer w.e.f. 1st August, 2016 and was appointed as Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016.

Ms. Ireena Vittal and Mr. Peter Lankau were appointed as Additional Directors of the Company to hold office as Independent Directors with effect from 1st December, 2016 and 10th January, 2017, respectively. They hold office up to the date of the ensuing AGM. The Company has received requisite notice from a member proposing the appointment of Ms. Ireena Vittal and Mr. Peter Lankau as Independent Directors of the Company for a period of five years with effect from the date of their respective appointment. Mr. S. Radhakrishnan retires by rotation and, being eligible, offers himself for re-appointment. The Board recommends the appointment of Ms. Ireena Vittal and Mr. Peter Lankau as Independent Directors and re-appointment of Mr. S. Radhakrishnan as Director liable to retire by rotation.

A brief resume of the Directors seeking appointment/re-appointment is provided in the Notice of AGM.

Mr. Kedar Upadhye was appointed as Global Chief Financial Officer w.e.f. 1st August, 2016. Mr. Mital Sanghvi relinquished office as Company Secretary w.e.f. 9th February, 2017, as part of the planned transition and has now moved into a senior business finance role in the Company. Mr. Rajendra Chopra was appointed as Company Secretary w.e.f. 9th February, 2017.

The criteria for determining qualification, positive attributes and independence of a Director have been set out as Annexure VII.

The Remuneration Policy has been disclosed in the Report on Corporate Governance.

Declaration by Independent Directors

All Independent Directors of the Company have submitted requisite declarations confirming that they continue to meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

Neither the Managing Director nor the Whole-time Directors, received any remuneration or commission from any of the Company's subsidiaries during the previous year.

Committees of Board, Number of Meetings of the Board and Board Committees

The Board currently has six committees, namely, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Investment and Risk Management Committee and Securities Issuance Committee. All the recommendations made by the Committees of Board including the Audit Committee were accepted by the Board.

During the year under review, the Board met seven times. A detailed update on the Board, its composition, detailed charter including terms of reference of various Board Committees, number of Board and Committee meetings held during FY 2016-17 and attendance of the Directors at each meeting is provided in the Report on Corporate Governance, which forms part of this report.

Cost Auditor

Pursuant to the provisions of section 148 of the Companies Act, 2013, Mr. D. H. Zaveri, practising Cost Accountant (Fellow Membership No. 8971) has been re-appointed to conduct the audit of Company's cost records for the financial year ended 31st March, 2017. Pursuant to section 148(6) of the Companies Act, 2013 and Rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014, the Cost Audit Report, for the year ended 31st March, 2016, was filed with the Central Government within the prescribed time.

In accordance with the provisions of section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditors for FY 2017-18 is required to be ratified by the shareholders, the Board recommends the same for approval by shareholders at the ensuing AGM.

Auditor

Walker Chandiok & Co LLP, Chartered Accountants was appointed as the Statutory Auditor of your Company at the last AGM held on 28th September, 2016 to hold the office till the conclusion of 85th AGM. As per the provisions of section 139 of the Companies Act, 2013, the appointment of Statutory Auditor is to be ratified by members at every AGM. The Company has received a certificate from the Statutory Auditor confirming that ratification of their appointment if made, will be in accordance with the provisions of section 141 of the Companies Act, 2013. The Board recommends the ratification of the appointment of Walker Chandiok & Co LLP, Chartered Accountants as the Statutory Auditor of the Company.

The Auditor's Report for FY 2016-17 does not contain any qualification, reservation or adverse remark.

Acknowledgements

The Board wishes to place on record its appreciation to government authorities, banks, business partners, shareholders, medical practitioners and other stakeholders for the assistance, co-operation and encouragement extended to the Company. The Board would also like to place on record its deep sense of appreciation to the employees for their contribution and services.

On behalf of the Board

Date: 25th May, 2017
Place: Mumbai

Y. K. Hamied
Chairman

Annexure I to the Board's Report

Corporate Social Responsibility Report

I. Overview of Corporate Social Responsibility

A. Philosophy and Policy

Cipla consistently cares for life and delivers on its commitments to stakeholders. Social responsibility is integral to Cipla's corporate ethos. It is aligned to the OneCipla Credo that is driving the Company's transformation towards a new horizon of holistic growth and opportunity. The Company's CSR strategy is deeply embedded in its overall business ecosystem; and is driven with the same commitment and dedication with which its day-to-day business priorities are implemented.

Social responsibility at Cipla is a collaborative and participatory process that involves key internal stakeholders, including its employees and a wide spectrum of external stakeholders, such as reputed institutions, NGO partners, government agencies, individuals, visionaries, domain experts, and other foundations. The fundamental objective is to touch and transform the lives of the disadvantaged sections of society through need-based interventions that produce measurable outcomes. Cipla is committed to be a part of the developmental aspirations of the communities it works with, and supports vulnerable sections of the population (especially the physically challenged and the elderly) with deep empathy.

Cipla's CSR efforts will continue to focus on the four pillars of health, education, skill advancement and disaster response for relevant target groups, ensuring the Company takes its Credo of 'Caring for Life' beyond medicines. During FY 2016-17, the Company through the Board and the CSR committee has focused on excellence and an innovation driven strategy, including identifying critical new sub-themes within its four pillars. Moreover, Cipla has been investing in deeper sustainable institutional projects for long-term welfare, providing support to existing projects to leverage on government initiatives and policies, and developing innovative partnerships with renowned institutions and foundations.

The Company has been undertaking CSR programmes in line with the requirements of the Section 135 of the Companies Act 2013. The Company has a Board approved CSR policy. In an endeavour to achieve its vision and fulfil its commitment to be a socially responsible corporate citizen, the CSR policy was formulated to undertake projects or programmes which will enhance the quality of life and economic well-being of the communities in accordance with Schedule VII of the Companies Act, 2013 (Act) read with the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time.

B. Activities Undertaken

The Company's CSR projects are initiated and undertaken through:

- Cipla Foundation
- Cipla Cancer and Aids Foundation (CCAF), and
- Implementing partners

Cipla has collaborated with various stakeholders and domain experts on multiple projects to ensure social wellbeing. The Company's CSR spend has increased substantially in FY 2016-17 over the previous few years.

The Company directly and through its CSR arm undertakes CSR activities under the following themes:

Health

Cipla has developed an integrated approach to healthcare by supporting affordable health clinics and palliative care and training centres. Besides, the Company is bringing primary healthcare services within the reach of communities through mobile health vans, health check-ups, awareness, counselling and diagnosis drives. The objective is to address critical gaps in the delivery of healthcare in defined geographies. In addition, the Company has supported specialised care for vulnerable groups including pregnant mothers and new-borns, children with developmental disabilities and care for patients with rare health conditions like Thalassemia. Cipla's efforts are targeted at enabling last mile reach of preventive and primary health services in communities.

The Company has set up a not for profit entity named 'Cipla Palliative Care and Training Centre' in Pune, two decades ago. Palliative care aims to relieve the pain, symptoms and distress of illnesses for patients and their caregivers. It is an active holistic care regime, focused on improving the quality of life of patients with 'life-limiting diseases', including physical, social, psychological and spiritual counselling. More than 12,000 patients have been served so far at Cipla Palliative Care and Training Centre through homecare services in the community.

To align with the global hepatitis elimination movement and WHO's 2030 mission, Cipla has undertaken innovative initiatives to create awareness of Hepatitis – C. The programme's objective is to raise grassroots awareness about Hepatitis. The programme seeks to influence real change in the diagnosis and prevention of the disease through educational initiatives and awareness of this silent epidemic. Additionally, Cipla Foundation intends to take up similar campaigns in India's other regions; and also engage with key stakeholders. Cipla will extend its support and act as an intermediary to establish preventive healthcare practices in India.

Education

Cipla acknowledges the importance of imparting knowledge, encouraging creativity, infusing confidence and enhancing learning outcomes in children. The Company supports pre-schools, life-skills education programmes for students and parents, mobile science laboratories, e-learning and reading initiatives and sponsorship for economically disadvantaged meritorious students. In addition, the Company is providing a platform and opportunities to students and teachers for inventiveness, exploration and discovery. The intervention will continue to make an impact on the education system, fostering comprehensive growth in the learning outcome of children.

Skill Advancement

Cipla has supported institute enrichment programmes providing holistic training. Additionally, it backs skill building programmes to improve the learning qualities, strengthen employability and build personal and community enterprises. Cipla has supported a range of initiatives from short, modular courses to longer-term specialised training to prepare the youth for diverse industries. The Company has deepened its engagement in this space by helping establish a dedicated Training Centre to train better caregivers for children with special development needs. The Centre trains paediatricians, social workers, parents, and teachers who can identify, diagnose, and manage the developmental needs of specially-abled children more effectively. Besides, Cipla supports NGOs that empower youth and physically challenged people, with industry-relevant skill training that helps them secure better livelihoods.

Disaster Response

Cipla has responded to disasters in Maharashtra, Tamil Nadu and Assam. The Company has supported disaster relief programmes with medical services and helped build child-friendly spaces. In keeping with a larger commitment to reach out to vulnerable communities, long-term rehabilitation efforts are directed primarily towards handholding people with challenges. Cipla has been helping rebuild shelters, providing assistive devices and livelihood restoration.

C. Governance and Monitoring Process

The Company's CSR projects are implemented in a structured manner, with defined parameters for monitoring and evaluation. The implementation of CSR activities is undertaken under the guidance and direction of the Board of Directors. The Board has empowered the CSR Committee to closely monitor and report on the progress of CSR initiatives. Cipla Foundation monitors CSR activities on behalf of Cipla. The CSR Policy of the Company including the CSR activities undertaken by it is available at: http://www.cipla.com/templates/home_tpl/images/Corporate_Social_Responsibility_Policy.pdf

II. Composition of CSR Committee

The Composition of the CSR Committee as on the date of the Board's Report is as follows:

Name	Category
Mr. M. K. Hamied (Chairman of the Committee)	Non-Executive Vice Chairman
Mr. Adil Zainulbhai	Independent Director
Ms. Punita Lal	Independent Director
Mr. S. Radhakrishnan	Whole-time Director
Mr. Umang Vohra	Managing Director and Global Chief Executive Officer

The composition of the CSR Committee is compliant with the Act and the CSR Rules.

III. Average Net Profit of the Company for last three financial years (Average Net Profit calculated in accordance with the provisions of Section 198 of the Companies Act)

₹ 1,669.22 crore

IV. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

₹ 33.38 crore

V. Details of CSR spent during the financial year 2016-17

a) Total amount to be spent for the financial year: ₹ 33.38 crore

b) Amount unspent, if any: ₹ 5.13 crore

c) Manner in which the amount spent during the financial year is detailed below:

₹ in Crore

Sl. No.	CSR project or activity identified	Sector in which the project is covered (As per Schedule VII of the Companies Act, 2013, as amended)	Projects or Programmes (1) Local area or other (2) State and district	Total Amount outlay	Amount spent in 2016-17 on the projects or programmes Sub heads: (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period 2016-17	Amount spent: (1)Direct or (2) through implementing agency
1.	Cipla Palliative Care and Training Centre	Health	1. Warje, Pune 2. Maharashtra	14.80	1. 5.16 2. 0.31	14.80	Cipla Cancer and Aids Foundation
2.	**Promoting Healthcare including Preventive Healthcare and Sanitation** *(construction of sanitation blocks, developmental disabilities, healthcare services to the community, pain and palliative care, medical support to individuals, mobile health care services and promoting healthcare including preventive healthcare)*	Health and Sanitation	1. Baddi, South Goa, Indore, Kurkumbh, Mumbai, Patalganga, Vikhroli, Delhi, East Sikkim 2. Himachal Pradesh, Goa, Madhya Pradesh, Maharashtra, Delhi, Sikkim	18.26	1. 7.97 2. 0.48	16.59	Cipla Limited and Cipla Foundation
3.	Research studies and education on Public Health	Health	1. Pune 2. Maharashtra	3.63	1. 1.64 2. 0.09	3.63	Chest Research Foundation
Sub Total of Health & Sanitation (A)				**36.69**	**15.65**	**35.02**	
4.	**Promoting Education, including special education** *(mobile science van, education of underprivileged children from troubled background, infrastructural support to schools, meritorious awards, promoting education, promoting education in government schools, sponsorship to economically disadvantaged students, sponsorship to students, e- learning and pre-school education)*	Education	1. Baddi, Bangalore, South Goa, Indore, Kurkumbh, Mumbai, Patalganga, Vikhroli, East Sikkim 2. Himachal Pradesh, Karnataka, Goa, Madhya Pradesh, Maharashtra, Sikkim	10.00	1. 4.14 2. 0.25	9.47	Cipla Foundation
Sub Total of Education (B)				**10.00**	**4.39**	**9.46**	
5.	Skill Advancement	Skill Advancement	1. South Goa, Indore, Mumbai Nalagarh, Baddi , Barotiwala, Dhabota, Panjhera, Ghanauli , Ramsheher 2. Goa, Madhya Pradesh, Maharashtra, Himachal Pradesh	4.55	1. 2.04 2. 0.12	4.44	Cipla Foundation
Sub Total of Skill Advancement (C)				**4.55**	**2.16**	**4.44**	

₹ in Crore

Sl. No.	CSR project or activity identified	Sector in which the project is covered (As per Schedule VII of the Companies Act, 2013, as amended)	Projects or Programmes (1) Local area or other (2) State and district	Total Amount outlay	Amount spent in 2016-17 on the projects or programmes Sub heads: (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period 2016-17	Amount spent: (1)Direct or (2) through implementing agency
6.	Disaster response (medical relief, basic assistance material, medical camps, child-friendly spaces)	Disaster response	1. Kanchipuram, Cuddalore, Villupuram, Thiruvallur, Chennai, Golaghata, Lakhimpur, Dhemaji 2. Tamil Nadu, Assam	1.76	1. 0.28 2. 0.02	1.76	Cipla Foundation
Sub Total of Disaster response (D)				**1.76**	**0.30**	**1.76**	
7.	Contribution to Cipla Foundation towards undertaking CSR initiatives as per focus areas and programme areas listed in Schedule VII, Section 135 to the companies Act, 2013	Health, Education, Skilling and Disaster Response	1. Mumbai 2. Maharashtra	4.00	1. 4.00 2. Nil	4.00	Cipla Foundation
Sub Total (E)				**4.00**	**4.00**	**4.00**	
8.	Others including rural development projects and setting up old age and community hall for socially and economically backward groups, environmental sustainability, ecological balance and conservational of natural resources	Others including community development, environment	1. South Goa, Kurkumbh, Mumbai, Patalganga 2. Goa, Maharashtra	2.71	1. 1.65 2. 0.10	2.71	Cipla Foundation
Sub Total of Others(F)				**2.71**	**1.75**	**2.71**	
Grand Total (A+B+C+D+E+F)				**59.71**	**28.25**	**57.39**	

VI. CSR expenditure for FY 2016-17

During FY 2016-17, the Company spent ₹ 28.25 crore on various CSR initiatives, which is equivalent to 1.69% of its average net profit of the last three financial years. As a responsible company, Cipla has approached the mandatory requirements of CSR spend. It has laid during the year a stronger foundation on which to build and scale future projects and partnerships. The Company has consolidated its CSR initiatives under the focus areas of health, education, skill advancement and disaster response. Year after year, Cipla has deepened its engagement in these areas to fulfil its commitment to society.

Cipla has increased its CSR expenditure significantly from ₹ 13.43 crore during FY 2014-15, to ₹ 28.25 crore in FY 2016-17. The Company's CSR projects with a lifecycle of three to five years are implemented in a structured manner, with clear objectives, plans, and targets. The CSR projects are monitored and evaluated on stringent parameters. With established processes in place, the CSR programmes will be accelerated, going forward. Besides, Cipla has committed investments in infrastructure support approved by its CSR Committee, which are likely to be completed in the coming year. Cipla through its Board and CSR Committee is committed to further augment its effort to meet the targeted CSR expenditure. It is exploring new opportunities to enhance its philosophy of Caring for Life, through increased CSR spends.

VII. Responsibility Statement

Pursuant to the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time, it is confirmed that the CSR Committee has implemented and monitored the CSR initiatives of Cipla in line with the CSR Objectives and Policy of the Company. The CSR Committee has prepared a CSR plan, apprised the Board of the same and monitored the status reports of the projects/programmes submitted to them on a periodic basis.

Chairman
CSR Committee

Date: 25th May, 2017
Place: Mumbai

Managing Director and Global
Chief Executive Officer

Annexure II

Certificate on Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Cipla Limited

To,
The Members of
CIPLA Limited

We have examined the compliance of conditions of corporate governance by CIPLA Limited (the 'Company') for the year ended 31st March, 2017, as prescribed in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures adopted and implementation thereof, by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]

Prakash Pandya
Partner
FCS No.: 3901
C P No.: 2311

Place: Mumbai
Date: 17th May, 2017

Annexure III

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2017 is given here below and forms part of the Board's Report.

(A) Conservation of Energy

I. The steps taken or impact on conservation of energy

a. The Company is making continuous efforts on ongoing basis to conserve the energy by adopting innovative measures to reduce wastage and optimise consumption. Some of the specific measures undertaken are:

i. Renewable energy utilisation: Installation of roof top 130 kWp Solar power plant at Goa, 35 kWp solar power plant at Kurkumbh, 85 kWp solar power plant at Vikhroli. Solar light pipe installation at Kurkumbh, Solar warm water system for Warm water generator with using evacuated tube type solar collector (panel cap 300000 Kcal/day) and saving the thermal (steam) energy and reduce the steam consumption at Patalganga.

ii. Lighting system performance improvement Program: Retrofitting of LED lights in existing light fixture at Baddi, Bommasandra, Goa, Indore, Kurkumbh, Patalganga, Sikkim and Virgonagar.

iii. Utility Leakages Arrest Management program: Implemented well-structured Utility leakages arrest management program at Baddi, Bommasandra, Goa, Indore, Kurkumbh, Patalganga, Sikkim and Virgonagar. Replaced Poly Urethane (PU) tube with Polypropylene continuous Homopolymer (PPCH) pipe for Fluid Bed Dryer (FBD) in API plant to avoid the air leakages & to minimise the breakdown time at Patalganga. PU tubes of outdoor installations replaced by SS in phase wise manner at Kurkumbh.

iv. Variable Frequency Drive (VFD) system: Installation of Variable frequency drive for various process and Utility equipment like Air Handling Unit (AHU), Fan blower, Pumps, Process equipment's, etc. at Bommasandra, Goa, Kurkumbh, Patalganga. Newly purchased Equipment's are equipped with VFD.

v. Process area equipment's usage optimisation: Interlocking of process area equipment with Ventilation system at Goa, On / Off Logic implementation for Heating Ventilation and Air conditioning (HVAC) system at Goa and Baddi, Air Handling Unit (AHU) operation optimisation at Indore.

vi. Energy Efficiency improvement program: Installation of heat recovery for air compressor and Autoclave at Goa, Dedicated chiller removed and supplied chilled water from Centralised chiller at Virgonagar, Flash Steam of vertical thin film dryer (VTFD) used for Multi effect Evaporator (MEE) plant at Kurkumbh, Pump operation Optimisation at Bommasandra, Replacement of Conventional hot water system with Plate (PHE) based hot water system at Kurkumbh and Bommasandra.

vii. Phase out Plan of equipment's having life more than 10 years: Replacement of Old motors with new Energy efficient motors and Pumps at Kurkumbh and Patalganga.

viii. Internal Modification: Modification of Compressed air pipe line for separation of Instrumentation and High pressure line at Virgonagar, Reduced the Precooling coil chilled water flow of Air Handling Units (AHU) cum Dehumidifier at Indore, Optimisation of aeration to effluent treatment by replacement of High capacity to low capacity blowers at Baddi.

ix. New technology absorption: Envelope / Integrated Variable Speed (IVS) Pump Installed for cooling water for process requirement at Patalganga, Auto-clean filtration System for Cooling water at Kurkumbh and Patalganga, Installation of Automatic Valve for Chiller performance improvement at Kurkumbh.

x. **Power Cost reduction measures:** Dedicated (Express) feeder installation at Virgonagar.

xi. Open access power purchase, Night rebate benefit, Power factor incentive and Prompt payment charges at all Cipla Manufacturing locations.

xii. All Units conducted Energy Audits' from reputed Energy consultants.

xiii. Cipla Units are certified & awarded Energy Management System (ISO 50001) by reputed Accreditation body.

b. Impact of the above measures for reduction of energy consumption and consequent impact on the cost of production of goods. The adoption of the above energy conservation measures has helped to curtail the proportionate increase in total energy usage consequent to overall increase in production. This has made it possible to maintain cost of production at optimum levels.

II. The steps taken by the Company for utilising alternate sources of energy: No alternate source used during FY 2016-17.

III. The capital investment on the energy conservation equipment's: The Capital investment on energy conservation equipment is ₹ 9.12 crore during FY 2016-17.

B. Technology Absorption

(I) The efforts made towards technology absorption:

i. Development of new formulations for existing and newer active drug substances.

ii. Projects to develop APIs and formulations jointly with overseas companies.

iii. Patenting of newer processes/newer products/ newer drug delivery systems/newer medical devices/newer usage of drugs for both local and international markets.

iv. Development of new products, both in the area of APIs as well as formulations, specifically for export.

v. Development of complex generic formulations based on Nanotechnology such as Nanoparticle solids & injections, liposomal injections, long acting depot injections, multi particulate extended release oral systems specifically for US market.

vi. Development of new drug delivery systems and new medical devices for Respiratory, Nasal, Transdermal dosage forms.

vii. Development of new innovative technology for the manufacture of existing APIs and their intermediates.

viii. Development of agro technology, genetics and biotechnology for cultivation of medicinal plants and isolation of active ingredients from plant materials.

ix. Development of new drug delivery systems for existing and newer active drug substances as also newer medical devices.

x. Development of methods to improve safety procedures, effluent control, pollution control, etc.

xi. Development of products related to the indigenous system of medicines.

xii. Incorporation of software based simulations to reduce experimental work (for example: CFD, Gastroplus, PKPB modeling etc).

(II) The benefits derived like product improvement, cost reduction, product development or import substitution:

i. Successful commercial scale up of several new APIs and formulations, including complex generics and differentiated products.

ii. Development of new drug delivery systems and devices.

iii. Improved processes and enhanced productivity in both APIs and formulations.

iv. Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.

v. Meeting norms of external regulatory agencies to facilitate more exports.

vi. Development of products for import substitution.

vii. Maximum utilisation of indigenous raw materials.

(III) The details of Imported Technology (imported during the last three years reckoned from the beginning of the financial year) – No expenditure have been incurred on import of new technology during the financial years 2014-15, 2015-16 and 2016-17.

(IV) The expenditure incurred on Research & Development (Standalone):

	₹ in Crore
a. Capital	119.14
b. Recurring	911.43
Total	**1030.57**

The total R&D expenditure as a percentage of total turnover is around 9.39%.

C. Foreign Exchange Earnings and Outgo

The Exports Sales were ₹ 5004.97 crore for FY 2016-17. The Company earned ₹ 45.94 crore towards technical know-how & licensing fees and ₹ 55.72 crore for other services.

During the year, the foreign exchange outgo was ₹ 1767.80 crore and earnings in foreign exchange were ₹ 5106.63 crore. Details of the same have been given in Note Nos. 27, 40 and 41 to the standalone financial statements.

On behalf of the Board

Date: 25th May, 2017
Place: Mumbai

Y. K. Hamied
Chairman

Annexure IV

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2016-17 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during FY 2016-17:

Name	Designation	Ratio to median remuneration	% increase in remuneration in FY 2016-17
Dr. Y. K. Hamied	Chairman	65:1	(1)
Mr. M. K. Hamied	Vice-Chairman	67:1	(1)
Ms. Samina Vaziralli [Appointed w.e.f. 10th July, 2015]	Executive Vice-Chairperson	126:1	57.50
Mr. Subhanu Saxena [Resigned w.e.f. close of business hours on 31st August, 2016]	Managing Director and Global Chief Executive Officer	816:1	(2)
Mr. S. Radhakrishnan	Whole-time Director	131:1	20.56
Mr. Umang Vohra	Managing Director and Global Chief Executive Officer(3)	416:1	(3)
Mr. Ashok Sinha	Independent Director	16:1	(4.67)(4)
Dr. Peter Mugyenyi	Independent Director	14:1	(8.70)(4)
Mr. Adil Zainulbhai	Independent Director	14:1	(14.29)(4)
Ms. Punita Lal	Independent Director	12:1	(6.17)(4)
Ms. Naina Lal Kidwai [Appointed w.e.f. 6th November, 2015]	Independent Director	14:1	156.72(5)

Name	Designation	Ratio to median remuneration	% increase in remuneration in FY 2016-17
Ms. Ireena Vittal [Appointed w.e.f. 1st December, 2016]	Independent Director	4:1	(6)
Mr. Peter Lankau [Appointed w.e.f. 10th January, 2017]	Independent Director	3:1	(6)
Mr. Kedar Upadhye [Appointed w.e.f. 1st August, 2016]	Global Chief Financial Officer	Not Applicable	(6)
Mr. Mital Sanghvi [Relinquished office w.e.f. 9th February, 2017]	Company Secretary		(2)
Mr. Rajendra Chopra [Appointed w.e.f. 9th February, 2017]	Company Secretary		(6)

ii. The percentage increase in the median remuneration of employees in the financial year: (2.07%)
Median Remuneration represents "middle" value of a data set and does not reflect decrease in remuneration of employees. Median is negative mainly due to decrease in number of permanent employees on the rolls of the Company in FY 2016-17 vis-à-vis FY 2015-16.

iii. Number of permanent employees on the rolls of the Company as on 31st March, 2017: 23043.

iv. The average annual increase excluding the managerial personnel in the FY 2016-17 was 0.77%. The increase in the average managerial remuneration for FY 2016-17 was (12.67%) (7)

v. It is affirmed that the remuneration is as per the Remuneration Policy of the Company.

Notes:

(1) During FY 2015-16, Dr. Y. K. Hamied and Mr. M. K. Hamied were only paid sitting fees for attending Board/Committee Meetings. They had volunteered not to receive any commission for FY 2015-16 and hence data is not comparable.

(2) Ceased to be Director / Key Managerial Personnel during FY 2016-17 and hence it should be not applicable.

(3) Mr. Umang Vohra was appointed as Global Chief Financial and Strategy Officer w.e.f. 1st October, 2015. He was elevated to the position of Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016 after serving as Global Chief Operating Officer for a brief period in the interim. At the time of elevation as Managing Director and Global Chief Executive Officer, his remuneration was revised. Since the revision in remuneration was due to change in his roles and responsibilities, the % increase in his remuneration is not comparable. Had the actual remuneration for part of the year in FY 2015-16 been compared to the actual remuneration for full year in FY 2016-17, the % increase in remuneration would have been 192.92%.

(4) The % increase in remuneration is negative mainly due to lower number of Board / Committee meetings during FY 2016-17 vis-à-vis FY 2015-16.

(5) Ms. Naina Lal Kidwai was appointed as Director w.e.f. 6th November, 2015 and received remuneration only for part of the year in FY 2015-16. The % increase in remuneration is appearing high because the remuneration amount for FY 2016-17 is for full year vis-à-vis FY 2015-16.

(6) Appointed as Director / Key Managerial Personnel during FY 2016-17 and hence data is not comparable.

(7) The % increase in the average managerial remuneration for FY 2016-17 does not include perquisite value of stock options exercised during the financial year. Had the perquisite value of stock options (which were granted in earlier years but exercised during FY 2016-17) been considered the % increase in the average managerial remuneration for FY 2016-17 would have been 50.54%.

Annexure V

Extract of Annual Return

FORM NO. MGT-9

as on the financial year ended 31st March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other Details

i)	CIN	L24239MH1935PLC002380
ii)	Registration Date	17th August, 1935
iii)	Name of the Company	Cipla Limited
iv)	Category Sub-Category of the Company	Public Company Limited by shares
v)	Address of the Registered office and contact details	Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013 Tel: (022) 2482 6000 Fax: (022) 2482 6120 Email : cosecretary@cipla.com Website: www.cipla.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar & Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No.: 31 & 32 Gachibowli, Financial District, Nanakramguda Serilingampally, Hyderabad - 500 032, Telangana Tel: (040) 6716 2222 / 6716 1511 Fax: (040) 2300 1153 Email: einward.ris@karvy.com

II. Principal business activities of the Company

Sr. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
i)	Pharmaceuticals	210	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section of the Companies Act, 2013
	Subsidiaries (held directly)				
1	Cipla FZE Office No. LB17132, Jebel Ali Free Zone, Dubai, U.A.E.	NA	Subsidiary	100	2(87)
2	Goldencross Pharma Pvt. Ltd. C1-Pooja Apartment, 17, Hariyali Estate, Vikhroli (West), Mumbai - 400 083, Maharashtra, India	U24239MH2000PTC123766	Subsidiary	100	2(87)

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section of the Companies Act, 2013
3	Cipla (Mauritius) Ltd. C/o CIM Corporate Services Ltd., Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	NA	Subsidiary	100	2(87)
4	Meditab Specialities Pvt. Ltd. C1-Pooja Apartment, 17, Hariyali Estate, Vikhroli (West), Mumbai - 400 083, Maharashtra, India	U23240MH1996PTC104442	Subsidiary	100	2(87)
5	Cipla Medpro South Africa Proprietary Ltd. 1474, South Coast Road, Mobeni, 4052, South Africa	NA	Subsidiary	100	2(87)
6	Cipla Holding B.V. Antonie Van Leeuwenhoeklaan 9, Building A8, 2nd Floor, 3721 MA Bilthoven, The Netherlands	NA	Subsidiary	100	2(87)
7	Cipla BioTec Pvt. Ltd. L-147 / B, Verna Industrial Area, Verna, South Goa - 403 722, India	U24239GA2008PTC007374	Subsidiary	100	2(87)
8	Cipla (EU) Ltd. Dixcart House, Addlestone Road, Bourne Business Park, Addlestone, Surrey, KT15 2LE, United Kingdom	NA	Subsidiary	100	2(87)
9	Saba Investment Ltd. P.O. Box 124600, Suite # 516, Sultan Business Centre, Oud Metha, Dubai, U.A.E.	NA	Subsidiary	51	2(87)
10	Jay Precision Pharmaceuticals Pvt. Ltd. Government Indl Estate, Plot No. 40/41 ABCD, Charkop, Kandivali (West), Mumbai - 400 067, Maharashtra, India	U33111MH2012PTC234037	Subsidiary	60	2(87)
11	Cipla Health Ltd. Tower B, 7th Floor, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013, Maharashtra, India	U24100MH2015PLC267880	Subsidiary	70.20	2(87)
	Subsidiaries (held indirectly)				
12	Cipla (UK) Ltd. Dixcart House, Addlestone Road, Bourne Business Park, Addlestone, Surrey, KT15 2LE, United Kingdom	NA	Subsidiary	100	2(87)
13	Cipla Australia Pty. Ltd. BSA Partnership Pty Ltd, Level 15, 461 Bourke Street, Melbourne, VIC, 3000, Australia	NA	Subsidiary	100	2(87)
14	Medispray Laboratories Pvt. Ltd. Plot No.344/345, Kundaim Industrial Estate, Kundaim, Goa - 403 115, India	U52311GA1992PTC002801	Subsidiary	100	2(87)
15	Sitec Labs Pvt. Ltd. C1-Pooja Apartment, 17, Hariyali Estate Vikhroli (West), Mumbai - 400 083, Maharashtra, India	U74999MH2000PTC129210	Subsidiary	100	2(87)
16	Meditab Holdings Ltd. C/o CIM Corporate Services Ltd., Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	NA	Subsidiary	100	2(87)

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section of the Companies Act, 2013
17	Meditab Specialities New Zealand Ltd. C/-DFK Oswin Griffiths Carlton, Level 4, 52 Symonds Street, Auckland, New Zealand	NA	Subsidiary	100	2(87)
18	Cipla Ilaç Ticaret Anonim Şirketi Fulya Hakki Yeten Cad. Seleniun, Plaza No: 10C Kat:6 Besiktas –Istanbul, Turkey	NA	Subsidiary	100	2(87)
19	Cipla USA Inc. Corporation Service Company, 2711 Centerville Road, Suite 400, New Castle County, Wilmington, DE 19801, USA	NA	Subsidiary	100	2(87)
20	Cipla Kenya Ltd. L.R. No. 209/1907, 5th Floor, Avocado Towers, Muthithi Road, Westlands, P.O. Box 45669-00100, Nairobi, Kenya	NA	Subsidiary	100	2(87)
21	Cipla Malaysia Sdn. Bhd. Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, 50100, Kuala Lumpur, Malaysia	NA	Subsidiary	100	2(87)
22	Cipla Europe NV De Keyserlei 58-60, Box 19, 2018 Antwerp, Belgium	NA	Subsidiary	100	2(87)
23	Cipla Quality Chemical Industries Ltd. Plot 1-7, First Ring Road, Luzira Industrial Park, P.O. Box 34871, Kampala, Uganda	NA	Subsidiary	62.30	2(87)
24	Cipla Croatia d.o.o. Ulica grada Vukovara 284/C/3, 10 000 Zagreb, Croatia	NA	Subsidiary	100	2(87)
25	Galilee Marketing Proprietary Ltd. 1474, South Coast Road, Mobeni-4052, South Africa	NA	Subsidiary	100	2(87)
26	Inyanga Trading 386 Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
27	Xeragen Laboratories Proprietary Ltd. 1474, South Coast Road, Mobeni-4052, South Africa	NA	Subsidiary	100	2(87)
28	Cipla Medpro Holdings Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
29	Cape to Cairo Exports Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
30	Cipla Agrimed Proprietary Ltd. 67, Nicolson Street, Baileys, Muckleneuk, Pretoria, 0181, South Africa	NA	Subsidiary	100	2(87)
31	Cipla Dibcare Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
32	Cipla Life Sciences Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section of the Companies Act, 2013
33	Cipla-Medpro Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
34	Cipla-Medpro Distribution Centre Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
35	Cipla Medpro Botswana Proprietary Ltd. P.O. Box 40185, Gaborone, South Africa	NA	Subsidiary	100	2(87)
36	Cipla Nutrition Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
37	Cipla Vet Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
38	Medpro Pharmaceutica Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
39	Med Man Care Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
40	Breathe Free Lanka (Private) Ltd. No. 47, Alexandra Place, Colombo 07, Sri Lanka	NA	Subsidiary	100	2(87)
41	Medica Pharmaceutical Industries Company Ltd. Al-Jabal Group Building, Noakshot Street, Behind Canada Dry Factory, Sanaa, Yemen	NA	Subsidiary	50.49	2(87)
42	Al Jabal For Drugs And Medical Appliances Company Ltd. Al-Jabal Group Building, Noakshot Street, Behind Canada Dry Factory, Sanaa, Yemen	NA	Subsidiary	50.49	2(87)
43	Cipla Pharma Lanka (Private) Ltd. No 345- 4/1, Galle Roads, Colombo 03	NA	Subsidiary	60	2(87)
44	Cipla Pharma Nigeria Ltd. Afprint Compound, 122-132, Oshodi-Apapa Expressway, Isolo, Lagos, Nigeria	NA	Subsidiary	100	2(87)
45	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda City of Vargem Grande Paulista, State of Sao Paulo, at Estrada da Lagoinha, No. 489, block 2, Bairro da Lagoa, CEP 06730-000	NA	Subsidiary	100	2(87)
46	Cipla Maroc SA Casablanca-Bureau n°7-1, 7ème étage, 33 Avenue Hassan Sghir, Morocco	NA	Subsidiary	60	2(87)
47	Cipla Middle East Pharmaceuticals FZ-LLC Dubai Technology & Media Free Zone, Dubai, U.A.E.	NA	Subsidiary	51	2(87)

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section of the Companies Act, 2013
48	Quality Chemicals Limited Quality Chemicals House, Plot 64/65 Katwe Road, P.O. Box 3381, Kampala, Uganda	NA	Subsidiary	51	2(87)
49	Cipla Philippines Inc. Level 40, PBCom Tower, 6795 Ayala Avenue Corner V. A., Rufino Street, Makati City, Metro Manila, 1226, Philippines	NA	Subsidiary	100	2(87)
50	InvaGen Pharmaceuticals Inc. Site B, 7 Oser Avenue, Hauppauge, New York, 11788, USA	NA	Subsidiary	100	2(87)
51	Exelan Pharmaceuticals Inc. 242 South Culver Street Suite 208, Lawrenceville, GA 30046, USA	NA	Subsidiary	100	2(87)
52	Cipla BioTec South Africa Proprietary Ltd. Building 2, Maxwell Office Park, Magwa Crescent West, Waterfall City, Midrand, Gauteng, South Africa	NA	Subsidiary	100	2(87)
53	CIPLA Algérie 18, Rue de Zone Industrielle, Route De La Gare, Haouche Mahieddine, Reghala, Algeria	NA	Subsidiary	40	2(87)
	Associate				
54	Stempeutics Research Pvt. Ltd. 3rd Floor, #143, 212-215, EPIP Industrial Area, Hoodi Village, K. R. Puram, Hobli, Bengaluru – 560 066, Karnataka, India	U73100KA2006PTC038256	Associate	48.99	2(6)

IV. Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	111781000	-	111781000	13.91	111781000	-	111781000	13.89	(0.02)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	6022791	-	6022791	0.75	6022409	-	6022409	0.75	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**117803791**	**-**	**117803791**	**14.66**	**117803409**	**-**	**117803409**	**14.64**	**(0.02)**
(2) Foreign									
a) NRIs – Individuals	177682187	-	177682187	22.12	177682187	-	177682187	22.09	(0.03)
b) Other – Individuals	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**177682187**	**-**	**177682187**	**22.12**	**177682187**	**-**	**177682187**	**22.09**	**(0.03)**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**295485978**	**-**	**295485978**	**36.78**	**295485596**	**-**	**295485596**	**36.73**	**(0.05)**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	62223085	-	62223085	7.75	74524183	-	74524183	9.26	1.51
b) Banks / FI	4297809	7225	4305034	0.54	2680710	7225	2687935	0.33	(0.21)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	49897428	-	49897428	6.21	47725595	-	47725595	5.93	(0.28)
g) Foreign Institutional Investors	85993115	-	85993115	10.70	17112464	-	17112464	2.13	(8.57)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
• Foreign Portfolio Investors	72066094	-	72066094	8.97	142172115	-	142172115	17.67	8.70
Sub-total (B)(1)	**274477531**	**7225**	**274484756**	**34.17**	**284215067**	**7225**	**284222292**	**35.33**	**1.16**
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	35994464	246812	36241276	4.51	29342718	246812	29589530	3.68	(0.83)
ii) Overseas	117185	-	117185	0.01	414191	-	414191	0.05	0.04
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	51420003	4215730	55635733	6.93	52780745	3903071	56683816	7.04	0.11
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	58245095	33367524	91612619	11.40	57299789	30469724	87769513	10.92	(0.48)
c) Others (specify)									
i) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i) Trusts	2496126	-	2496126	0.31	4170579	-	4170579	0.52	0.21
iii) Non Resident Indians / Foreign Nationals	27829357	397575	28226932	3.51	27991076	397575	28388651	3.53	0.02
iv) Clearing Members	3375374	-	3375374	0.42	1651285	-	1651285	0.21	(0.21)
v) Overseas Corporate Bodies	375	-	375	0.00	375	-	375	0.00	0.00
vi) NBFCs Registered with RBI	213769	-	213769	0.03	56901	-	56901	0.01	(0.02)
Sub-total (B)(2)	**179691748**	**38227641**	**217919389**	**27.12**	**173707659**	**35017182**	**208724841**	**25.94**	**(1.16)**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**454169279**	**38234866**	**492404145**	**61.29**	**457922726**	**35024407**	**492947133**	**61.27**	**(0.02)**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs	15494159	-	15494159	1.93	16077345	-	16077345	2.00	0.07
Grand Total (A+B+C)	765149416	38234866	803384282	100	769485667	35024407	804510074	100.00	-

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2016)			Shareholding at the end of the year (As on 31st March, 2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1)	Dr. Y. K. Hamied	166742687	20.76	-	166742687	20.73	-	(0.05)*
2)	Mr. M. K. Hamied	39690000	4.94	-	39690000	4.93	-	
3)	Ms. Farida Hamied	-	-	-	-	-	-	
4)	Ms. Sophie Ahmed	45982000	5.72	-	45982000	5.72	-	
5)	Ms. Shirin Hamied	6363000	0.79	-	6363000	0.79	-	
6)	Mr. Kamil Hamied	10939500	1.36	-	10939500	1.36	-	
7)	Ms. Samina Vaziralli	9859500	1.23	-	9859500	1.23	-	
8)	Ms. Rumana Hamied	9886500	1.23	-	9886500	1.23	-	
9)	MN Rajkumar Garments LLP	2601852	0.32	-	2601852	0.32	-	
10)	Shree Riddhi Chemicals LLP	2434970	0.30	-	2434970	0.30	-	
11)	Alps Remedies Pvt. Ltd.	492985	0.06	-	492985	0.06	-	
12)	Hamsons Laboratories LLP	492602	0.06	-	492602	0.06	-	
13)	Neo Research Labs Pvt. Ltd.	382	0.00	-	-	-	-	-
Total		**295485978**	**36.78**	**-**	**295485596**	**36.73**	**-**	**(0.05)***

* The change in percentage of shareholding is due to increase in the overall paid-up share capital of the Company.

iii) Change in Promoters' Shareholding

Sr. No.	Name	Shareholding		Date	Increase / Decrease	Reason	Cumulative Shareholding during the year (1st April, 2016 to 31st March, 2017)	
		No. of shares at the beginning (1st April, 2016) / end of the year (31st March, 2017	% of total shares of the Company				No. of shares	% of total shares of the Company
1)	Neo Research Labs Pvt. Ltd.	382	0.00	01/04/2016		Market Sale		
				26/12/2016	(382)		-	-
		-	-	31/03/2017				

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1)	Life Insurance Corporation of India^				
	At the beginning of the year	48110237	5.99	48110237	5.99
	Bought during the year	1452247	0.18	49562484	6.17

Sr. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Sold during the year	4237347	0.54	45325137	5.63
	At the end of the year	45325137	5.63	45325137	5.63
2)	ICICI Prudential Mutual Fund^				
	At the beginning of the year	34409246	4.28	34409246	4.28
	Bought during the year	29599457	3.68	64008703	7.96
	Sold during the year	22818611	2.84	41190092	5.12
	At the end of the year	41190092	5.12	41190092	5.12
3)	HDFC Mutual Fund^				
	At the beginning of the year	7660119	0.95	7660119	0.95
	Bought during the year	8294598	1.03	15954717	1.98
	Sold during the year	1587014	0.19	14367703	1.79
	At the end of the year	14367703	1.79	14367703	1.79
4)	Government Pension Fund Global*				
	At the beginning of the year	5930638	0.74	5930638	0.74
	Bought during the year	7448123	0.92	13378761	1.66
	Sold during the year	421361	0.05	12957400	1.61
	At the end of the year	12957400	1.61	12957400	1.61
5)	First State Investments ICVC-Stewart Investors Asia Pacific Leaders Fund*				
	At the beginning of the year	-	-	-	-
	Bought during the year	9243918	1.15	9243918	1.15
	Sold during the year	-	-	9243918	1.15
	At the end of the year	9243918	1.15	9243918	1.15
6)	Reliance Capital Trustee Co. Ltd.^				
	At the beginning of the year	7689123	0.96	7689123	0.96
	Bought during the year	5948452	0.74	13637575	1.70
	Sold during the year	6150686	0.77	7486889	0.93
	At the end of the year	7486889	0.93	7486889	0.93
7)	First State Investments ICVC- Stewart Investors Global Emerging Markets Leaders Fund*				
	At the beginning of the year	-	-	-	-
	Bought during the year	7345576	0.91	7345576	0.91
	Sold during the year	-	-	7345576	0.91
	At the end of the year	7345576	0.91	7345576	0.91
8)	Vanguard Emerging Markets Stock Index Fund, Aseries of Vanguard International Equity Index Fund				
	At the beginning of the year	5065696	0.63	5065696	0.63
	Bought during the year	559973	0.07	5625669	0.70
	Sold during the year	-	-	5625669	0.70
	At the end of the year	5625669	0.70	5625669	0.70
9)	HDFC Standard Life Insurance Company Limited^*				
	At the beginning of the year	4558632	0.57	4558632	0.57
	Bought during the year	1983591	0.25	6542223	0.82
	Sold during the year	1024103	0.13	5518120	0.69
	At the end of the year	5518120	0.69	5518120	0.69
10)	ICICI Prudential Life Insurance Company Limited^				
	At the beginning of the year	6787667	0.84	6787667	0.84
	Bought during the year	6204654	0.77	12992321	1.61
	Sold during the year	7522931	0.93	5469390	0.68
	At the end of the year	5469390	0.68	5469390	0.68
11)	Oppenheimer Developing Markets Fund#				
	At the beginning of the year	5532916	0.69	5532916	0.69
	Bought during the year	-	-	5532916	0.69

Sr. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Sold during the year	5532916	0.69	-	-
	At the end of the year	-	-	-	-
12)	**Abu Dhabi Investment Authority^#**				
	At the beginning of the year	8523837	1.06	8523837	1.06
	Bought during the year	270292	0.03	8794129	1.09
	Sold during the year	4067267	0.50	4726862	0.59
	At the end of the year	4726862	0.59	4726862	0.59
13)	**Government of Singapore^#**				
	At the beginning of the year	7005485	0.87	7005485	0.87
	Bought during the year	636453	0.08	7641938	0.95
	Sold during the year	3272955	0.41	4368983	0.54
	At the end of the year	4368983	0.54	4368983	0.54
14)	**Fidelity Funds Emerging Markets Fund#**				
	At the beginning of the year	4597567	0.57	4597567	0.57
	Bought during the year	1631314	0.20	6228881	0.77
	Sold during the year	6228881	0.77	-	-
	At the end of the year	-	-	-	-

^ Shareholding is consolidated based on PAN irrespective of the schemes / sub-accounts

Ceased to be in the list of Top 10 shareholders as on 31st March, 2017. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 1st April, 2016

* Not in the list of Top 10 shareholders as on 1st April, 2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31st March, 2017

Note: The above information is based on the weekly beneficiary position received from the depositories.

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (1st April, 2016 to 31st March, 2017)	
		No. of shares at the beginning (1st April 2016) / end of the year (31st March, 2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1)	Dr. Y. K. Hamied	166742687	20.76	01/04/2016	-	Nil movement during the year		
		166742687	20.73*	31/03/2017			166742687	20.73*
2)	Mr. M. K. Hamied	39690000	4.94	01/04/2016	-			
		39690000	4.93*	31/03/2017	-		39690000	4.93*
3)	Mr. S. Radhakrishnan (as joint holder)	38125	0.00	01/04/2016	-			
		38125	0.00	31/03/2017	-		38125	0.00
4)	Ms. Samina Vaziralli	9859500	1.23	01/04/2016	-			
		9859500	1.23	31/03/2017	-		9859500	1.23
5)	Mr. Umang Vohra#	-	-	01/04/2016	-			
				09/11/2016	23761	Allotment pursuant to ESOS 2013-A	23761	0.00
		23761	0.00	31/03/2017			23761	0.00
6)	Mr. Subhanu Saxena$	-	-	01/04/2016	-			
				01/09/2016	600000	Allotment pursuant to ESOS 2013	600000	0.07
				30/09/2016	600000	Market Sale	-	-

* the change in percentage of shareholding is due to increase in the overall paid up share capital of the Company. There is no change in the shareholding.

Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016.

$ Managing Director and Global Chief Executive Officer upto 31st August, 2016.

V) Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

₹ in Crore

	Secured Loans excluding deposits	Unsecured Loans#	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	1,131.82	-	1,131.82
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.78	-	0.78
Total (i+ii+iii)	**-**	**1,132.60**	**-**	**1,132.60**
Change in Indebtedness during the financial year				
• Addition	-	1,196.67	-	1,196.67
• Reduction	-	(2,004.72)	-	(2,004.72)
Net Change	-	(808.05)	-	(808.05)
Indebtedness at the end of the financial year				
i) Principal Amount	-	324.39	-	324.39
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.16	-	0.16
Total (i+ii+iii)	**-**	**324.55**	**-**	**324.55**

The above unsecured loans includes interest free sales tax deferral loans.

VI. Remuneration of Directors and Key Managerial Personnel

i) Remuneration to Managing Director, Whole-time Directors and/or Manager

₹ in Crore

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Ms. Samina Vaziralli (Executive Vice-Chairperson)	Mr. Subhanu Saxena (Managing Director and Global Chief Executive Officer)#	Mr. Umang Vohra (Managing Director and Global Chief Executive Officer)@	Mr. S. Radhakrishnan (Whole-time Director)	
(1)	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.56	3.25	6.36	1.91	14.08
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.02	0.43$	0.00$&	0.01	0.46
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-	-	-
(2)	Stock Option	-	21.55$	1.34$	-	22.89
(3)	Sweat Equity	-	-	-	-	-
(4)	Commission as % of profit	-	-	-	2.00	2.00
(5)	Others					
	- Employer contribution to provident fund and other funds	0.18	0.11	0.20	0.14	0.63
	- Variable Bonus	1.14	-	5.00	-	6.14
	- Gross remuneration from Cipla USA Inc. as Chief Strategy Officer^	-	-	0.76	-	0.76
	Total (A)	**3.90**	**25.34**	**13.66**	**4.06**	**46.96**
	Ceiling as per the Companies Act, 2013 (the Act) (being 10% of the net profit of the Company calculated as per section 198 of the Act)					149.66

Since Mr. Subhanu Saxena was the Managing Director and Global Chief Executive Officer of the Company for the period upto 31st August, 2016, the above remuneration is for the period from 1st April, 2016 till 31st August, 2016 only.

@ The remuneration of Mr. Umang Vohra has been disclosed for the full financial year 2016-17 for serving the organisation at various positions i.e. as Global Chief Operating Officer and Global Chief Financial Officer upto 31st July, 2016; Global Chief Operating Officer from 1st August, 2016 to 31st August, 2016 and Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016.

$ Value of perquisites u/s 17(2) of the Income-tax Act, 1961 does not include perquisite value of stock options exercised during the year. The same has been shown separately in point no. (2).

& Since the value of perquisite is only ₹ 28,800, the amount has been shown as ₹ 0.00 crore.

^ Amount paid in USD and converted into INR at an average rate for the year ended 31st March, 2017 (1 USD = 67.03 INR).

ii) Remuneration to other Directors

₹ in Crore

Sr. No.	Name of the Director	Fee for attending Board / Committee meeting	Commission	Others	Total Amount
(1)	**Independent Directors**				
	Mr. Ashok Sinha	0.10	0.41	-	0.51
	Dr. Peter Mugyenyi	0.02	0.40	-	0.42
	Mr. Adil Zainulbhai	0.07	0.35	-	0.42
	Ms. Punita Lal	0.07	0.31	-	0.38
	Ms. Naina Lal Kidwai	0.08	0.35	-	0.43
	Ms. Ireena Vittal(1)	0.02	0.12	-	0.14
	Mr. Peter Lankau(2)	0.01	0.10	-	0.11
	Total (1)	**0.37**	**2.04**	**-**	**2.41**
(2)	**Other Non-Executive Directors**				
	Dr. Y. K. Hamied	0.02	2.00	-	2.02
	Mr. M. K. Hamied	0.09	2.00	-	2.09
	Total (2)	**0.11**	**4**	**-**	**4.11**
	Total (B) = (1+2)	**0.48**	**6.04**	**-**	**6.52**
	Ceiling as per the Act (being 1% of the net profits of the Company calculated as per section 198 of the Act)				14.97
	Total Managerial Remuneration (A+B)				**53.48**
	Overall Ceiling as per the Act (being 11% of Net Profits of the Company calculated as per section 198 of the Act)				164.63

(1) Appointed w.e.f. 1st December, 2016.
(2) Appointed w.e.f. 10th January, 2017.

iii) Remuneration to Key Managerial Personnel other than MD/Manager/WTD

₹ in Crore

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				
		Mr. Umang Vohra #	Mr. Kedar Upadhye (Global Chief Financial Officer)@	Mr. Mital Sanghvi^	Mr. Rajendra Chopra (Company Secretary)*	Total Amount
(1)	Gross salary (A)					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.36	2.40	0.99	0.17	9.92
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.00$&	0.00**	-	-	0.00
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	$	-	-	-
(2)	Stock Option	1.34$	-	0.29$	-	1.63
(3)	Sweat Equity	-	-	-	-	-
(4)	Commission	-	-	-	-	-
(5)	Others (B)					
	- Employer contribution to provident fund and other funds	0.20	0.03	0.05	0.01	0.29
	- Variable Bonus	5.00	0.70	0.16	0.06	5.92
	- Gross remuneration from Cipla USA Inc. as Chief Strategy Officer***	0.76	-	-	-	0.76
	Total (A+B)	**13.66**	**3.13**	**1.49**	**0.24**	**18.52**

The remuneration of Mr. Umang Vohra has been disclosed for the full financial year 2016-17 for serving the organisation at various positions i.e. as Global Chief Operating Officer and Global Chief Financial Officer upto 31st July, 2016; Global Chief Operating Officer from 1st August, 2016 to 31st August, 2016 and Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016.
@ Appointed w.e.f. 1st August, 2016. Hence, remuneration is for the period from 1st August, 2016 till 31st March, 2017.
^ Relinquished office as Company Secretary w.e.f. 9th February, 2017. However, remuneration is for the period from 1st April, 2016 till 31st March, 2017.
* Appointed as Company Secretary w.e.f. 9th February, 2017. However, remuneration is for the period from 1st February, 2017 till 31st March, 2017.
$ Value of perquisites u/s 17(2) of the Income-tax Act, 1961 does not include perquisite value of stock options exercised during the year. The same has been shown separately in point no. (2).
& Since the value of perquisite is only ₹ 28,800, the amount has been shown as ₹ 0.00 crore.
** Since the value of perquisite is only ₹ 12,000 the amount has been shown as ₹ 0.00 crore.
*** Amount paid in USD and converted into INR at an average rate for the year ended 31st March, 2017 (1 USD = ₹ 67.03).

VII. Penalties / Punishment / Compounding of Offences (under the Companies Act, 2013): None

On behalf of the Board

Date: 25th May, 2017
Place: Mumbai

Y. K. Hamied
Chairman

Annexure VI

Secretarial Audit Report

For the financial year ended 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Cipla Limited
Cipla House
Peninsula Business Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai - 400 013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Cipla Limited having CIN No. L24239MH1935PLC002380 (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March, 2017 (the 'audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

(i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India related to Board and general meetings.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We have also examined, on test check basis, the relevant documents and records maintained by the Company according to the following laws applicable specifically to the Company:

(i) The Drugs and Cosmetics Act, 1940;

(ii) The Narcotic Drugs and Psychotropic Substances Act, 1985;

(iii) The Drugs (Prices Control) Order, 2013

Based on such examination and having regard to the compliance system prevailing in the Company, the Company has complied with the provisions of the above laws during the audit period.

During the period under review, provisions of the following Regulations were not applicable to the Company:

i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

ii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

iv. The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998.

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board meetings in compliance with the provisions of section 173(3) of the Companies Act, 2013. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the year under review.

We further report that there were adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was no specific event / action having a major bearing on the Company's affairs in pursuance to the laws, rules, regulations, guidelines, etc. referred to above.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No.P2014MH037400]

Prakash Pandya
Partner
FCS 3901 / CP No.2311

Date: 11th May, 2017
Place: Mumbai

Note: This report is to be read with our letter of even date which is annexed as Appendix A and forms an integral part of this report.

Appendix A

To,
The Members
Cipla Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Cipla Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records under applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts are reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

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

5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]

Prakash Pandya
Partner
FCS 3901 / CP No.2311

Date: 11th May, 2017
Place: Mumbai

Annexure VII

Criteria For Determining Qualifications, Positive Attributes And Independence Of Director

Qualifications:

a. The Director shall be free from any disqualifications as stipulated under the Companies Act, 2013 and rules made thereunder as well as Listing Agreement as amended from time to time.

b. The Director shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or such other areas related to the Company's business as determined by Nomination and Remuneration Committee.

Positive Attributes:

The Director shall

a. uphold ethical standards of integrity and probity;

b. act objectively and constructively;

c. exercise responsibilities in a bona-fide manner in the interest of the Company;

d. assist the Company in implementing the best corporate governance practices.

Independence Criteria:

a. An Independent Director shall meet the criteria of independence as stipulated under the Companies Act, 2013 and rules made thereunder as well as Listing Agreement as amended from time to time.

b. An Independent Director shall be under the obligation to inform the Board of Directors of any change in circumstances which may affect his/her independence.

Business Responsibility Report

Preamble

Social responsibility and community care are at the heart of Cipla. As the Company strongly believes in the philosophy of 'Caring for Life', every action it takes is driven towards realising this ideology. Cipla with its global presence is spreading care across communities in its vicinity and beyond. The Company intertwines care for the environment, social responsibilities and governance aspects with its core philosophy of Caring for Life.

As a responsible corporate citizen, Cipla is focused on reaching more people with affordable healthcare options; promoting sustainable livelihoods; and enhance the quality of life for the marginalised population.

This report illustrates Cipla's efforts towards creating enduring value for all its stakeholders in a responsible manner. The Business Responsibility Report (BRR) covers Cipla's India operations and is aligned with National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by Ministry of Corporate Affairs, and is in accordance with clause (f) of sub regulation (2) of regulation 34 of Securities and Exchange Board of India's (SEBI) Listing Regulations.

Cipla's business performance and impacts are disclosed based on the nine principles as mentioned in NVGs

PRINCIPLE 1
Ethics Transparency & Accountability

PRINCIPLE 2
Product Life Cycle Safety and Sustainability

PRINCIPLE 3
Employee Well-Being

PRINCIPLE 4
Stakeholder Engagement

PRINCIPLE 5
Human Rights of Stakeholders

PRINCIPLE 6
Environmental Protection

PRINCIPLE 7
Responsible Policy Advocacy

PRINCIPLE 8
Inclusive Growth and Equitable Development

PRINCIPLE 9
Customer Value Creation

Section A: General Information about the Company

Corporate Identity Number (CIN) of the Company: L24239MH1935PLC002380

Company's name: Cipla Limited

Registered address:
Cipla House, Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400 013

Website: www.cipla.com

E-mail id: csr@cipla.com

Financial year reported: 1st April, 2016 to 31st March, 2017

Sector(s) that the Company is engaged in: The Company is engaged pharmaceuticals business under Group 210 and Class 2100 as per the National Industrial Classification 2008 (NIC) by the Central Statistical Organization, Ministry of Statistics and Program Implementation.

List three key products/services that the Company manufactures/provides (as in balance sheet): Foracort, Asthalin and Seroflo

Total number of locations, where business activity is undertaken by the Company: Cipla has presence in over 80 countries, globally.

1. **Number of international locations:** South Africa, USA, Uganda, Europe, Yemen

2. **Number of national locations:**
   Cipla has 43 state-of-the-art manufacturing facilities for API and formulations, across the states of Maharashtra, Goa, Madhya Pradesh, Karnataka, Himachal Pradesh and Sikkim.

Markets served by the Company – local/state/national/international: The major markets that Cipla serves are India, Uganda and South Africa, USA, Yemen and Europe.

Section B: Financial Details of the Company

Sr. No	Particulars	Details as on 31st March, 2017 (₹)
1.	Paid up capital	160.90 crore
2.	Total turnover	10637.08 crore
3.	Total profit after tax	974.94 crore
4.	Total spending on corporate social responsibility (CSR) by the Company	Cipla spent an amount of ₹ 28.25 crore on CSR through Cipla Foundation and Cipla Cancer & Aids Foundation.
5.	List of activities in which expenditure in 4 above has been incurred	Health, Education, Skilling and Disaster response.

Section C: Other Details

As on 31st March, 2017, the Company had seven Indian and forty-six overseas subsidiary companies. Almost all the subsidiaries of Cipla are aligned with the Company's BR Initiatives. The Company encourage its other stakeholders e.g. suppliers, distributors, local communities, and other stakeholders in the value chain to participate in its BR initiatives, however it does not track the actual participation and therefore for reporting purposes the percentage of such entities who participate in BR initiatives is less than 30%.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director responsible for implementation of the BR policy:

- DIN: 02296740
- Name: Mr. Umang Vohra
- Designation: Managing Director and Global Chief Executive Officer

b) Details of the BR Head:

- DIN Number (if applicable): Not Applicable
- Name: Mr. Rajendra Chopra
- Designation: Company Secretary
- Telephone No.: 022-24826951
- Email-id: cosecretary@cipla.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy /policies for....	Yes								
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes								
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Cipla's policies are based on the NVGs on Social, Environmental and Economical Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July 2011. Cipla's Environment Policy is as per the requirements of ISO 14001, Environment Management System.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director	Yes								
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes								
6.	Indicate the link for the policy to be viewed online?	http://www.cipla.com/en/csr/overview.html								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to employees through the Intranet and external stakeholders through the Company's website (www.cipla.com)								
8.	Does the Company have in-house structure to implement the policy/ policies?	Yes								
9.	Does the Company have a grievance redress mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The policies are evaluated internally.								

3. Governance related to BR

The Company's BR performance is periodically monitored by the BR Head and reviewed by the CEO annually, to provide any strategic direction to these initiatives, if required.

The Company has been regularly publishing its Business Responsibility Report since FY 2012-13. All the reports (including the report for the financial year 2016-17) have been uploaded on the Company's website and can be viewed at www.cipla.com

Section E: Principle-Wise Performance

PRINCIPLE 1 Ethics Transparency & Accountability

Cipla's commitment to good governance has led to enhanced stakeholder's value and protection of their interests. The Company has always emphasised on the values of fairness, transparency and accountability for performance at all levels. To implement its commitment to good governance Cipla has adopted a business Code of Conduct (Code). The Code's main objective is to guide employees and Directors to conduct business in an ethical, responsible and transparent manner. The Code directs that any Director or employee of Cipla shall not engage in any business, relationship or activity, which might detrimentally conflict with the Company's interests.

The Code accentuates the need for transparency at Cipla, as it directs all Directors and employees of the Company to conduct the business with utmost transparency - except where the needs of business security dictate otherwise. The Code further prescribes that such transparency shall be brought about through appropriate policies, systems and processes. The Company expects its conduct to be extremely transparent and aims to be perceived as a transparent organisation by third parties. Cipla does not tolerate any kind of bribery or facilitation payment.

The Company's corporate governance framework is bolstered by a Vigil Policy that serves as a mechanism to report concerns about unethical behaviour and actual or suspected fraud. It is available to the employees and Directors to contribute to Cipla's high ethical standards. The Vigil Policy allows people to report genuine concerns without fear of reprisal, and helps ensure that the Company continues to uphold its high standards.

In FY 2016-17, the Company received six complaints and all were duly investigated and stand closed as on the date of this report.

PRINCIPLE 2 Product Life Cycle Safety and Sustainability

Cipla is among the world's leading generic pharmaceutical manufacturers. It has been at the forefront of research and development, with a mission to provide affordable and accessible medicines for all. With the principle of "None shall be Denied", Cipla has, through its persistent efforts, been able to scale down prices of some of the world's most expensive medicines used for treatment of cancer, HIV/AIDS, pulmonary and other rare diseases, among others. The Company is consistently working towards making its products more affordable. Few products that testify Cipla's sustained efforts towards providing affordable medicines are:

1. **Iron Chelators** – For Thalassaemia, Cipla is the only company to have both the oral iron chelators (Deferiprone and Deferasirox) at an affordable price.

2. **HEPCVIR & HEPCVIR L** – For Hepatitis C infection

3. **HEPCDAC** – For Hepatitis C infection

Cipla is cognizant of the importance of adopting world-class environmental and social practices at its manufacturing locations. The Company manufactures and distributes a wide range of branded formulations, generics and active pharmaceutical ingredients at its cutting–edge manufacturing facilities. It has a multi-product, multi-facility production system and hence, it is not possible to determine product-wise energy consumption. Variations in energy consumption patterns have been observed in manufacturing units based on product mix, batch size and time cycle, among others. Further, as consumption of energy per unit depends on the product mix, it is difficult to set specific standards to ascertain reduction achieved at product level.

Cipla consistently strives to reduce raw material consumption during API manufacturing. These efforts resulted in a 10-15% reduction in the consumption of raw materials in FY 2016-17 in around seven APIs. Simultaneously, the Company is making efforts to diminish raw material usage in manufacturing and packaging.

To strengthen its commitment to lifecycle safety and sustainability, Cipla has implemented several measures to reduce energy and water consumption through specific energy and water saving projects. These measures have helped the Company to save about 2% energy on a year-on-year basis. The Company's major facilities are ISO 50001 Energy Management System certified.

Cipla's products do not have any broad-based impact on energy and water consumption by consumers.

The Company has identified various opportunities to save energy by implementation of new technology, energy source substitution and use of renewable energy sources. Moreover, it has employed electronic control application, replacement and / or upgradation of selective system components to diminish energy consumption. Some of the major projects pursuant to the afore-mentioned are listed in the paragraph under Principle 6 of this report.

Cipla follows a formula of 'reuse, recycle and repurpose' wherever possible. The Company's API plants with 'zero liquid discharge' recycles waste water to reduce intake of fresh water by 40%. Similarly, its formulation units use waste water for gardening, diminishing use of fresh water by 20%. The Company is consistently pursuing new methods to decrease generation of waste at source. It disposes wastes as per statutory environmental permits.

Cipla follows a strategic approach towards waste minimisation and recycling. The Company recycles almost 20% solvents in API manufacturing. Through consistent monitoring the Company is aiming to minimise its solvent loss. During FY 2016-17, Cipla has reduced solvent loss by about 5% vis-à-vis last year across all API units. The Company strategically manages its mixed solvents (also known as mother liquors) by selling them to authorised solvent recovery plants.

Cipla has a well-defined and documented procedure for vendor approval. The Company procures all raw materials only from approved domestic and overseas vendors. Cipla's procurement team along with its Vendor Quality Management Team conduct vendor audits. The audits serve to provide relevant quality checks; and statutory documents are arranged and recorded for the vendor approval procedure.

Besides, the Company procures goods and services from local and small producers, located near its manufacturing sites. This enables Cipla to promote growth and development in its vicinity while reducing lead time, inventory and transportation cost. Moreover, the Company extends technical support and guidance to vendors in developing new products, procedures and automation. In addition, the Company shares knowledge and good practices with respect to new regulations. On site trainings are conducted at supplier's end to improve quality and awareness in-shop floor workers. The Company also promotes local alternatives to reduce dependency on import.

PRINCIPLE 3 Employee Well-Being

Cipla believes its workforce drives its success. Hence, employee well-being and holistic development are at the top of Cipla's Human Resource (HR) agenda. The HR agenda aims to create a high-performance work culture, while building employee capabilities that deliver, and enable effective cross-functional roles. The Company's Code ensures to build a workplace based on trust, mutual respect and personal growth for all. Its people policies endeavour to provide an inspiring work environment that is safe, secure, non-discriminatory and rewarding with definitive career paths for everyone. A zero-tolerance approach is adopted towards issues concerning discrimination on the grounds of race, religion, nationality, ethnic origin, colour, gender, age, citizenship, sexual orientation, veteran status or any disability.

1.	Total number of employees	23,043
2.	Total number of employees hired on contractual/ casual basis	9,331
3.	Number of permanent women employees	2,562
4.	Number of permanent employees with disabilities	To eliminate any possibilities of discrimination, Cipla does not record any information regarding employee disabilities.
5.	Do you have an employee association that is recognised by management?	Yes, Cipla has three employee associations, one each at Patalganga, Kurkumbh and Bangalore for permanent employees employed at these locations.
6.	What percentage of your permanent employees are members of this recognised employee association?	1. Patalganga: 9.94% of total permanent employees at Unit 1 (Unionised Workers: 96, Total Headcount: 966).
		2. Kurkumbh: 4.48% of total permanent employees at Unit 1 (Unionised Workers: 56, Total Headcount: 1249).
		3. Bangalore: 10.79% of total permanent employees at Virgonagar Unit (Unionised Workers: 64, Total Headcount: 593).

The Company has a strict Prevention of Sexual Harassment Policy (POSH) in accordance with the statutory requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All such complaints are diligently reviewed and investigated by an Internal Committee (IC) constituted under the POSH. During the last financial year, Cipla has undertaken several measures for creating awareness on POSH, some of them being; POSH Refresher Awareness / Training programmes were conducted for employees, managers and IC members to educate and equip them to handle POSH cases appropriately.

There were no instances of any child labour, forced or involuntary labour, discriminatory employment during the FY 2016-17. A total of three cases were reported under POSH during FY 2016-17, and all cases have been satisfactorily addressed and appropriate action taken.

Learning and Development (L&D)

While Cipla has always placed great importance in developing knowledge and skills of its employees as a means of gaining and retaining its competitive edge, this agenda took a giant leap this year with the conceptualisation and launch of Cipla University, which is a strategic learning vehicle to drive OneCipla capability building. Cipla University aspires to support the Company in achieving its current aspirations and make it future ready by providing best-in-class training and promoting continuous learning.

As a means of actualising this, it has under its fold a OneCipla Leadership Academy, which will build leadership and managerial skills across the employee life cycle and domain specific Functional Academies. In the past year, some notable contributions of Leadership Academy include:

- Steering the design and launch of Cipla's First Principles including exhaustive efforts to enroll all employees starting with senior leadership;
- Anchoring the 360 degree process for senior leadership; launching executive coaching for select leaders;
- Executing growth summit for top 70 leaders as a means of chartering the Company's growth agenda;
- Rolling out MiCipla – Cipla's signature induction programme

In the functional domain, Sales Academy was launched in January 2017. In its phase one, Sales Academy has played a significant role as a key enabler to the Sales Force Effectiveness process. Technical Academy and IPD Academy are poised for launch. In phase one, technical academy will focus on building sterile capabilities and IPD Academy will place its emphasis on capabilities related to developing First Time Right products.

All academies will cater to the global organisation over a period of time and ensure OneCipla approach to capability building.

As a means of creating a culture of self-learning, an online platform called Keep Educating Yourself (KEY) utilising the Massive Open Online Courses was launched to address some of the fundamental work skills of employees.

Cipla University introduced and institutionalised the powerful 'Six Disciplines of Breakthrough Learning' as its design framework, which is a powerful tool for defining and measuring the business impact of learning.

Employee Safety

At Cipla, safety is an integral component of the management system, where Environment Health and Safety (EHS) management is viewed as an investment rather than an expense. The Company's focus on safety measures remains unwavering as it believes breach of safety norms can lead to major disruptions for the business. Thus, Cipla invests in equipment with built-in safety features to reduce chances of accidents. The Company follows the principle of first time right. Thus, it spends a large part of the project development time in designing the right factory that ensures safety of its people. As a commitment to its principle of getting first time right, the Company adopt measures to eliminate or at least minimise risks at source. For Cipla personal protective equipment (PPE) is the last resort.

Moreover, Cipla is striving to maximise the use of green chemistry in designing its manufacturing processes, which helps greatly in reducing risks. In addition, the Company is focused on training its employees and contractors that helps in further reducing risks. Besides, Cipla has created EHS review committees at its factory and department levels to execute and monitor the EHS improvement plans.

Category	Skill-Upgradation Trainings	Safety Training (Hrs.)
Permanent Employees	11,087	20,348
Permanent Women Employees	943	2,403
Casual/ Temporary Employees	2,257	4,050
Contract Workers	2,560	19,890
Employees with disabilities	To eliminate any possibilities of discrimination, Cipla does not record any information regarding employee disabilities.	

PRINCIPLE 4 Stakeholder Engagement

Stakeholder engagement at Cipla is a constructive process, which enables the Company to devise strategies that mirror stakeholder expectations and address their concerns. The Company has developed mechanisms to engage various stakeholders; and the outcome of these engagements help in business planning and improvement. Additionally, the Company engages with stakeholders as and when they seek information and strive to provide them reliable information.

The major stakeholders identified by Cipla are employees, contract workers, customers, chemists, government bodies, shareholders or investors, distributors, stockists, doctors, patients, healthcare providers, business partners, contractors or vendors or suppliers and local communities, among others.

Besides, Cipla works closely with the disadvantaged, vulnerable and marginalised groups. These include the elderly and the specially-abled, patients from low socio-economic strata, cancer patients, and people from disaster affected communities.

PRINCIPLE 5 Human Rights of Stakeholders

Cipla follows a philosophy towards respecting human rights and upholding the dignity of every individual associated with the Company. The Company showcases a strong commitment to human rights and its policy on maintaining the same is detailed in its Corporate Responsibility Policy under 'Human Rights' sub-section. The Constitution of India, the United Nations' Universal Declaration of Human Rights (UNDHR), International Labour Organization (ILO) guidelines and the Indian Factories Act, 1948 provide the overarching framework for the Company's approach towards human rights.

Cipla strives to provide a non-discriminatory and harassment-free workplace for all employees and contract staff. Moreover, all employees and contract staff are empowered to report any incidents of discrimination and harassment. Besides, the Company mandatorily reviews and monitors the statutory compliance of all contractors on minimum wage payments. Through its induction programme and periodic communication regarding Cipla's values, the Company sensitises its employees and contractors on aspects of human rights.

In FY 2016-17, no stakeholder complaints pertaining to human rights violations were received.

PRINCIPLE 6 Environmental Protection

Cipla, as a responsible corporate citizen, is committed to conducting its operations in an environment friendly and sustainable manner. For the Company, environmental protection is an integral part of its business sustainability plan.

The policy dealing with Health, Safety and Environment illustrates our stand towards environmental protection that we have implemented and is applicable to all employees, workers, contractors and sub-contractors of the Company.

All manufacturing sites of Cipla in India are ISO 14001 certified for Environmental Management System. The Company assesses environmental aspects and its impacts of its activities, products and services based on which, the Company undertakes corrective and preventive measures to minimise the impacts. The Company has placed several environmental risk abatement measures in place by installing state-of-the-art waste management facilities that are continuously monitored. Moreover, Cipla is focusing on resource conservation as an integral part of the system. The Company has no pending show cause / legal notices from pollution control authorities.

During the year, Cipla undertook the following key environmental initiatives that have contributed towards reduced carbon footprint:

1. **Renewable Energy Utilisation:**
   a. Installation of roof top 130 kWp solar power plant in Goa, and 35 kWp solar power plant in Kurkumbh.

   b. Solar light pipe installation for natural illumination in Acid Store at Kurkumbh

   c. Solar system for hot water generation using evacuated tube type solar collector (panel) with capacity of 300000 Kcal/day. This helps in saving thermal (steam) energy and reduce the steam consumption at Patalganga.

2. **Water Recycling:** Biologically treated effluent is recycled through double stage Reverse Osmosis system at Kurkumbh. This is utilised for Boiler feed and Cooling tower makeup.

3. **Reducing energy consumption through adopting Energy Efficiency measures: All major manufacturing units in India are certified to ISO 50001: Energy Management System (EnMS). Few major initiatives under this, during the year:**
   a. Phase out plan of equipment having life more than 10 years by replacing old motors with new energy efficient motors and pumps at Kurkumbh and Patalganga.

   b. Energy efficient light fixtures installed at Baddi, Bommasandra, Goa, Indore, Kurkumbh, Patalganga, Sikkim and Virgonagar.

   c. Installation of heat recovery from air compressor and autoclave at Goa; supply of chilled water from a centralised common chiller instead of a dedicated chiller at Virgonagar; replacement of conventional hot water system with PHE (Plate Heat Exchanger) based hot water system at Kurkumbh and Bommasandra.

   d. Modification of compressed air pipe line for separation of instrumentation and high pressure line at Virgonagar for need based requirements.

   e. Optimising the precooling coil chilled water flow of AHU cum dehumidifier at Indore.

   f. Optimisation of aeration blower of ETP by use of right capacity blowers at Baddi.

   g. New technology absorption through installation of Envelope/Integrated Variable Speed (IVS) pump for cooling water based on process requirement at Patalganga.

h. On-line auto-clean filtration system for cooling water at Kurkumbh and Patalganga.

i. Installation of automatic valve for chiller performance improvement at Kurkumbh.

j. Installation of Variable Frequency Drive (VFD) system for various process and utility equipment like AHU fan blower, pumps, and process equipment, among others at Bommasandra, Goa, Kurkumbh, Patalganga. Newly purchased equipment is equipped with VFD.

k. Process area equipment usage optimisation:
   i. Interlocking of process area equipment with ventilation system at Goa for solid OSD manufacturing,

   ii. On/Off Logic implementation for HVAC system at Goa and Baddi through BMS.

   iii. AHU operation optimisation at Indore.

4. Environment Protection Initiatives

a. Installation of 'Volute' - 4^{th} generation dewatering equipment from Japan saving more than 99% of electrical energy with respect to conventional decanter centrifuges at several sites.

b. Installation of poly house for drying of dewatered sludge at Bommasandra and Kurkumbh. This reduces the volume of sludge by over 80% and enhances fuel conservation during transportation.

c. Installation of Energy conserving CSTR based anaerobic digester for treatment of high COD effluent stream at Kurkumbh. This recovers methane, a greenhouse gas, which is flared.

d. Installation of energy efficient and environmental friendly modified Phytorid system for treatment of sewage at Indore.

e. Implementation of well-structured utility leak arrest programme at Baddi, Bommasandra, Goa, Indore, Kurkumbh, Patalganga, Sikkim and Virgonagar. Replaced PU (polyurethane) tube with PPCH (Pneumatic Piping for Compressed air Handling) / SS pipes for FBD in API plant to avoid the air leakages and to minimise the breakdown time at Patalganga and Kurkumbh.

f. Implementation of online monitoring system for ETP discharges at all the API manufacturing plants.

PRINCIPLE 7 Responsible Policy Advocacy

Cipla works closely with multiple national and international industry and trade associations. It is represented in Indian Pharmaceutical Association (IPA); Federation of Pharma Entrepreneurs (FOPE); Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of Indian Industry (CII), among others. Through active participation across these platforms, Cipla ensures to advance its views on new standards or regulatory developments pertaining to the pharmaceutical manufacturing industry. Besides, its policy agenda in these circles is centred around affordability, economic reforms, best practices, corporate governance and corporate social responsibilities, among others. The Company endeavours in making sound policy decisions to drive change in public policies that are beneficial to the industry. Moreover, it endorses inclusive development policies and sustainable development principles through participating in CSR forums, which have such agendas.

PRINCIPLE 8 Inclusive Growth and Equitable Development

Cipla is aware that an enterprise possesses the entrepreneurial energy to transform communities through their Corporate Social Responsibility (CSR) initiatives. CSR activities of Cipla are guided by the philosophy of Caring for Life. The Company's CSR strategy continues to be a holistic framework incorporating its CSR principles for sustainability. With the key objective of reaching the unreached, the Company executes its CSR programmes to make services available, accessible and affordable to communities, especially the vulnerable and high-risk groups like the specially-abled and the elderly.

Cipla's CSR efforts continue to focus on the four pillars of Health, Education, Skilling and Disaster Response for relevant target groups, ensuring diversity of beneficiaries.

The Company undertakes CSR programmes in line with the requirements of the section 135 of the Companies Act 2013. The Company has instituted a CSR policy duly approved by the Board. In an endeavour to achieve its vision and fulfil its commitment to be a socially responsible corporate citizen, the CSR policy was formulated with the following objective:

To undertake projects or programmes which will enhance the quality of life and economic well-being of the communities in accordance with Schedule VII of the Companies Act, 2013 (Act) and read with the Companies (Corporate Social Responsibility Policy) Rules 2014 (Rules), as amended from time to time.

The Company's CSR projects are initiated and undertaken through:

- Cipla Foundation
- Cipla Cancer & Aids Foundation (CCAF) and
- Implementing Partners

Cipla has collaborated with various stakeholders and domain experts on multiple projects to ensure social wellbeing. The Company's CSR spend has increased substantially in FY 2016-17 over the previous few years.

The Company has spent an amount of 28.25 crore on CSR in the FY 2016-17.

For more details on the Company's CSR activities, please refer to Cipla's CSR Report forming part of Cipla's Annual Report 2016-17 and available on the Company's corporate website.

PRINCIPLE 9 Customer Value Creation

Cipla has always had a customer-first approach and is committed to deal with its customers in a professional manner and maintain the highest standards of integrity and honesty. The Company has in place a Standard Operating Procedure (SOP) for providing facts about its products. Part of the SOP is to create awareness with respect to dosage compliances and guidance on taking complete course of prescribed treatment. Cipla has a dedicated website www.ciplamed.com, which is aimed at meeting the needs of any stakeholder. This website is directed to meet the needs of medical professionals who require information about Cipla's products, dosages, potential side effects and more.

Cipla follows the packaging and labeling standards, regulations and guidelines for producing any promotional material. It has recently formed a Business Ethics and Compliance team to ensure that internal compliances are followed for promotion, advertising and partnering with HCPs.

There is no significant case filed and pending as on the end of FY 2016-17 against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour. The Company has put adequate checks and balances to ensure that the business is conducted in a fair and responsible manner.

A structured customer complaint redressal system helps address customer concern or grievance which either pertain to mainly:

1. Product quality; and
2. Drug safety.

All product quality related complaints received from customers are acknowledged, investigated and responded as per the Standard Operating Procedures prescribed by the Corporate Quality Assurance (CQA). Any customer complaint lodged is passed on to the individual unit for investigation; and wherever necessary a Corrective Action Preventive Action (CAPA) is generated. CAPA generated for any complaint is assessed for Global CAPA, wherein the CAPA generated by one unit is shared with other units manufacturing the same dosage form or having same systems. Thus, evaluating the same and taking necessary action to prevent the reoccurrence of similar kind of complaints. A strong change management process is in place at the Company through which impact analysis is undertaken before any change is permitted.

There were 2,383 such complaints received in FY 2016-17 of which 185 complaints are under investigation. Preliminary responses have been provided for these complaints and appropriate action is being taken to address them. There has been no impact on product quality and patient safety.

Cipla has developed a strong global pharmacovigilance system along with SOP for handling and processing safety related complaints received from consumers, patients and healthcare professionals. The Company has a dedicated phone line and a mailbox wherein safety related complaints are received. Each complaint is diligently followed up with the reporter to enquire the patient's safety and to get adequate information to assess the safety profile of a drug. Cipla's field team, being an important link between the Company and end-users, is sensitised periodically about importance of pharmacovigilance through appropriate trainings.

In FY 2016-17, 4,839 drug safety related complaints were received of which 35 are under investigation. After thorough investigation of all complaints, it was found that there was no concern regarding safety profile of any product.

Report on Corporate Governance

Company's Philosophy on Code of Governance

The Company is committed to good corporate governance. The Company respects the rights of its shareholders to obtain information on the performance of the Company. Its endeavour has always been to maximise long term value to shareholders of the Company. The Compliance Report on Corporate Governance herein signifies compliance with the mandatory requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

Governance Structure

The Board of Directors (the Board), with eminent personalities from diverse fields, is at the apex level of the governance structure. The Board has constituted various committees and has assigned them specific roles and responsibilities as per the provisions of the Companies Act, 2013 (the Act) and the SEBI Listing Regulations.

The overall management of the Company's affairs is entrusted to the Managing Director and Global Chief Executive Officer who functions under the aegis of the Board. He is supported by the Management Council (MC), which is responsible for all operational and strategic agenda of the organisation. Apart from the Managing Director and Global Chief Executive Officer, MC currently comprises Global Head – Quality, Global Head – Integrated Product Development, Global Chief People Officer and Global Chief Financial Officer. In keeping with the Company's emphasis on R&D, Quality and People, these functions are represented in the MC, of which 40% are women. The MC has been constituted to integrate the top leadership, to provide strategic direction leading to a stronger and healthier organisation, to drive company-wide processes, systems, policies, and to function as role models for leadership development. The MC provides cross-functional and cross-business perspectives on organisational issues. The MC leads multiple departments and business units across various facets of the Company's operations.

Board of Directors

Composition of the Board

The Board acknowledges the importance of diversity in its broadest sense in the Boardroom, as a driver of effectiveness. For the Board, diversity encompasses difference of perspective, experience, education, background, ethnicity, gender and other personal attributes.

The Board of Directors comprises people from diverse backgrounds. The composition of the Board is in compliance with the Act, the SEBI Listing Regulations and also in accordance with the best practices in Corporate Governance. The Board represents an appropriate composition of Executive, Non-Executive and Independent Directors.

At present, the Board has 12 Directors. With Independent Directors comprising 60% of its Board, women forming 33%, and celebrated leaders from around the world representing disciplines such as medicine, finance, business management and corporate planning, the Company continues to set the pace for the industry.

Of the 12 Directors, three are Executive, two including the Chairman are Non-Executive, and seven are Non-Executive Independent Directors.

Independent Directors

The Act and the SEBI Listing Regulations define 'Independent Director'. All the Independent Directors of the Company meet the baseline definition of Independent Directors. At the time of appointment and thereafter at the beginning of each financial year, the Independent Directors submit a self-declaration, confirming their independence and compliance with various eligibility criteria, among other disclosures. All such declarations are placed before the Board for information and noting.

The Independent Directors are given a formal letter of appointment containing the terms of appointment, roles, duties and code of conduct, among other items. The draft letter of appointment is available on the Company's website at http://www.cipla.com/en/investor-information/shareholder-information.html

The Independent Directors met three times during FY 2016-17 i.e. on 24th May, 2016, 12th August, 2016 and 9th November, 2016. The Independent Directors, *inter-alia*, reviewed the performance of Non-Independent Directors, the Chairman and the Board.

Role of the Board of Directors

The Board of Directors is the apex body constituted by shareholders to oversee the Company's overall functioning. The Board provides the strategic direction and guidance to the management and reviews operations of the Company with the management. Besides, it also ensures that shareholders' long term interests are being served.

To ensure effective management, the Board is given presentations covering Finance, Sales, Marketing, the Company's major business segments and their operations, overview of business operations of major subsidiary companies, global business environment, the Company's business areas including business opportunities and strategy, and risk management practices, before taking on record the Company's quarterly/annual financial results.

The matters required to be placed before the Board, *inter-alia*, include:

- Annual operating plans, capital budgets and updates therein;
- Quarterly and annual consolidated and standalone results & financial statements of the Company;
- Minutes of meetings of the Board and Board Committees, resolutions passed by circulation, and Board minutes of the unlisted subsidiary companies;
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary;
- Material important show cause, demand, prosecution notices and penalty notices, if any;
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any;
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company;
- Any issue which involves possible public or product liability claims of substantial nature, if any;
- Human resource updates and strategies;
- Quarterly compliance certificates which includes non-compliance of any regulatory, statutory nature or listing requirements and shareholders service;
- Appointment, remuneration and resignation of Directors;
- Formation/re-constitution of Committees;
- Disclosures received from Directors;
- Proposals requiring strategic guidance and approval of the Board;
- Related party transactions;
- Regular business updates;
- Update on Corporate Social Responsibility activities;
- Significant changes in accounting policies and internal controls;
- Takeover of a company or acquisition of a controlling or substantial stake in another company;
- Report on action taken on previous Board meeting decisions.

Familiarisation Programme for the Board Members

The Company has in place a system to familiarise the Independent Directors with the organisation, its products, business and on-going events. Presentations on business units and subsidiary companies are made to the Directors from time to time as part of Board discussions where Independent Directors get an opportunity to interact with senior leaders of the Company. The Company built further on such efforts by organising a strategy retreat for Board members in Goa during the year under review. This retreat facilitated meaningful discussions between members of the Board and the senior management on the present and future of the Company, its mission and values.

Details of the familiarisation programme for the Independent Directors are put up on the Company's website at http://www.cipla.com/en/investor-information/shareholder-information.html

Board Evaluation

In terms of the provisions of the Act and the SEBI Listing Regulations, a performance evaluation of the Board, its Committees and individual Directors are required to be carried out on an annual basis.

The Company had engaged a consulting firm to carry out this evaluation of the Board, its Committees and individual Directors for FY 2016-17. The process took the form of questionnaires followed by structured interviews with individual Directors. Representatives of the consulting firm also interviewed a few senior members of the executive team.

Various criteria were used for the performance evaluation. These included:-

- The Board - composition and structure, roles and responsibilities of members, key processes, information flows, quality of engagement etc.
- The Committees - composition and structure, roles and responsibilities, information availability, effectiveness of committee meetings, recommendations to the Board etc.
- The individual Directors including the Chairman, and the Managing Director and Global Chief Executive Officer - attendance at meetings, preparedness on the key issues for discussion, quality of contributions, responsibility towards stakeholders etc.

The responses received from the Board members were compiled and a report was submitted by the consulting firm. The report was discussed at the Independent Directors' Meeting, Nomination and Remuneration Committee Meeting and Board meeting held in May 2017, and the suggestions to further strengthen the effectiveness of the Board were noted for action.

The performance of the Managing Director and Global Chief Executive Officer for FY 2016-17 was evaluated on various financial and non-financial parameters in areas such as strategy, operations and quality, organisational capabilities etc.

Board Meeting Schedules and Agenda

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from statutory and other matters. The Board and Committee meetings are pre-scheduled and a tentative annual calendar of the meetings are circulated to the Directors well in advance to facilitate planning of the their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed in the subsequent Board meeting.

The Company Secretary drafts the agenda for each meeting, along with explanatory notes, in consultation with the Chairman / Vice-Chairman and Managing Director and distributes these in advance to the Directors. In special and exceptional circumstances, additional or supplementary item(s) are permitted to be taken up as 'any other item' with the permission of the Chairman and consent of a majority of Board members / Committee members.

Number of Board Meetings

Seven Board meetings were held during FY 2016-17. The dates are: 24th May, 2016; 8th June, 2016; 12th August, 2016; 28th September, 2016; 9th November, 2016; 19th December, 2016 and 8th February, 2017.

Information about the attendance of Directors at the Board Meetings either in person or through video conference during FY 2016-17 and at the last Annual General Meeting (AGM), inter-se relationship between Directors, number of Directorships held in other Indian companies and Committee memberships/chairmanships held in other Indian public companies as on 31st March, 2017 is as follows:

Name	Category	No. of Directorships held in other Indian companies	No. of Committee Memberships/Chairmanships held in other Indian public companies[1]		No. of Board Meetings attended (total held during tenure)	Attendance at last AGM held on 28th September, 2016
			Memberships	Chairmanships		
Dr. Y. K. Hamied (DIN: 00029049)	Non-Executive / Non-Independent Directors	Nil	Nil	Nil	3 (7)	No
Mr. M. K. Hamied (DIN: 00029084)	Non-Executive / Non-Independent Directors	1	Nil	Nil	6 (7)	Yes
Mr. Subhanu Saxena [2] (DIN: 06620380)	Executive Directors	Not Applicable	Not Applicable	Not Applicable	2 (3)	Not Applicable
Mr. Umang Vohra [3] (DIN : 02296740)	Executive Directors	Nil	Nil	Nil	4 (4)	Yes
Mr. S. Radhakrishnan (DIN: 02313000)	Executive Directors	1	Nil	Nil	7 (7)	Yes
Ms. Samina Vaziralli (DIN: 00027923)	Executive Directors	2	Nil	Nil	7 (7)	Yes
Mr. Ashok Sinha (DIN: 00070477)	Independent Directors	6	5	Nil	7 (7)	Yes
Dr. Peter Mugyenyi (DIN: 06799942)	Independent Directors	Nil	Nil	Nil	4 (7)	Yes
Mr. Adil Zainulbhai (DIN: 06646490)	Independent Directors	7	7	5	5 (7)	Yes
Ms. Punita Lal (DIN: 03412604)	Independent Directors	4	Nil	Nil	5 (7)	No
Ms. Naina Lal Kidwai (DIN: 00017806)	Independent Directors	4	Nil	Nil	6 (7)	Yes
Ms. Ireena Vittal [4] (DIN: 05195656)	Independent Directors	11	9	Nil	1 (2)	Not Applicable
Mr. Peter Lankau [5] (DIN: 07688110)	Independent Directors	Nil	Nil	Nil	1 (1)	Not Applicable

(1) Committees considered for the purpose are those prescribed under the SEBI Listing Regulations viz. Audit Committee and Stakeholders Relationship Committee of Indian public limited companies other than Cipla Limited.
(2) Resigned as Director, Managing Director and Global Chief Executive Officer w.e.f. close of business hours on 31st August, 2016.
(3) Appointed as Director, Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016.
(4) Appointed w.e.f. 1st December, 2016.
(5) Appointed w.e.f. 10th January, 2017.

- Except Dr. Y. K. Hamied and Mr. M. K. Hamied, who are brothers and Ms. Samina Vaziralli, who is daughter of Mr. M. K. Hamied and niece of Dr. Y. K. Hamied, none of the Directors are relatives of any other Director.
- As on 31st March, 2017, apart from Dr. Y. K. Hamied and Mr. M. K. Hamied who holds 16,67,42,687 and 3,96,90,000 equity shares respectively, no other Non-Executive Director of the Company holds any equity shares or any convertible instruments in the Company.

Remuneration to Directors

The details of remuneration to Directors during FY 2016-17 are given below:

(₹ in Crore)

Directors	Sitting Fees[1]	Salary	Commission	Perquisites	Allowances	Variable Bonus	Retiral Benefits and others
Dr. Y. K. Hamied	0.02	-	2.00	-	-	-	-
Mr. M. K. Hamied	0.09	-	2.00	-	-	-	-
Ms. Samina Vaziralli	-	1.47	-	0.02	1.09	1.14	0.18[2]
Mr. Subhanu Saxena[3]	-	0.88	-	21.98[4]	2.37	-	0.11
Mr. Umang Vohra[5]	-	1.68	-	1.34[4]	2.91	5.00	2.73[2][6]
Mr. S. Radhakrishnan	-	1.20	2.00	0.01	0.71	-	0.14[2]
Mr. Ashok Sinha	0.10	-	0.41	-	-	-	-
Dr. Peter Mugyenyi	0.02	-	0.40[7]	-	-	-	-
Mr. Adil Zainulbhai	0.07	-	0.35	-	-	-	-
Ms. Punita Lal	0.07	-	0.31	-	-	-	-
Ms. Naina Lal Kidwai	0.08	-	0.35	-	-	-	-
Ms. Ireena Vittal	0.02	-	0.12	-	-	-	-
Mr. Peter Lankau	0.01	-	0.10[7]	-	-	-	-

(1) The above figures are inclusive of fees paid for attendance of Committee meetings.
(2) Exclusive of provision for leave encashment and contribution to the approved Group Gratuity Fund, which are actuarially determined on an overall basis.
(3) Since Mr. Subhanu Saxena was the Managing Director and Global Chief Executive Officer of the Company for the period upto 31st August, 2016, the above remuneration is for the period from 1st April, 2016 till 31st August, 2016 only.
(4) Includes perquisite value of stock options exercised during the year.
(5) The remuneration of Mr. Umang Vohra has been disclosed for the full financial year 2016-17 for serving the organisation at various positions i.e. as Global Chief Operating Officer and Global Chief Financial Officer upto 31st July, 2016; Global Chief Operating Officer from 1st August, 2016 to 31st August, 2016 and Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016.
(6) Includes ex-gratia, joining bonus, gross remuneration from Cipla USA Inc. as Chief Strategy Officer [Amount paid in USD and converted into INR at an average rate for the year ended 31st March, 2017 (1 USD = 67.03 INR).
(7) USD equivalent to ₹ amount paid to the Directors.

- The Commission / variable bonus payable to the Directors is determined each year by the Board on the basis of the recommendation of the Nomination and Remuneration Committee and is within the limits approved by the shareholders.

  The criteria for payment of commission *inter-alia* includes fixed amount, additional amount for chairmanship / membership of certain Board constituted Committee(s) etc.

  The Commission / variable bonus payable to Executive Directors is determined keeping in view their performance on various financial and non-financial parameters approved by the Board.

- Apart from sitting fees and commission, there are no pecuniary payments made by the Company to Non-Executive Directors during the year.

- Independent Directors are entitled to reimbursement of all expenses for participation in the Board and Committee meetings.

- During the year, Mr. Umang Vohra, was granted 65,629 stock options on 9th November, 2016 at an exercise price of ₹ 2 per option with vesting period of two years. The options can be converted into equity shares either in full or in tranches at any time upto five years from the date of vesting of the options.

- No other Director has been granted any stock option during the year.

- The period of appointment of Ms. Samina Vaziralli is five years from the date of appointment. The appointment can be terminated by either party by giving not less than three months' prior notice in writing to the other party or pro-rata fixed salary in lieu of the notice. There is no separate provision for payment of severance fees.

  The period of appointment of Mr. Umang Vohra is five years from the date of appointment. The appointment can be terminated by either party by giving not less than six months' prior notice. The severance fees shall be as per the terms and conditions laid down in the employment agreement entered into with him.

The period of re-appointment of Mr. S. Radhakrishnan is for a term of two years from the date of re-appointment. The appointment can be terminated by either party by giving not less than three months' prior notice in writing to the other party. There is no separate provision for payment of severance fees.

Board Committees

The Board Committees constitute an important element of the governance process of the Company and are an integral arm of the Board to carry out its wide and diverse functions. The Board Committees have been constituted to deal with specific areas and for specific purposes which circumvent the objectives and goals of the Company and encompass the highest standard of good governance practices. The Board Committees are set up by the Board and are governed by its terms of reference which exhibit the scope, composition, tenure, functioning and reporting parameters. The Committees operate under the direct supervision of the Board, and Chairpersons of the respective committees report to the Board about the deliberations and decisions taken by the Committees. Currently, the Board has six committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Investment and Risk Management Committee, Corporate Social Responsibility Committee and Securities Issuance Committee.

a. Audit Committee

The Audit Committee currently comprises four Directors, of whom three members including the Chairman of the Committee are Independent Directors. The Committee is headed by Mr. Ashok Sinha and has Mr. S. Radhakrishnan, Ms. Naina Lal Kidwai and Ms. Ireena Vittal as its members. The composition of the Committee meets the requirements of section 177 of the Act and the SEBI Listing Regulations. The Managing Director and Global Chief Executive Officer, Global Chief Financial Officer and other functional managers along with Internal Auditors, Statutory Auditors and Cost Auditors are invited to attend the meetings of the Audit Committee, as and when necessary. The Company Secretary acts as Secretary to the Committee.

The role of the Audit Committee is as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (a) Matters required to be included in the Directors' responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) Significant adjustments made in the financial statements arising out of audit findings;
  - (e) Compliance with listing and other legal requirements relating to financial statements;
  - (f) Disclosure of any related party transactions;
  - (g) Modified opinion(s) in the draft audit report;
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions with related parties;
- Scrutiny of inter-corporate loans and investments of the Company;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Six Audit Committee meetings were held during the financial year. The dates are: 13th April, 2016; 23rd May, 2016; 11th August, 2016; 26th September, 2016; 8th November, 2016 and 8th February, 2017. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Mr. Ashok Sinha	Independent Director (Chairman)	6 (6)
Mr. S. Radhakrishnan	Executive Director	6 (6)
Ms. Naina Lal Kidwai	Independent Director	6 (6)
Ms. Ireena Vittal[1]	Independent Director	1 (1)

(1) Member w.e.f. 20th December, 2016.

The Chairman of the Committee was present at the last AGM held on 28th September, 2016.

b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee currently comprises five Non-Executive Directors, of whom four members including the Chairman of the Committee are Independent Directors. The Committee is headed by Mr. Adil Zainulbhai and has Mr. Ashok Sinha, Mr. M. K. Hamied, Ms. Punita Lal and Ms. Ireena Vittal as its members. The composition of the Committee meets the requirements of section 178 of the Act and the SEBI Listing Regulations.

The role of the Nomination and Remuneration Committee is as follows:

- Implementation, administration and superintendence of the Employee Stock Option Schemes (ESOS) and formulation of the detailed terms and conditions of the ESOS including but not limited to;

(a) The quantum of options to be granted under an ESOS per employee and in aggregate;

(b) The procedure for exercise of options and allotment of shares in pursuance of the ESOS;

(c) The conditions under which vested options in employees may lapse in case of termination of employment for misconduct. The procedure and conditions for vesting of options in case of termination of employment;

(d) The exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period;

(e) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;

(f) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

(g) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Committee:

    (1) the number and the price of ESOS shall be adjusted in a manner such that total value of the ESOS remains the same after the corporate action.

    (2) for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered.

    (3) the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.

(h) The procedure for cashless exercise of options;

(i) The grant, vest and exercise of option in case of employees who are on long leave;

(j) Approving forms, writings and/or agreements for use in pursuance of the ESOS;

(k) Allotment of Equity Shares pursuant to ESOS; and.

(l) Taking all necessary actions and give all such directions as may be necessary or desirable and also to settle any question or difficulty or doubts that may arise with regard to ESOS.

- Formulate the criteria for determining qualifications, positive attributes and independence of Directors
- Recommend to the Board a policy relating to remuneration for the Directors, key managerial personnel and other employees
- Recommend remuneration of Managing Director and Global Chief Executive Officer, Executive Director and Global Chief Financial Officer, Whole-time Director and relatives of promoters
- Recommend commission to Non-Executive Directors
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal
- Evaluation of each Director's performance
- Discharge such duties and functions as indicated in the listing agreement, the Companies Act, 2013 and the rules made thereunder from time to time.

Six meetings of the Committee were held during the financial year. The dates are: 28th April, 2016; 24th May, 2016; 11th August, 2016; 28th September, 2016; 9th November, 2016 and 8th February, 2017. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Mr. Adil Zainulbhai	Independent Director (Chairman)	5 (6)
Mr. Ashok Sinha	Independent Director	6 (6)
Mr. M. K. Hamied	Non-Executive / Non-Independent Director	5 (6)
Ms. Punita Lal	Independent Director	5 (6)
Ms. Ireena Vittal(1)	Independent Director	1 (1)

(1) Member w.e.f. 20th December, 2016.

The Chairman of the Committee was present at the last AGM held on 28th September, 2016.

c. Stakeholders Relationship Committee

The Stakeholders Relationship Committee currently comprises three Directors, of whom two members including the Chairman of the Committee are Non-Executive Directors. The Committee is headed by Mr. M. K. Hamied and has Mr. S. Radhakrishnan and Ms. Naina Lal Kidwai as its members.

The role of the Stakeholder Relationship Committee is as follows:

- Resolve the grievance(s) of the security holders of the Company
- To approve transfer / transmission / deletion of name / transposition requests exceeding 10,000 equity shares of the Company
- To approve issuance of duplicate share certificate(s)
- To approve issuance of share certificate(s) pursuant to request received for rematerialisation
- To approve issuance of share certificate(s) pursuant to request received for splitting / consolidation of share certificates
- Discharge such duties and functions as indicated in the listing agreement, the Companies Act, 2013 and the rules made thereunder from time to time
- Discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

The Executive Directors and the Company Secretary, under the authority of the Board, are severally authorised to approve transfer, transmission, deletion of name and transposition requests upto a limit of 10,000 equity shares which are noted at subsequent meetings of the Stakeholders Relationship Committee.

The Company's Share Transfer Agents, Karvy Computershare Private Limited have adequate infrastructure to process the above matters.

In compliance with the requirement of the SEBI Listing Regulations, periodic certificates issued by a practising Company Secretary are filed with the stock exchanges.

Three meetings of the Stakeholders Relationship Committee were held during the year. The dates are: 23rd May, 2016; 8th November, 2016 and 7th February, 2017. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Mr. M. K. Hamied	Non-Executive / Non-Independent Director (Chairman)	2 (3)
Mr. S. Radhakrishnan	Executive Director	3 (3)
Ms. Naina Lal Kidwai	Independent Director	3 (3)

The Chairman of the Committee was present at the last AGM held on 28th September, 2016.

Mr. Mital Sanghvi relinquished office as Company Secretary and Compliance Officer of the Company w.e.f. 9th February, 2017. Mr. Rajendra Chopra acts as Company Secretary and Compliance Officer w.e.f. 9th February, 2017.

During the year under review, 12 investor grievances were received. As of 31st March, 2017, all grievances except one have been resolved. Subsequently, the said case was also addressed.

d. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee currently comprises five Directors, of whom three members, including Chairman, are Non-Executive Directors. The Committee is headed by Mr. M. K. Hamied and has Mr. S. Radhakrishnan, Ms. Punita Lal, Mr. Adil Zainulbhai and Mr. Umang Vohra as its members. The composition of the Committee meets the requirements of section 135 of the Act.

The role of the Corporate Social Responsibility Committee is as follows:

- Formulate and recommend to the Board, the Corporate Social Responsibility Policy and the activities to be undertaken by the Company

- Recommend the amount of expenditure to be incurred on the activities

- Monitor the Corporate Social Responsibility Policy from time to time

- Discharge such duties and functions as indicated in section 135 of the Companies Act, 2013 and rules made thereunder from time to time and such other functions as may be delegated to the Committee by the Board from time to time

- Take all necessary actions as may be necessary or desirable and also to settle any question or difficulty or doubts that may arise with regard to Corporate Social Responsibility activities / Policy of the Company

Four meetings of the Committee were held during the financial year. The dates are: 28th April, 2016; 12th August, 2016; 9th November, 2016 and 7th February, 2017. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Mr. M. K. Hamied	Non-Executive / Non-Independent Director (Chairman)	4 (4)
Mr. S. Radhakrishnan	Executive Director	4 (4)
Ms. Punita Lal	Independent Director	4 (4)
Mr. Adil Zainulbhai	Independent Director	3 (4)
Mr. Subhanu Saxena [1]	Executive Director	1 (2)
Mr. Umang Vohra[2]	Executive Director	2 (2)

(1) Member upto 31st August, 2016.
(2) Member w.e.f 1st September, 2016.

e. Mergers and Acquisitions Committee

The Mergers and Acquisitions Committee was dissolved with effect from 9th February, 2017 and the responsibilities of the Mergers and Acquisitions Committee was incorporated in the terms of reference of the Investment and Risk Management Committee. The Committee met only once on 8th November, 2016 and all the members of the Committee were present at the meeting.

f. Investment and Risk Management Committee

The Investment and Risk Management Committee currently comprises six Directors, of whom three members are Independent Directors. The Committee is headed by Ms. Samina Vaziralli and has Mr. Umang Vohra, Mr. S. Radhakrishnan, Mr. Ashok Sinha, Ms. Naina Lal Kidwai and Mr. Peter Lankau as its members. The Committee was re-designated as Investment and Risk Management Committee from Risk Management Committee with effect from 9th February, 2017.

The role of the Investment and Risk Management Committee is as follows:

- Grant in-principle approval for investments / acquisitions to be made by the Company upto USD 50 million per transaction and recommend to the Board for its approval.

- Grant in-principle approval for investments/ acquisitions to be made by the subsidiary companies (formed or to be formed) upto USD 50 million per transaction and recommend to the Board of such subsidiary company for its approval.

- Grant approval for setting up of branch/ representative office of the Company.

- Monitoring short term and long term strategic priorities of the Company.

- Review and recommend to the Board annual capital expenditure budget of the Company.

- Review and approve any single capital expenditure proposal exceeding ₹ 75 crore.

- Monitor with adequate frequency the key ongoing capex projects including post-implementation review/governance.

- Monitor and review the risk management plan.

- Discharge such duties and functions as may be delegated to the Committee by the Board under the applicable laws from time to time.

Three meetings of the erstwhile Risk Management Committee were held during the financial year. The dates are: 24th May, 2016, 8th November, 2016 and 7th February, 2017. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Mr. Subhanu Saxena (1)	Executive Director	1 (1)
Mr. Umang Vohra (2)	Executive Director	2 (2)
Ms. Samina Vaziralli	Executive Director	2 (3)
Mr. S. Radhakrishnan	Executive Director	3 (3)
Mr. Adil Zainulbhai (3)	Independent Director	1 (3)

(1) Chairman upto 31st August, 2016.
(2) Chairman w.e.f. 1st September, 2016 till 8th February, 2017.
(3) Member upto 8th February, 2017.

The revised composition of the re-designated Investment and Risk Management Committee and attendance is as under:

Name	Category	Number of meetings attended (total held during tenure)
Ms. Samina Vaziralli	Executive Director (Chairperson)	No meeting of the Committee was held after 9th February, 2017 till 31st March, 2017
Mr. Umang Vohra	Executive Director	
Mr. S. Radhakrishnan	Executive Director	
Mr. Ashok Sinha	Independent Director	
Ms. Naina Lal Kidwai	Independent Director	
Mr. Peter Lankau	Independent Director	

g. Securities Issuance Committee

The Securities Issuance Committee was constituted by the Board on 19th December, 2016 for matters related to issuance of equity shares, convertible securities, non-convertible debentures and bonds. The Committee is headed by Mr. Umang Vohra and has Ms. Samina Vaziralli, Mr. S. Radhakrishnan and Ms. Naina Lal Kidwai as its members. No meeting of the Committee was held during the year.

Disclosures and Policies

- During FY 2016-17, there was no materially significant transaction entered into between the Company and its Promoters, Directors or the Management and subsidiaries or relatives, etc. that may have potential conflict with the Company's interests at large.

- The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years and accordingly no penalties or strictures were imposed on the Company by the stock exchanges, SEBI or any other statutory authority.

- The Company always believes in upholding professional integrity and ethical behaviour in the conduct of its business. To uphold and promote these standards, the Company has formulated a Vigil Policy which serves as a mechanism for its Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct without fear of retaliation or victimisation. The Ethics Committee comprising the Global Chief People Officer, Global Chief Financial Officer, Global General Counsel and Chief Internal Auditor administer the policy. The Audit Committee oversees the functioning of the vigil mechanism and receives periodical reports from the Ethics Committee. During the financial year, no employee was denied access to the Audit Committee.

- The Company does not have any material non-listed Indian subsidiary company. The policy for determining material subsidiaries is disclosed on the Company's website at http://www.cipla.com/uploads/investor/1443000071_Policy-for-determining-Material-Subsidiaries.pdf

- All transactions entered into with related parties during the financial year were in the ordinary course of business and on arm's length basis.

  There were no transactions with related parties during the financial year which were in conflict with the interest of the Company. Prior omnibus approval is obtained for related party transactions which are repetitive in nature. All related party transactions are periodically placed before the Audit Committee and the Board for review and approval as appropriate. The details of related party transactions as per IND AS-24 are discussed in detail in Note No. 45 to the standalone financial statements.

  The Company has formulated a policy on materiality of and dealing with related party transactions pursuant to the provisions of the Act and the SEBI Listing Regulations. The Policy is available on the Company's website at http://www.cipla.com/uploads/investor/1443000127_Policy-on-Related-Party-Transactions.pdf

- In terms of the provisions of section 178 of the Act, the remuneration policy is provided as Exhibit-A to this report.

- The securities of the Company have not been suspended from trading at any time during the year.

- In terms of the provisions of regulation 43A of the SEBI Listing Regulations, the dividend distribution policy is provided as Exhibit-B to this report. The said policy is also available on the website of the Company at http://www.cipla.com/uploads/investor/1497009813_Dividend_Distribution_Policy.pdf

- The Company has managed foreign exchange risk with appropriate hedging activities in accordance with the policies of the Company. The Company's approach to managing currency risk is to leave no material residual risk. The Company uses forward exchange contracts to hedge against its net foreign currency exposures. All material foreign exchange transactions are fully covered. There are no materially uncovered exchange rate risks relating to the Company's imports and exports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2017 are disclosed in Note No. 49 to the standalone financial statements.

- Cost of raw materials forms a large portion of the Company's operating expenses. The Company monitors the price of key commodities closely and formulates procurement strategies based on actual price movements and trends. The Company has adequate governance structure to align and review procurement strategies in line with external and internal dynamics. The Company has historically not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

- The Company is in compliance with the mandatory requirements of the Code of Corporate Governance as specified in Regulations 17 to 27 read with Schedule V and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.

- The Company has fulfilled the following non-mandatory requirements under the SEBI Listing Regulations:

  a. It is in the regime of financial statements with unmodified audit opinion.

  b. It complies with the requirement of having separate persons to the post of Chairman and Managing Director / CEO.

  c. Internal audit function reports directly to the Audit Committee.

Code of Conduct and Insider Trading

The Code of Conduct for the Directors and senior management of the Company has been laid down by the Board and is posted on the Company's website – www.cipla.com. Members of the Board and senior management personnel have affirmed their compliance with the Code of Conduct for FY 2016-17. A declaration to this effect signed by Mr. Umang Vohra, Managing Director and Global Chief Executive Officer forms part of the report.

In compliance with the SEBI regulation, the Company has formulated a Code of Conduct to regulate, monitor and report trading by insiders of the Company. The Code lays down procedures to be followed and disclosures to be made while trading in the Company's shares.

CEO and CFO Certification

The CEO / CFO of the Company have certified positively to the Board as required under Regulation 17 read with Part B of Schedule II of the SEBI Listing Regulations.

Shareholder Information and Communication

Means of Communication

- Financial Results:

  During the year, half yearly/quarterly results were published in the following newspapers (Mumbai edition): *The Economic Times; Navbharat Times; The Financial Express; Business Standard; The Hindu Business Line; and Sakaal.*

  The annual / half yearly / quarterly results are displayed on the Company's website – www.cipla.com

- News and Media Releases:

  The official news and media releases are disseminated to stock exchanges and displayed on the Company's website - www.cipla.com

- Earning calls and presentations to Institutional Investors / Analysts:

  The Company organises an earnings call with analysts and investors after the announcement of financial results. The transcript of the earnings call is also uploaded on the Company's website.

  Presentations made to institutional investors and financial analysts on the financial results are uploaded on the Company's website.

- Compliance reports, corporate announcements, material information and updates:

  The Company disseminates the requisite corporate announcements including the SEBI Listing Regulation compliances through NSE Electronic Application Processing System (NEAPS) / BSE Corporate Compliance & Listing Centre. The NEAPS / BSE's Listing Centre is a web-based application and periodical fillings like shareholding pattern, Corporate Governance Report, financial results, Material / Price sensitive information, etc. are filed electronically on such designated platforms.

- Annual Report

  The Annual Report is circulated to members and others entitled thereto in electronic as well as physical modes, is disseminated to stock exchanges and is also uploaded on the Company's website.

General Body Meetings

- The details of last three AGMs are as under:

Financial Year	Meeting	Date	Venue	Time
2013-14	78th AGM	3rd September, 2014	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai - 400 021	3.00 p.m.
2014-15	79th AGM	27th August, 2015		
2015-16	80th AGM	28th September, 2016		

- No Special Resolution was passed at the Company's AGM held on 3rd September, 2014; 27th August, 2015 and 28th September, 2016.
- No resolution was passed through postal ballot during FY 2016-17.
- None of the business proposed to be transacted at the ensuing AGM require passing of resolution through postal ballot.

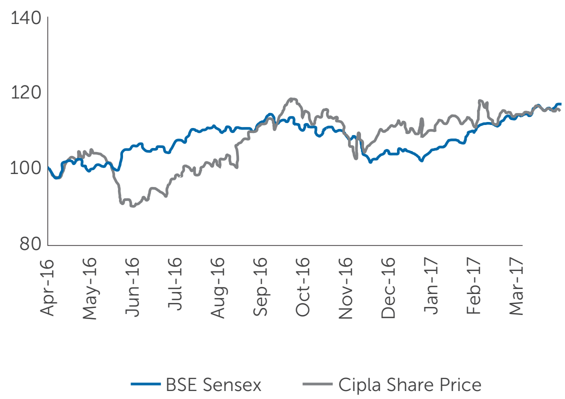
General Shareholder Information

• Date, Time and Venue of the AGM	Friday, 11th August, 2017 at 3.00 p.m. Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Prabhadevi, Mumbai - 400 025
• Financial Calendar	1st April to 31st March of the next calendar year
• Adoption of Financial Results (Tentative Schedule, subject to change)	
For the quarter ending on 30th June, 2017	Friday, 11th August, 2017
For the quarter and half year ending on 30th September, 2017	Tuesday, 7th November, 2017
For the quarter and nine months ending on 31st December, 2017	Wednesday, 7th February, 2018
For the fourth quarter and financial year ending on 31st March, 2018	Tuesday, 22nd May, 2018
• Date of Book Closure	Friday, 28th July, 2017 to Friday, 11th August, 2017 (both days inclusive)
• Dividend and Dividend Payment Date	₹ 2 per equity share for FY 2016-17. The dividend, if approved at the AGM will be paid within the statutory time limit of 30 days from the date of AGM.
• Listing on Stock Exchanges	**Equity Shares:** 1. BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 2. National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 **Global Depository Receipts (GDRs):** Societe De La Bourse De Luxembourg Societe Anonyme, 35A Boulevard Joseph II, L-1840 Luxembourg The Company has paid the requisite annual listing fees to the above stock exchanges for FY 2017-18.
• Stock Code	500087 on BSE Limited CIPLA EQ on National Stock Exchange of India Limited
• DR Symbol / CUSIP	CIPLG / 172977209
• ISIN Number for NSDL & CDSL	INE059A01026

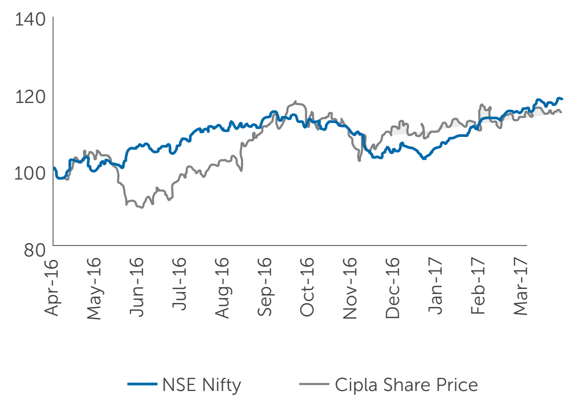
Market Price Data for the period from 1st April, 2016 to 31st March, 2017

Month (FY 2016-17)	BSE Limited			National Stock Exchange of India Limited			Luxembourg Stock Exchange	
	Equity Shares						GDRs	
	High (₹)	Low (₹)	Number of Shares Traded	High (₹)	Low (₹)	Number of Shares Traded	High (USD)	Low (USD)
April	544.75	497.50	2880748	544.30	497.00	39446705	8.13	7.55
May	547.00	458.25	4286603	547.00	457.45	44420438	8.14	6.97
June	506.80	459.50	4783995	506.80	459.00	32521726	7.42	6.90
July	536.45	499.80	3297528	535.50	499.85	29463580	7.87	7.51
August	586.50	509.00	4884916	587.50	510.20	43040300	8.59	7.72
September	617.70	562.05	4158380	617.80	562.25	36395120	9.18	8.52
October	604.00	566.10	2777052	603.85	566.50	23104742	8.99	8.54
November	579.20	487.35	2813426	579.45	486.55	29840502	8.57	7.92
December	588.90	548.30	2074836	589.15	548.10	22727120	8.65	8.25
January	595.00	562.65	1501254	593.40	562.00	15186141	8.64	8.34
February	621.90	566.55	2369979	621.25	566.30	26912172	9.03	8.47
March	607.85	575.00	3451522	605.90	582.20	25299278	9.22	8.77

- Performance in comparison to BSE SENSEX – FY 2016-17



- Performance in comparison to NSE Nifty– FY 2016-17



Note: Base 100 = 1st April, 2016

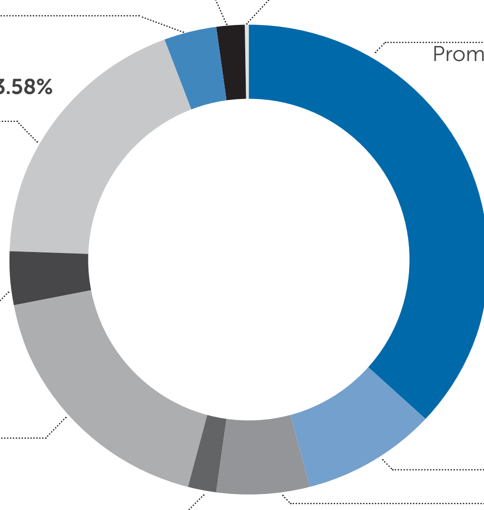
Address for Correspondence

	Contact details	Address
For Corporate Governance and other Secretarial matters	**Mr. Rajendra Chopra** Company Secretary Email : cosecretary@cipla.com	Cipla Limited Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013 Tel: (022) 2482 6000 Fax: (022) 2482 6120
For Financial Statements related matters and Institutional Investors	**Mr. Alpesh Dalal** Head - Investor Relations Email: investor.relations@cipla.com	
For Corporate Communication related matters	**Ms. Pallavi Golar** Senior Manager, Corporate Communications Email: pallavi.golar@cipla.com	
For share transfer, transmission, National Electronic Clearing Service (NECS), dividend, dematerialisation, etc.	**Karvy Computershare Private Limited** (Share Transfer Agents) Email: einward.ris@karvy.com	Karvy Selenium Tower B, Plot No.: 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana Tel: (040) 6716 2222 / 6716 1511 Fax: (040) 2300 1153

- **Distribution of shareholding as on 31st March, 2017 (Class-wise distribution of equity shares):**

Category	No. of Folios	% of Total	No. of Shares	% of Total
1--5000	216024	97.86	27549970	3.42
5001-10000	1587	0.72	5838386	0.73
10001-20000	978	0.44	7262524	0.90
20001-30000	438	0.20	5370264	0.67
30001-40000	233	0.10	4108988	0.51
40001-50000	198	0.09	4492795	0.56
50001-100000	433	0.20	15723707	1.95
Above 100000	868	0.39	734163440	91.26
Total	**220759**	**100.00**	**804510074**	**100.00**

Shareholding Pattern as on 31st March, 2017:



- **Dematerialisation of Shares and Liquidity:**

As on 31st March, 2017, 95.65% of the share capital was held in dematerialised form. Break-up of shares held in physical and dematerialised form as on 31st March, 2017:

Shareholding	No. of Folios	% of Total	No. of Shares	% of Total
Physical Mode	1239	0.56	35024407	4.35
Dematerialised Mode	219520	99.44	769485667	95.65
Total	**220759**	**100.00**	**804510074**	**100.00**

As to the liquidity, the Company's equity shares are traded in the 'A'/Forward group and have been included in the SENSEX at BSE Limited. They are also included in S&P CNX NIFTY of National Stock Exchange of India Limited. They are among the select scrips in which derivatives trading has been permitted in the form of stock futures and stock options.

- **Outstanding GDRs/ADRs/Warrants:**

The GDRs are listed on Luxembourg Stock Exchange and the underlying equity shares are listed on BSE Limited and National Stock Exchange of India Limited. Each GDR represents one underlying equity share of the Company. As on 31st March, 2017, 1,60,77,345 GDRs were outstanding.

The Company has not issued any American Depository Receipts (ADRs)/Warrants.

The Company has granted stock options to its employees and those of its subsidiaries under the Employee Stock Option Scheme(s). The Company allots equity shares from time to time on exercise of stock options by the employees pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the terms and conditions of the Employee Stock Option Scheme(s). As on 31st March, 2017, 17,01,043 stock options were outstanding.

- **Plant locations as on 31st March, 2017:**

Plant Type	Plant Address
Active Pharmaceutical Ingredients (API) Manufacturing Facility	Virgonagar, Old Madras Road, Bengaluru - 560 049, Karnataka
	Bommasandra-Jigani Link Road, Industrial Area, KIADB 4th Phase, Bengaluru - 560 099, Karnataka
Active Pharmaceutical Ingredients (API) and Formulations Manufacturing Facility	MIDC, Patalganga - 410 220, District: Raigad, Maharashtra
	MIDC Industrial Area, Kurkumbh - 413802, Daund, District: Pune, Maharashtra
Formulations Manufacturing Facility	Verna Industrial Estate, Verna - 403722, Salcette, Goa
	Village Malpur Upper, P.O. Bhud, Nalagarh, Baddi - 173 205, District: Solan, Himachal Pradesh
	Village Kumrek, Rangpo - 737132, District: East Sikkim, Sikkim
	Indore SEZ, Phase II, Sector III, Pharma Zone, P.O. Pithampur - 454 774, District: Dhar, Madhya Pradesh
	Taza Block, Amba Tareythang Illaka, Rorathang- 737 133, District: East Sikkim, Sikkim

Declaration of Compliance with the Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct laid down by the Company for the financial year ended 31st March, 2017.

For Cipla Limited

Date: 12th May, 2017
Place: Mumbai

Umang Vohra
Managing Director and Global Chief Executive Officer

Exhibit A – Remuneration Policy

Title

This Policy shall be called 'Remuneration Policy'.

Preface

This Policy is framed in accordance with the requirement under Companies Act, 2013 and the listing agreement as amended from time to time.

Applicability

This Policy shall be applicable and act as a guiding principle and provide a framework with regard to remuneration payable by the Company to the Directors, Key Managerial Personnel, members of Senior Management and other employees of the Company.

Definitions

(a) "Act" means the Companies Act, 2013 and the Rules made thereunder including any amendment thereto or re-enactment thereof.

(b) "Board" means the Board of Directors of Cipla Limited.

(c) "Company" means Cipla Limited.

(d) "Key Managerial Personnel" means

(i) Chief Executive Officer or the Managing Director or the Manager;

(ii) Whole-time Director;

(iii) Chief Financial Officer;

(iv) Company Secretary; and

(v) Such other officer as may be prescribed under the Act.

(e) "Policy" means this Policy as amended from time to time.

(f) "Senior Management" shall mean direct reports of Managing Director/Chief Executive Officer.

Objective

The primary objective of this Policy is to ensure that:

(a) Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate right talent at all levels to run the Company successfully;

(b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Scope

The policy is divided into separate sections for Directors, Key Managerial Personnel, members of Senior Management and other employees of the Company. It does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

I. Directors

A. Remuneration to Managing Director/Whole-time Director

The Managing Director/Whole-time Director are appointed for a fixed tenure as approved by the shareholders and such appointments are renewable upon expiry of the tenure subject to recommendation by the Nomination and Remuneration Committee and approval of the Board of Directors, shareholders and other authorities as the case may be.

The remuneration to the Managing Director/Whole-time Director shall be in accordance with their employment agreement/letter of appointment and, within the overall limit prescribed under the Act and approved by the shareholders. The key components of remuneration package shall include fixed salary, perquisites, allowances, joining bonus, variable bonus, commission, retiral benefits, other benefits in accordance with the market practice and industry analysis depending upon the criticality of the role.

Managing Director/Whole-time Director are also eligible for stock options under the Employee Stock Option Scheme framed/to be framed, where deemed fit, as decided by Nomination and Remuneration Committee from time to time.

The Managing Director/Whole-time Director shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

Annual increments shall be linked to their overall performance, Company performance, future plans, market practice and environment and any other relevant factors as per the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors within the limits approved by the shareholders.

B. Remuneration to Non-Executive Directors

Non-Executive Directors be paid sitting fees for attending meetings of the Board or Committee thereof at the rate of ₹ 50,000 per meeting or such fees as may be decided by the Board from time to time within the limits prescribed under the Act.

Non-Executive Directors may be entitled to Commission on profits within the limits prescribed under the Act and approved by the shareholders as per the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors.

As Non-Executive Chairman/Vice Chairman play a key role at the Board, are members of key committees, contributes as a visionary and represents business interest of the Company at various forums, they may be paid Commission higher than the other Non-Executive Directors as per the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors.

Grant of Stock Options, where deemed fit, under the Employee Stock Option Scheme framed/to be framed, as decided by Nomination and Remuneration Committee.

Non-Executive Independent Directors are not entitled to any stock options.

Non-Executive Directors shall be entitled to reimbursement of expenses for participation in the Board and other meetings.

The Non-Executive Directors shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

II. Remuneration to Key Managerial Personnel (not being a Board member)

The appointment and remuneration to Key Managerial Personnel of the Company (not being a Board member) shall be decided by the Board of Directors as per the recommendation of Nomination and Remuneration Committee after taking into account educational and professional qualification, experience, expertise, roles and responsibilities required for the position and competitive market practices.

The key components of remuneration package of the Key Managerial Personnel shall include –

- Fixed Salary
- Perquisites, Allowances and Retiral benefits
- Joining or Retention Bonus, where deemed fit
- Long term Incentive or retention incentive, where deemed fit
- Performance-linked bonus by whatever named called which shall be a cumulative outcome of both the individual target achievement level as well as the Company's performance
- Grant of stock options, where deemed fit, under the Employee Stock Option Scheme framed/ to be framed, as decided by Nomination and Remuneration Committee
- Housing/other loans linked at such rate of interest and terms of repayment as may be decided by the Human Resource department in consultation with Managing Director or CEO or CFO as the case may be
- Such other benefits in accordance with the market practices depending upon:
  - Criticality of the role
  - Criticality of incumbent
  - Risk of resignation
  - Any other relevant factors

The Key Managerial Personnel shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

Annual increments shall be linked to Company performance, individual performance, market environment and as per the recommendation of Nomination and Remuneration Committee and approval of Board of Directors.

III. Remuneration to Senior Management

The appointment and remuneration of Senior Managerial personnel of the Company shall be decided by Nomination and Remuneration Committee after taking into account educational and professional qualification, experience, expertise, roles and responsibilities required for the position and competitive market practices.

The key components of remuneration package of the Senior Management Personnel shall include –

- Fixed Salary
- Perquisites, Allowances and Retiral benefits
- Joining or Retention Bonus, where deemed fit
- Performance-linked bonus by whatever named called which shall be a cumulative outcome of both the individual target achievement level as well as the Company's performance
- Long term Incentive or retention incentive, where deemed fit
- Grant of stock options, where deemed fit, under the Employee Stock Option Scheme framed/ to be framed, as decided by Nomination and Remuneration Committee
- Housing/other loans linked at such rate of interest and terms of repayment as may be decided by the Human Resource department in consultation with Managing Director or CEO or respective reporting manager as the case may be.
- Such other benefits in accordance with the market practices depending upon:
    - Criticality of the role
    - Criticality of incumbent
    - Risk of resignation
    - Any other relevant factors

Annual increments shall be linked to Company performance, individual performance, market environment, future plans and as decided by the Nomination and Remuneration Committee in consultation with the Managing Director or CEO as the case may be.

IV. Remuneration to Other Employees

The remuneration to other employees shall be based on the experience, qualification, expertise of the Individual employee as well as the roles and responsibilities required for the position.

The elements of the Remuneration structure of other employees shall include:

- Fixed Salary
- Perquisites, Allowances and Retiral benefits
- Performance-linked bonus, by whatever named called, where deemed fit
- Joining or Retention Bonus, where deemed fit
- Long term Incentive or retention incentive, where deemed fit
- Grant of stock options, where deemed fit, under the Employee Stock Option Scheme framed/ to be framed, as decided by Nomination and Remuneration Committee
- Housing/other loans linked at such rate of interest and terms of repayment as may be decided by the Human Resource department in consultation with the reporting managers
- Such other benefits in accordance with market practices and relevant factors, where deemed fit

Annual increments for other employees shall be linked to the individual's overall performance and as decided by the Human Resources department within the overall framework of performance management scheme(s) as approved by the Managing Director/ Chief Executive Officer from time to time.

Administration, Review and Amendment of the Policy

The Nomination & Remuneration Committee shall monitor and periodically review the Policy and recommend the necessary changes to the Board for its approval.

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

Exhibit B – Dividend Distribution Policy

Title

This Policy shall be called 'Dividend Distribution Policy'.

Commencement

This Policy shall come into force for accounting periods beginning from 1st April, 2016.

Objective

a. This Policy is framed in accordance with the requirement under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

b. The Company shall make appropriate disclosures as required under the Listing Regulations.

Definitions

a. "Board" means the Board of Directors of Cipla Limited.

b. "Company" means Cipla Limited.

c. "Policy" means this Policy, as amended from time to time.

d. "Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

e. "Financial year" shall mean the period starting from 1st day of April and ending on 31st day of March every year.

Declaration of Dividend

The declaration of dividend (including interim dividend) would be subject to compliance with the applicable provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

Parameters for Dividend Payout

a. The circumstances under which the shareholders may or may not expect dividend:

The Company intends to offer maximum return on investment to the shareholders keeping in mind the underlying growth and future of the Company. However, the Board may consider not declaring any dividend or declare a lower rate of dividend based on the following:

1. Prospective growth opportunities/threats/concerns of the Company;

2. Inadequacy or absence of profits;

3. Higher working capital requirements for business operations of the Company.

b. Financial Parameters including Internal Factors that shall be considered while declaration of dividend:

The financial parameters which would be considered while declaration of dividend by the Board are as follows:

1. Profits of the Company;

2. Past dividend pattern;

3. Major capital expenditure to be incurred by the Company;

4. Cash flow requirements of the Company;

5. Debt-equity ratio of the Company;

6. Cost of borrowing of the Company, keeping in view the growth opportunities;

7. Debt obligations of the Company;

8. Investments in new business;

9. Provisioning for financial implications arising out of unforeseen events and/or contingencies;

10. Reputation of the Company

11. Restrictions/covenants if any, contained in any lender agreements or any other arrangement or agreement entered into by the Company.

c. External Factors that shall be considered while declaration of dividend:

Certain external factors could compel the Board of the Company to reflect on the dividend payout for any financial year of the Company. Some of the external factors affecting the Company's dividend payment are:

1. Regulatory requirements;
2. Economic environment;
3. Political/geographical situations;
4. Inflation rate;
5. Industry Outlook for future years.

d. **Utilisation of Retained Earnings:**
The Company believes in cash retention for growth, expansion and diversification including acquisitions to be made by it, and also as a means to meet contingency. The retained earnings of the Company may be used in any of the following ways:

1. Capital expenditure for working capital;
2. Organic and/or inorganic growth;
3. Investment in new business(es);
4. Additional investment in existing business(es);
5. Declaration of dividend;
6. Capitalisation of shares;
7. Buy back of shares;
8. General corporate purposes, including contingencies;
9. Any other permitted usage as per the Companies Act, 2013.

e. **Parameters with regard to various classes of shares:**
Presently, the issued share capital of the Company comprises of only one class of equity shares of ₹ 2 each. In the event of the Company issuing any other class(es) of shares, the Board shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

Amendments

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

03

Financial Statements

Independent Auditor's Report

To the Members of Cipla Limited

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

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

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Independent Auditor's Report

Other Matter

9. The comparative financial information for the year ended 31st March, 2016 and the transition date opening balance sheet as at 1st April, 2015 prepared in accordance with Ind AS included in these standalone financial statements, are based on the previously issued statutory financial statements for the year ended 31st March, 2016 and 31st March, 2015 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose reports dated 24th May, 2016 and 29th May, 2015 respectively expressed unmodified opinion on those standalone financial statements, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;

    f) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 25th May, 2017 as per Annexure II expressed unmodified opinion;

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company, as detailed in note 43 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

        iv. The Company, as detailed in note 54 to the standalone financial statements, has made requisite disclosures in these standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**
Partner
Membership No.: 504662

Place: New Delhi
Date: 25th May 2017

Independent Auditor's Report

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has granted interest free unsecured loan to one company, and interest bearing unsecured loan to one company, which are covered in register maintained under section 189 of the Companies Act, 2013. With respect to these loans:

(a) In our opinion the terms and conditions of grant of such loans are not prejudicial to the company's interest.

(b) The schedule and repayment of principal for interest free loan and non-interest free loan are stipulated. The borrowers have been regular in the payment of principal and interest as stipulated.

(c) There are no overdue loans in respect of loans granted.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to loans given, investments made and guarantees and securities given.

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they become payable.

(b) There are no dues in respect of duty of customs, and Cess that have not been deposited with the appropriate authorities on account of any dispute.

The particulars of dues outstanding in respect of income tax, sales tax, service tax, value added tax ('VAT') and duty of excise that have not been deposited on account of any dispute as at 31st March, 2017 and forum where these disputes are pending, are as follows:

Independent Auditor's Report

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in crore)	Amount paid under Protest (₹ in crore)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	64.67	1.9	2008-09 -2015-16	CESTAT (Karnataka)
		6.70	1.44	2011-12 -2013-14	CESTAT (Kolkata)
		40.61	2	2006-07 -2015-16	CESTAT (Mumbai)
		2.36	0.08	2005-06 -2015-16	Commissioner Appeals Pune
		2.54	0.13	2008-09 -2014-15	Commissioner Appeals Bangalore
		0.02	0.01	2001-02 -2006-07	High Court –Mumbai
Maharashtra Vat Act, 2002	VAT	0.04	-	2002-03	Jt. Commissioner of Sales – Nagpur
		0.41	-	2006-07 -2007-08	Dy. Commissioner of Sales Tax - LTU
Goa VAT Act, 2005	VAT	0.49	-	2005-06	Directorate of Commercial Taxes, Govt. of Goa
Tamil Nadu Vat Act, 2006	VAT	0.26	-	2011-12	Office of Joint Commissioner -Chennai
Gujarat Vat Act, 2005	VAT	0.40	-	2012-13	Assessing Officer
Uttar Pradesh Vat Act, 2008	VAT	0.14	-	2007-08	Appeal Court
West Bengal Vat Act, 2003	VAT	0.71	0.02	2001-02	Tribunal
Income Tax Act, 1961	Income Tax	64.81	64.81	2011-14	CIT Appeals
		32.04	32.04	1995-96 to 2010-11	High Court
		3.44	3.44	1994-95 to 2009-10	Various

Independent Auditor's Report

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provisions of clause 3(xiv) of the Order are not applicable.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**
Partner
Membership No.: 504662

Place: New Delhi
Date: 25th May, 2017

Independent Auditor's Report

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Cipla Limited ("the Company") as at and for the year ended 31st March, 2017, we have audited the Internal Financial Controls over Financial Reporting (IFCoFR) of the company of as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Independent Auditor's Report

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**
Partner
Membership No.: 504662

Place: New Delhi
Date: 25th May, 2017

Balance Sheet

as at 31st March, 2017

₹ in Crore

	Notes	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Assets				
Non-Current Assets				
Property, Plant and Equipment	2	4095.16	3702.28	3449.81
Capital Work-in-Progress	2	540.52	512.81	339.00
Investment Property	3	0.32	0.33	0.33
Intangible Assets	4	140.10	123.83	125.58
Intangible Assets under Development	4	15.25	37.91	21.71
Financial Assets				
Investments	5	3647.71	3716.26	3435.43
Loans	6	215.75	219.37	210.74
Other Financial Assets	7	57.08	40.04	53.11
Current Tax Assets (net)		192.24	172.03	138.04
Deferred Tax Assets	8	59.54	-	-
Other Non-Current Assets	9	298.21	246.82	189.75
		9261.88	**8771.68**	**7963.50**
Current Assets				
Inventories	10	2653.50	2918.47	3289.20
Financial Assets				
Investments	11	638.18	539.52	384.46
Trade Receivables	12	1938.79	1896.41	2019.89
Cash and Cash Equivalents	13	44.60	39.76	64.34
Bank Balance Other than Cash and Cash Equivalents	14	13.86	13.25	18.42
Loans	15	9.53	10.92	12.32
Other Financial Assets	16	206.87	25.73	46.27
Other Current Assets	17	840.01	1023.31	706.78
		6345.34	**6467.37**	**6541.68**
Total Assets		**15607.22**	**15239.05**	**14505.18**
Equity and Liabilities				
Equity				
Share Capital	18	160.90	160.68	160.59
Other Equity	19	12639.61	11825.20	10519.12
		12800.51	**11985.88**	**10679.71**
Share Application Money Pending Allotment	18	0.00	-	-
Non-Current Liabilities				
Financial Liabilities				
Borrowings	20	0.07	0.13	0.41
Other Financial Liabilities	21	45.06	42.12	76.09
Provisions	22	125.61	132.00	101.93
Deferred Tax Liabilities	8	-	35.85	114.53
Other Non-Current Liabilities	23	80.14	88.60	81.16
		250.88	**298.70**	**374.12**
Current Liabilities				
Financial Liabilities				
Borrowings	20	324.26	1131.68	1380.20
Trade Payables	24	1298.21	990.84	1382.23
Other Financial Liabilities	25	455.60	484.02	344.54
Other Current Liabilities	26	229.83	98.71	199.01
Provisions	22	247.93	249.22	145.37
		2555.83	**2954.47**	**3451.35**
Total Equity and Liabilities		**156 07.22**	**15239.05**	**14505.18**
Significant Accounting Policies and Key Accounting Estimates and Judgements	1			
Notes to the Financial Statements	2-55			

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

New Delhi, 25th May, 2017

Umang Vohra
Managing Director and
Global Chief Executive Officer

S. Radhakrishnan
Whole-time Director

Samina Vaziralli
Executive Vice-Chairperson

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 25th May, 2017

Statement of Profit and Loss

for the year ended 31st March, 2017

₹ in Crore

	Notes	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue from Operations			
Revenue from Sale of Products	27	10637.08	11828.74
Other Operating Income	28	337.50	288.98
		10974.58	**12117.72**
Other Income	29	129.85	280.30
		11104.43	**12398.02**
Expenditure			
Cost of Materials Consumed	30	2956.04	3633.34
Purchases of Stock-in-Trade	31	1128.99	1037.56
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	32	56.27	228.35
Employee Benefits Expense	33	1728.97	1778.56
Finance Costs	34	39.20	147.07
Depreciation, Impairment and Amortisation Expense	35	499.97	442.69
Other Expenses	36	3256.64	3386.48
Impairment of Investment	37	251.41	-
		9917.49	**10654.05**
Profit Before Tax		**1186.94**	**1743.97**
Tax Expense	8		
Current Tax (net)		311.06	356.64
Deferred Tax Charge/(Credit)		(99.06)	(74.97)
Profit for the Year		**974.94**	**1462.30**
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to Statement of Profit and Loss			
(i) Measurements of post-employment benefit obligation		10.60	(10.71)
(ii) Income tax relating to these items		(3.67)	3.71
Other Comprehensive Income/(Loss) for the year		**6.93**	**(7.00)**
Total Comprehensive Profit for the year		**981.87**	**1455.30**
Earnings Per Equity Share of face value of ₹ 2 each	52		
Basic (in ₹)		12.13	18.21
Diluted (in ₹)		12.11	18.16
Significant Accounting Policies and Key Accounting Estimates and Judgements	1		
Notes to the Financial Statements	2-55		

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Mumbai, 25th May, 2017

Statement of Changes in Equity

for the year ended 31st March, 2017

₹ in Crore

(a) Equity Share Capital (Refer Note 18)	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Balance at the Beginning of the year	160.68	160.59
Changes in Equity Share Capital during the year on Exercise of ESOSs	0.22	0.09
Balance at the End of the year	**160.90**	**160.68**

₹ in Crore

(b) Other Equity (Refer Note 19)	Attributable to the owners of the Company					Total Equity
	Reserves and Surplus					
	Capital Reserve	Securities Premium Reserve	General Reserve	Outstanding Employee Stock Options	Retained Earnings	
Balance as at 1st April, 2015	**0.08**	**1430.59**	**3141.43**	**76.40**	**5870.62**	**10519.12**
Profit for the Year					1462.30	1462.30
Other Comprehensive Income/(Loss)					(7.00)	(7.00)
Payment of Dividend (including tax on dividend) (Refer Note 51)					(180.92)	(180.92)
Exercise of ESOSs		18.69		(15.87)		2.82
Recognition of Share Based Payments				28.88		28.88
Balance as at 31st March, 2016	**0.08**	**1449.28**	**3141.43**	**89.41**	**7145.00**	**11825.20**
Profit for the Year					974.94	974.94
Other Comprehensive Income/(Loss)					6.93	6.93
Payment of Dividend (including tax on dividend) (Refer Note 51)					(193.58)	(193.58)
Exercise of ESOSs		55.96		(44.20)		11.76
Recognition of Share Based Payments			0.17	14.19		14.36
Balance as at 31st March, 2017	**0.08**	**1505.24**	**3141.60**	**59.40**	**7933.29**	**12639.61**

As per our report of even date

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New Delhi, 25th May, 2017

Mumbai, 25th May, 2017

Statement of Cash Flows

for the year ended 31st March, 2017

₹ in Crore

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cash Flow from Operating Activities		
Profit Before Tax	1186.94	1743.97
Adjustments to Reconcile Profit Before Tax to Net Cash Flows:		
Depreciation, Impairment and Amortisation Expense	499.97	442.69
Impairment of Investment	251.41	-
Interest Expense	39.20	147.07
Unrealised Foreign Exchange (Gains)/Losses (net)	(4.58)	(17.49)
Expense on Employee Stock Option Scheme (ESOS)	22.18	32.41
Provision for Bad & Doubtful Debts and Advances (net)	41.12	47.08
Interest Income	(27.67)	(27.61)
Dividend Income	(11.30)	(60.92)
Profit on Sale of Investments (net)	(46.96)	(81.66)
(Profit)/Loss on Sale/Discard of Property, Plant and Equipment (net)	16.83	(6.27)
Rent Income	(1.60)	(1.41)
Operating Profit before Working Capital Changes	**1965.54**	**2217.86**
Adjustments for:		
(Decrease)/Increase in Trade Payables and Other Liabilities	423.24	(271.31)
Decrease/(Increase) in Inventories	264.97	370.73
Decrease/(Increase) in Trade and Other Receivables	(116.92)	(198.25)
Working Capital Adjustments	**571.29**	**(98.83)**
Cash Generated from Operations	**2536.83**	**2119.03**
Income Tax Paid (including Tax Deducted at Source)	(331.27)	(390.63)
Net Cash Flow from Operating Activities	**2205.56**	**1728.40**
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment, Intangibles/Capital Work-in-Progress	(958.77)	(887.18)
Proceeds from sale of Property, Plant and Equipment	10.44	15.55
Investment in Subsidiaries	(236.12)	(462.82)
Proceeds from sale of Investments in Associate	-	170.48
Purchase of Current Investments	(8952.05)	(15655.58)
Proceeds from sale of Current Investments	8900.35	15526.47
Fixed Deposits placed with Banks as Margin Money	0.76	3.79
Interest Received	8.99	10.99
Dividend Received	11.30	60.92
Rent Received	1.60	1.41
Inter-Corporate Deposits Repaid	-	0.80
Loans (given to)/Repaid by Subsidiaries/Others (net)	22.25	9.50
Net Cash Flow used in Investing Activities	**(1191.25)**	**(1205.67)**

Statement of Cash Flows

for the year ended 31st March, 2017

₹ in Crore

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares (ESOSs)	11.96	2.94
Changes in Current Borrowings (net)	(797.10)	(237.74)
Repayment of Non Current Borrowings	(0.07)	(0.28)
Interest Paid	(32.04)	(132.38)
Movement in Unpaid Dividend	1.83	1.38
Dividend Paid	(160.84)	(160.62)
Tax Paid on Dividend	(32.71)	(20.30)
Net Cash Flow used in Financing Activities	**(1008.97)**	**(547.00)**
Net Increase/(Decrease) in Cash and Cash Equivalents	**5.34**	**(24.27)**
Cash and Cash Equivalents at the Beginning of the Year	39.76	64.34
Exchange Difference on Translation of Foreign Currency Cash and Cash Equivalents	(0.50)	(0.31)
Cash and Cash Equivalents at the End of the Year	**44.60**	**39.76**

Note:

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS-7)-Statement of Cash Flows.

As per our report of even date

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Notes to the Standalone Financial Statements

Corporate Information

Cipla Ltd. ("the Company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Cipla Ltd. is a global pharmaceutical company which uses cutting edge technology and innovation to meet the everyday needs of all patients. The Company has its wide network of operations in local as well foreign markets.

Note: 1 Significant Accounting Policies and Key Accounting Estimates and Judgements

Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For periods up to and including the year ended 31st March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). These financial statements for the year ended 31st March, 2017 are the first Financial Statements prepared in accordance with Ind AS. Refer to note 53 for information on how the Company has adopted Ind AS. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and contingent consideration; assets and liabilities assumed on business combination, defined benefit plans, plan assets and share-based payments. The consolidated financial statements are presented in Indian Rupee and all values are rounded to the nearest crore, except when otherwise indicated.

Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Examples of such estimates include estimation of useful lives of tangible and intangible assets, valuation of inventories, sales return, employee costs, assessments of recoverable amounts of deferred tax assets and cash generating units, provisions against litigations and contingencies. Estimates and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

Operating Cycle & Current Non-current Classification

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 twelve months for the purpose of current/ non-current classification of assets and liabilities.

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or Cash Equivalent.

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Foreign currency transactions and balances

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Notes to the Standalone Financial Statements

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign Operations
Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

Fair value measurement
The Company measures financial instruments at fair value at each reporting 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 is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the 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.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions.
- Contingent consideration.

Notes to the Standalone Financial Statements

- Quantitative disclosures of fair value measurement hierarchy.
- Financial instruments (including those carried at amortised cost).

Revenue recognition

(i) Sale of goods and rendering of services

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, chargebacks and volume rebates allowed by the Company. Accrual for sales returns, chargebacks and other allowances are provided at the point of sale based upon past experience. Adjustments to such returns, chargebacks and other allowances are made as new information becomes available. Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax and value added tax are excluded from revenue.

Profit sharing revenues are generally recognized under the terms of a license and supply agreement in the period such amounts can be reliability measured and collectability is reasonably assured.

Revenue from sale of goods is recognized when the following conditions are satisfied:

- The Company has transferred the significant risks and rewards of ownership of the goods to the buyer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue resulting from the achievement of milestone events stipulated in agreements is recognized when the milestone is achieved. Milestones are based upon the occurrence of a substantive element specified in the contract or as a measure of substantive progress towards completion under the contract.

Other Operating revenue is recognised on accrual basis.

(ii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividends

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Taxes

Income tax expense comprises of current tax expense and deferred tax expenses. Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

(i) Current income tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is

Notes to the Standalone Financial Statements

calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

(ii) Deferred tax:

Deferred tax is recognized using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

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, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

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

(iii) Sales tax

Expenses and assets are recognised net of the amount of sales tax, except, when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Property, Plant and Equipment

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria is met. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in note below. Items such as spare parts, stand-by equipment

Notes to the Standalone Financial Statements

and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when 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 is met.

Capital work-in-progress includes cost of property, plant and equipment that are not ready for their intended use.

Depreciation on tangible assets is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

Capital work-in-progress included in Note 3 property, plant and equipment are not depreciated as these assets are not yet available for use.

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

Investment properties

Property that is held for non-current rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 25-40 years. The useful life has been determined based on technical evaluation performed by management's expert.

Intangible assets

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands and computer software acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalised and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

Expenditure on Regulatory Approval

Expenditure incurred for obtaining regulatory approvals and registration of products for overseas markets is charged to the Statement of Profit and Loss.

Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

- Marketing intangibles, Trademarks, Technical Know-How and Brands 2-10 years.
- Computer software 3 years.

Borrowing costs

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

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

Notes to the Standalone Financial Statements

recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April, 2015, the date of inception is deemed to be 1st April, 2015 in accordance with Ind-AS 101 First-time Adoption of Indian Accounting Standard.

(i) Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on accrual basis as escalation in lease arrangements are for expected inflationary cost.

(ii) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Inventories

Raw materials and packing materials are valued at lower of cost and net realisable value after providing for obsolescence, if any. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Work-in-process, stores, spares and consumables are valued at cost. Stock-in-trade and finished goods are valued at lower of cost and net realisable value.

Notes to the Standalone Financial Statements

Finished goods and work-in-process include costs of raw material, labour, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods includes excise duty, wherever applicable.

Cost of inventories is computed on weighted moving average basis.

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.

(i) 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, financial assets are classified in four categories:

- Debt instruments at amortised cost.
- Debt instruments at fair value through other comprehensive income (FVTOCI).
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).
- Equity instruments measured at fair value through other comprehensive income FVTOCI.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

After initial measurement, 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 profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity Investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. 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 FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of

Notes to the Standalone Financial Statements

investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

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 include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Notes to the Standalone Financial Statements

Loans and Borrowings

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 de-recognised 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.

This category generally applies to interest-bearing loans and borrowings.

De-recognition

A financial liability is de-recognised 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 de-recognition 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 or Loss.

(iii) Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. 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.

(iv) Cash and Cash Equivalents

Cash and Cash Equivalents represent cash and bank balances and fixed deposits with banks. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

(v) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Provisions

Provisions for legal claims, chargebacks and sales returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingencies

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Employee Benefits

Liability on account of short term employee benefits is recognised on an undiscounted and accrual basis during the period when the employee renders service/ vesting period of the benefit.

Notes to the Standalone Financial Statements

Post retirement contribution plans such as Employees' Pension scheme and Employees' Provident Fund (for employees other than those who are covered under Employees' provident fund trust) are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds accrue.

Post retirement benefit plans such as gratuity and provident fund are determined on the basis of actuarial valuation made by an independent actuary as at the balance sheet date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss.

(i) Gratuity Obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of Profit and Loss as past service cost.

(ii) Other Benefit Plan - Leave Encashment

Liability in respect of leave encashment becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of leave encashment becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary.

(iii) Termination Benefits

Termination benefits arising are recognised in the Statement of Profit and Loss when:

- the Company has a present obligation as a result of past event;
- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Government Grants

Government Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit and loss accounts over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments. When loans or similar assistance are provided by the government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

Notes to the Standalone Financial Statements

The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

Non-current assets and liabilities classified as held for sale and discontinued operations

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

Share-based employee remuneration

The Company operates equity-settled share-based remuneration plans for its employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values on the grant date. Grant date is the date when the Company and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in Statement of Profit and Loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

Market conditions are taken into account when estimating the fair value of the equity instruments granted. Services received from employees satisfying another vesting condition irrespective of whether market conditions are satisfied.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are

Notes to the Standalone Financial Statements

recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Key accounting estimates and judgements

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Judgements

(i) Leases

The Company has evaluated each lease agreement for its classification between finance lease and operating lease. The Company has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification. The Company has also used appendix C of Ind AS 17 for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- the arrangement conveys a right to use the asset.

(ii) Deferred Income Taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilized is based on the Company's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full.

(iii) Research and Developments Costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

Estimates

(i) Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company.

(ii) Current Income Taxes

The major tax jurisdictions for the Company are India, US and South Africa, though the Company companies also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(iii) Sales Returns

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in

Notes to the Standalone Financial Statements

various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates.

(iv) Chargebacks

Chargebacks are estimated and provided for in the year of sales and recorded as reduction from revenue. Provisions for such chargebacks are accrued and estimated based on historical average chargebacks rate actually claimed over a period of time, current contract prices with distributors/other customers and estimated inventory holding by the distributors.

(v) Expected Credit Loss

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i Trade receivables and lease receivables.

ii Financial assets measured at amortized cost (other than trade receivables and lease receivables).

iii Financial assets measured at fair value through other comprehensive income (FVTOCI).

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

(vi) Accounting for Defined Benefit Plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

(vii) Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(viii) Fair Value of Financial Instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the

Notes to the Standalone Financial Statements

assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from 1st April, 2017.

(i) Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

(ii) Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

Notes to the Standalone Financial Statements

Note 2: Property, Plant and Equipment

₹ in Crore

Particulars	Freehold Land	Leasehold Land	Buildings and Flats	Plant and Machinery	Furniture and Fixtures	Office Equipments	Vehicles	Total
Gross Block								
Balance as at 1st April, 2015	**32.74**	**20.37**	**1433.31**	**1850.87**	**66.30**	**42.27**	**3.95**	**3449.81**
Additions	-	1.21	242.27	407.66	10.40	14.31	1.14	676.99
Deletions and Adjustments	-	-	0.01	9.37	0.27	0.41	0.14	10.20
Balance as at 31st March, 2016	**32.74**	**21.58**	**1675.57**	**2249.16**	**76.43**	**56.17**	**4.95**	**4116.60**
Additions	6.41	1.23	204.60	623.21	19.85	19.52	1.22	876.04
Deletions and Adjustments	-	-	0.89	38.55	1.94	1.52	0.35	43.25
Balance as at 31st March, 2017	**39.15**	**22.81**	**1879.28**	**2833.82**	**94.34**	**74.17**	**5.82**	**4949.39**
Depreciation and Impairment								
Balance as at 1st April, 2015	-	-	-	-	-	-	-	-
Depreciation	-	0.23	47.42	335.47	14.46	16.77	0.94	415.29
Deletions and Adjustments	-	-	-	0.83	0.02	0.09	0.03	0.97
Balance as at 31st March, 2016	**-**	**0.23**	**47.42**	**334.64**	**14.44**	**16.68**	**0.91**	**414.32**
Depreciation	-	0.25	52.25	355.10	12.97	15.71	0.88	437.16
Impairment	-	-	-	18.74	-	-	-	18.74
Deletions and Adjustments	-	-	0.03	13.77	1.18	0.92	0.09	15.99
Balance as at 31st March, 2017	**-**	**0.48**	**99.64**	**694.71**	**26.23**	**31.47**	**1.70**	**854.23**
Net Block								
As at 31st March, 2017	**39.15**	**22.33**	**1779.64**	**2139.11**	**68.11**	**42.70**	**4.12**	**4095.16**
As at 31st March, 2016	**32.74**	**21.35**	**1628.15**	**1914.52**	**61.99**	**39.49**	**4.04**	**3702.28**
As at 1st April, 2015	**32.74**	**20.37**	**1433.31**	**1850.87**	**66.30**	**42.27**	**3.95**	**3449.81**

i. The gross value of Buildings and Flats includes the cost of shares in Co-operative Housing Societies.

ii. The above additions to property, plant and equipment during the year includes ₹ 119.34 crore (31st March, 2016 ₹ 242.88 crore, 1st April, 2015 ₹ 131.94 crore) used for Research and Development.

Details of Capital Work in Progress

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016
Opening Balance	**512.81**	**339.00**
Capitalised	(391.33)	(275.24)
Impairment	(9.13)	-
Additions During the Year	428.17	449.05
Closing Balance	**540.52**	**512.81**

Notes to the Standalone Financial Statements

Note 3: Investment Property

₹ in Crore

Particulars	Amount
Gross Block	
Balance as at 1st April, 2015	**0.33**
Balance as at 31st March, 2016	**0.33**
Balance as at 31st March, 2017	**0.33**
Accumulated Depreciation	
Balance as at 1st April, 2015	**-**
Depreciation	0.00
Balance as at 31st March, 2016	**0.00**
Depreciation	0.01
Balance as at 31st March, 2017	**0.01**
Net Block	
As at 31st March, 2017	**0.32**
As at 31st March, 2016	**0.33**
As at 1st April, 2015	**0.33**
Fair value	
As at 31st March, 2017	**1.40**
As at 31st March, 2016	**1.31**
As at 1st April, 2015	**1.42**

Estimation of Fair Value

The fair valuation of the assets is based on the perception about the macro and micro economic factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities etc.

This value is based on valuations performed by an accredited independent valuer using replacement cost method. The fair value measurement is categorised in level 2 fair value hierarchy.

Notes to the Standalone Financial Statements

Note 4: Intangible Assets

₹ in Crore

Particulars	Software	Marketing Intangibles	Technical Know-how	Trademarks	Brands	Total
Gross Block						
Balance as at 1st April, 2015	101.31	24.27	-	-	-	125.58
Additions	9.49	-	4.66	10.45	1.08	25.68
Deletions and Adjustment	0.04	-	-	-	-	0.04
Balance as at 31st March, 2016	**110.76**	**24.27**	**4.66**	**10.45**	**1.08**	**151.22**
Additions	51.20	-	-	-	-	51.20
Deletions and Adjustment	-	-	-	-	-	-
Balance as at 31st March, 2017	**161.96**	**24.27**	**4.66**	**10.45**	**1.08**	**202.42**
Amortisation and Impairment						
Balance as at 1st April, 2015	-	-	-	-	-	-
Amortisation	21.17	5.02	0.51	0.58	0.12	27.40
Deletions and Adjustment	0.01	-	-	-	-	0.01
Balance as at 31st March, 2016	**21.16**	**5.02**	**0.51**	**0.58**	**0.12**	**27.39**
Amortisation	27.71	5.02	0.93	1.05	0.22	34.93
Balance as at 31st March, 2017	**48.87**	**10.04**	**1.44**	**1.63**	**0.34**	**62.32**
Net Block						
As at 31st March, 2017	**113.09**	**14.23**	**3.22**	**8.82**	**0.74**	**140.10**
As at 31st March, 2016	**89.60**	**19.25**	**4.15**	**9.87**	**0.96**	**123.83**
As at 1st April, 2015	**101.31**	**24.27**	**-**	**-**	**-**	**125.58**

Details of Intangible Assets Under Development

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016
Opening Balance	**37.91**	**21.71**
Capitalised	(35.43)	(1.58)
Additions during the Year	12.77	17.78
Closing Balance	**15.25**	**37.91**

Notes to the Standalone Financial Statements

Note 5: Non-Current Investments

₹ in Crore

Particulars	No. of Units	As at 31st March, 2017	No. of Units	As at 31st March, 2016	No. of Units	As at 1st April, 2015
Investments in Equity Instruments (Unquoted)		-				
I. Subsidiaries						
Equity Shares of Cipla FZE of AED 10,00,000 Each, Fully Paid	15	18.69	15	18.69	15	18.69
Equity Shares of Goldencross Pharma Pvt. Ltd. of ₹ 10 each, Fully Paid	45,966	191.12	45,966	191.12	45,966	191.12
Equity shares of Meditab Specialities Pvt. Ltd. of ₹ 1 each, Fully Paid	61,72,237	158.42	61,72,237	158.42	61,53,382	155.72
Meditab Specialities Pvt. Ltd. (Equity Component of Inter corporate Deposits)	-	107.50	-	107.50	-	107.50
Ordinary Shares of Cipla (Mauritius) Ltd. of USD 1 each, Fully Paid	2,15,50,001	129.42	2,15,50,001	129.42	2,15,50,001	129.42
Shares of Cipla (EU) Ltd. of GBP 1 Each, Fully Paid	2,70,00,000	264.70	2,33,70,000	233.51	35,30,000	37.76
Ordinary Shares of Cipla Medpro South Africa (Proprietary) Ltd. of 0.1 Cent each, Fully Paid (Refer Note 53-III-c)	45,07,40,684	2081.09	45,07,40,684	2081.09	45,07,40,684	2081.09
Shares of Cipla Holding B.V. of EUR 100 each, Fully Paid	2,15,367	172.69	2,15,367	172.69	2,15,367	172.69
Equity Shares of Cipla BioTec Pvt. Ltd. of ₹ 10 each, Fully Paid	24,69,48,959	104.21	15,77,30,000	203.95	10,00,00,000	105.81
Shares of Saba Investment Ltd. of USD 1 each, Fully Paid	2,01,33,633	266.63	2,01,33,633	266.63	1,35,15,000	224.61
Equity Shares of Jay Precision Pharmaceuticals Pvt. Ltd. of ₹ 10 each, Fully Paid	24,06,000	96.24	24,06,000	96.24	24,06,000	96.24
Equity Shares of Cipla Health Ltd. of ₹ 10 each, Fully Paid	14,40,208	57.00	14,40,208	57.00	-	-
II. Associates						
Ordinary Shares of Biomab Holding Ltd. of USD 1 each, Fully Paid*	-	-	-	-	87,33,333	114.78
III. Other investments - FVTPL						
Equity Shares of The Saraswat Co-operative Bank Ltd. of ₹ 10 each, Fully Paid ₹ 10.000 (31st March, 2017, ₹ 10.000; 1st April, 2017, ₹ 10.000)	1,000	0.00	1,000	0.00	1,000	0.00
Investments in Government and Trust Securities						
National Savings Certificates ₹ 41000 (31st March, 2017, ₹ 41000; 1st April, 2017 ₹ 41000)		0.00		0.00		0.00
		3647.71		**3716.26**		**3435.43**
Aggregate Amount of Unquoted Investments		**3647.71**		**3716.26**		**3435.43**
* Divested on 22nd January 2016						

Notes to the Standalone Financial Statements

Note 6: Non-Current Loans

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured, Considered Good			
Deposits with Body Corporates and Others	32.55	32.98	31.00
Loans to Subsidiaries (Refer Note 48)	183.20	186.39	179.74
	215.75	**219.37**	**210.74**

Note 7: Other Non-Current Financial Assets

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Fixed Deposits as Margin Money (maturity more than 12 Months)	3.66	6.96	3.89
Capital Subsidy Receivable	33.08	33.08	33.08
Forward Contracts	20.34	-	16.14
	57.08	**40.04**	**53.11**

Note 8: Income Taxes

The major components of income tax expense for the years ended 31st March, 2017 and 31st March, 2016 are:

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Current Income Tax Charge	311.06	356.64
Deferred Tax on account of Temporary Differences	(99.06)	(74.97)
Income Tax Expense Reported in the Statement of Profit and Loss	**212.00**	**281.67**

Deferred Tax Related to Items Recognised in OCI during the year:

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Net Loss/(Gain) on Re-measurements of Defined Benefit Plans	3.67	(3.71)
Income Tax Expense/(Income) Charged to OCI	**3.67**	**(3.71)**

Reconciliation of Tax Expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2017 and 31st March, 2016:

Notes to the Standalone Financial Statements

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit Before Income Tax	1186.94	1743.97
At India's Statutory Income Tax Rate of 34.608% (31st March, 2016: 34.608%)	410.78	603.55
Prior Year Adjustments to Deferred Tax	16.64	(13.57)
Weighted Deductions and Exemptions	(316.88)	(292.86)
Non-deductible Expenses for Tax Purpose	13.75	(14.02)
Impairment of Investment	87.01	-
Others	2.65	-
Differential Tax Rate Impact	(1.95)	(1.43)
Income Tax Expense Reported in the Statement of Profit and Loss	**212.00**	**281.67**
Effective Income Tax Rate	17.86%	16.15%

Deferred Tax:

Deferred Tax relates to the following:

₹ in Crore

Particulars	Balance Sheet			Profit & Loss	
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Property, Plant and Equipment and Intangible Assets	(490.92)	(430.00)	(335.11)	60.92	94.89
Employment Benefits	49.77	77.12	62.74	23.68	(10.67)
Others	11.64	14.86	13.97	3.22	(0.89)
Provision for Doubtful Debts	45.07	33.71	22.20	(11.37)	(11.51)
Deferred Revenue	28.28	30.73	27.30	2.45	(3.43)
Provision for Right of Return	51.56	54.82	22.84	3.27	(31.98)
MAT Credit Entitlement	364.14	182.91	71.53	(181.23)	(111.38)
Deferred Tax Expense/(Income) in Statement of Profit and Loss				(99.06)	(74.97)
Net Deferred Tax Assets/(Liabilities)	**59.54**	**(35.85)**	**(114.53)**		

Reflected in the Balance Sheet as Follows:

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred Tax Assets	551.31	397.17	224.00
Deferred Tax Liabilities	(491.77)	(433.02)	(338.53)
Deferred Tax Assets/(Liabilities) (net)	**59.54**	**(35.85)**	**(114.53)**

Notes to the Standalone Financial Statements

Reconciliation of Deferred Tax Assets/(Liabilities) (net):

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Opening Balance	(35.85)	(114.53)
Tax Income during the Period recognised in Statement of Profit and Loss	99.06	74.97
Tax Income/(Expense) during the Period recognised in OCI	(3.67)	3.71
Closing Balance	**59.54**	**(35.85)**

Note 9: Other Non-Current Assets

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured, Considered Good			
Capital Advances#	4.69	6.46	4.74
Unsecured, Considered Good			
Capital Advances*	212.30	153.83	98.12
Deferred Lease Assets	38.27	39.75	41.23
Prepaid Expenses	1.90	2.22	0.15
VAT Receivable	41.05	44.56	45.51
	298.21	**246.82**	**189.75**

Secured against Bank Guarantees

* Includes ₹ 55.74 crore (31st March, 2016 ₹ 55.74 crore, 1st April, 2015 ₹ 55.74 crore) paid to wholly owned subsidiary - Meditab Specialities Pvt. Ltd.

Note 10: Inventories

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw Materials and Packing Materials	1111.95	1302.59	1470.28
Work-in-Process	544.95	762.20	874.31
Finished Goods	680.12	602.57	668.41
Stock-in-Trade	282.01	198.58	248.98
Stores, Spares and Consumables	34.47	52.53	27.22
	2653.50	**2918.47**	**3289.20**

The Company recorded inventory write down of ₹ 169.89 crore (31st March, 2016 ₹ 238.13 crore). This is included as part of Cost of Materials Consumed and Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade in the Statement of Profit and Loss.

Included above, Stock-in-Transit

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw Materials and Packing Materials	5.12	35.12	109.54
Work-in-Process	12.88	7.86	20.66
Finished Goods	93.96	65.14	65.34
Stock-in-Trade	18.77	4.03	6.71
	130.73	**112.15**	**202.25**

Notes to the Standalone Financial Statements

Note 11: Current Investments

₹ in Crore

Particulars	No. of Units	As at 31st March, 2017	No. of Units	As at 31st March, 2016	No. of Units	As at 1st April, 2015
Investment in Mutual Funds (Unquoted)						
Axis Liquid Fund - Direct - Growth	286,347	51.63	268,158	45.04	-	-
Baroda Pioneer Liquid Fund - Plan B - Direct - Growth	148,488	27.77	-	-	-	-
Baroda Pioneer Liquid Fund Plan B - Growth	-	-	-	-	280,546	45.04
Birla Sun Life Cash Plus - Direct - Growth	-	-	2,005,213	46.04	1,892,389	45.04
Franklin India Treasury Management Account Super Institutional Plan - Direct - Growth	-	-	-	-	239,539	50.06
Reliance Liquid Fund - Cash Plan - Direct - Growth	-	-	184,267	45.06	-	-
Reliance Liquid Fund - TP - Direct - Growth	142,720	56.62	121,898	45.04	-	-
Reliance Liquidity Fund - Direct - Growth	-	-	179,683	41.03	211,177	44.53
DHFL Pramerica Insta Cash Plus Fund - Direct - Growth	767,782	16.23	-	-	-	-
HDFC Cash Mgmt Fund - Savings Plan - Direct - Growth	-	-	139,164	44.03	8,562,289	25.02
DSP BlackRock Liquidity Fund - Direct - Growth	233,411	54.29	-	-	-	-
Principal Cash Management Fund - Direct Plan-Growth Option	-	-	-	-	330,868	45.04
L&T Liquid Fund - Direct - Growth	255,077	56.88	-	-	-	-
ICICI Prudential Money Market Fund - Direct- Growth	675,752	15.21	2,149,063	45.04	-	-
Indiabulls Liquid Fund - Direct- Growth	115,738	18.39	304,951	45.05	-	-
JM High Liquidity - Direct - Growth	10,961,538	48.79	10,871,272	45.05	-	-
Kotak Floater - ST - Direct - Growth	110,706	29.55	12,077	3.00	-	-
Invesco India Liquid Fund - Direct - Growth	253,691	56.79	-	-	-	-
SBI Magnum Insta Cash - Direct - Growth	156,645	56.35	-	-	92,339	28.58
SBI Premier Liquid Fund - Direct - Growth	-	-	189,247	45.06	-	-
Sundaram Money Fund - Direct - Growth	16,264,992	55.78	-	-	17,322,750	51.13
Tata Liquid Fund - Direct - Growth	185,141	55.54	-	-	-	-
Taurus Liquid Fund - Direct - Growth	-	-	274,216	45.04	330,391	50.02
UTI Money Market -Direct- Growth	210,272	38.36	265,152	45.04	-	-
		638.18		**539.52**		**384.46**
Aggregate amount of unquoted investments		**638.18**		**539.52**		**384.46**

Notes to the Standalone Financial Statements

Note 12: Trade Receivables

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Considered good			
Unsecured	1938.79	1896.41	2019.89
Considered doubtful			
Unsecured	130.24	97.40	64.13
Less: Allowance for Doubtful Debts*	130.24	97.40	64.13
	-	-	-
	1938.79	**1896.41**	**2019.89**
* charged during the year ₹ 41.12 crore (previous year ₹ 47.08 crore)			

Note 13: Cash and Cash Equivalents

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Balances with Banks			
In current accounts	43.97	38.62	63.14
Cash on hand	0.63	1.14	1.20
	44.60	**39.76**	**64.34**

Note 14: Bank Balance other than Cash and Cash Equivalents

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Bank Deposits (maturity between 3 months and 12 months)	3.78	1.34	5.13
Balance earmarked for Unclaimed Dividend*	10.08	11.91	13.29
	13.86	**13.25**	**18.42**

* the above balances are restricted for specific use

Note 15: Current Loans

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deposits with body corporates and others	2.25	2.75	3.05
Less: Allowance for Doubtful Advances	2.25	2.25	2.25
	-	**0.50**	**0.80**
Loan to Employees	9.53	10.42	11.52
	9.53	**10.92**	**12.32**

Notes to the Standalone Financial Statements

Note 16: Other Current Financial Assets

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other Loans and Advances			
Considered good	0.31	0.18	0.36
Considered doubtful	0.46	0.46	0.46
Less: allowance for doubtful advances	0.46	0.46	0.46
	0.31	**0.18**	**0.36**
Share Application Money Pending Allotment	-	-	12.69
Other Inter-company Receivables*	22.86	9.84	8.92
Deposit#	175.08	-	-
Other Receivables^	8.62	15.71	24.30
	206.87	**25.73**	**46.27**

*Includes ESOS, guarantee commission and other cross charge to subsidiaries

pertains to deposit given to DPCO (Refer note 43 B)

^Includes depot advances, employee advances

Note 17: Other Current Assets

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Advances to Suppliers	111.23	188.17	158.56
Prepaid Expenses	33.39	50.22	36.54
Export Incentives Receivable	216.55	258.93	144.79
Balances with Statutory/Revenue Authorities like excise, customs, service tax and value added tax, etc.	478.82	525.98	366.73
Others	0.02	0.01	0.16
	840.01	**1023.31**	**706.78**

Note 18: Share Capital

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Authorised			
87,50,00,000 Equity Shares of ₹ 2 each			
(31st March, 2016 87,50,00,000; 1st April, 2015 87,50,00,000 Equity Shares of ₹ 2 each)	175.00	175.00	175.00
	175.00	**175.00**	**175.00**
Issued			
80,55,13,469 Equity Shares of ₹ 2 each			
(31st March, 2016 80,43,87,677; 1st April, 2015 80,39,63,835 Equity Shares of ₹ 2 each)	161.10	160.88	160.79
	161.10	**160.88**	**160.79**
Subscribed & Paid-up			
80,45,10,074 Equity Shares of ₹ 2 each fully paid			
(31st March, 2016 80,33,84,282; 1st April, 2015 80,29,60,440 Equity Shares of ₹ 2 each fully paid)	160.90	160.68	160.59
	160.90	**160.68**	**160.59**

Notes to the Standalone Financial Statements

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	31st March, 2017		31st March, 2016		1st April, 2015	
	Number of shares	Amount (₹ in crore)	Number of shares	Amount (₹ in crore)	Number of shares	Amount (₹ in crore)
Equity Shares at the beginning of the year	80,33,84,282	160.68	80,29,60,440	160.59	80,29,21,357	160.58
Add: Equity Shares issued on exercise of employee stock options	11,25,792	0.22	4,23,842	0.09	39,083	0.01
Equity Shares at the end of the year	80,45,10,074	160.90	80,33,84,282	160.68	80,29,60,440	160.59

Details of Shareholders holding more than 5 percent shares in the Company

Particulars	31st March, 2017		31st March, 2016		1st April, 2015	
	Number of shares	% of Holdings	Number of shares	% of Holdings	Number of shares	% of Holdings
Dr. Y. K. Hamied	16,67,42,687	20.73%	16,67,42,687	20.76%	12,48,27,750	15.55%
Ms. Farida Hamied	-	-	-	-	4,19,14,937	5.22%
ICICI Prudential Mutual Fund	4,11,90,092	5.12%	3,44,09,246	4.28%	86,96,421	1.08%
Ms. Sophie Ahmed	4,59,82,000	5.72%	4,59,82,000	5.72%	4,59,82,000	5.73%
Life Insurance Corporation of India	4,53,25,137	5.63%	4,81,10,237	5.99%	4,42,13,904	5.51%

Terms and Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share 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 the shareholders in the ensuing Annual General Meeting. 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. The distribution will be in proportion to the number of equity shares held by the shareholder.

Equity shares reserved for issue under employee stock options

Refer Note 46 for number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options by the option holders as per the relevant schemes.

*** Share Application Money Pending Allotment for 31st March, 2017 is ₹ 11,172.**

Note 19: Other Equity

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Capital Reserve	0.08	0.08	0.08
Securities Premium Reserve	1505.24	1449.28	1430.59
General Reserve	3141.60	3141.43	3141.43
Outstanding Employee stock options	59.40	89.41	76.40
Retained Earnings	7933.29	7145.00	5870.62
	12639.61	**11825.20**	**10519.12**

Notes to the Standalone Financial Statements

Nature and Purpose of Reserve:-

Securities Premium Reserve

Securities Premium Reserve is used to record the premium on issue of shares. These reserve is utilised in accordance with the provisions of the Act.

General Reserve

The General Reserve is used from time to time to transfer profit from retained earning for appropriation purpose.

Outstanding Employee stock options

The Company has established various equity settled share based payment plan for certain categories of employees.

Note 20: Borrowings

(a) Non-Current

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred Payment Liability -Sales Tax Deferral Loan*	0.07	0.13	0.41
	0.07	**0.13**	**0.41**
*Sales tax deferral loan is interest free and repayable by 2018-19			

(b) Current

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Loans repayable on demand			
From Banks			
Secured			
Cash Credit from Banks (Secured by Hypothecation of Trade Receivables and Inventories)	-	-	0.67
Unsecured			
Packing Credit from Banks	324.25	917.63	1156.25
Buyers' Credit	-	205.00	223.28
Bank overdraft	0.01	9.05	-
	324.26	**1131.68**	**1380.20**

Note 21: Other Financial Liabilities

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Security Deposits	45.06	40.00	40.00
Payable for Acquisition of Business	-	-	36.09
Others	-	2.12	-
	45.06	**42.12**	**76.09**

Notes to the Standalone Financial Statements

Note 22: Provisions

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(a) Non - Current			
Leave Encashment	125.61	132.00	101.93
	125.61	**132.00**	**101.93**
(b) Current			
Leave Encashment	3.30	22.43	16.37
Gratuity	4.46	37.22	57.57
Bonus	91.20	31.16	5.43
Provision for Right of Return	148.97	158.41	66.00
	247.93	**249.22**	**145.37**

₹ in Crore

Particulars	Leave Encashment	Gratuity	Bonus	Provision for Right of Return	Total
At 1st April, 2015	**118.30**	**57.57**	**5.43**	**66.00**	**247.30**
Arising during the year	71.20	36.08	59.96	92.41	259.65
Utilised	(35.07)	(56.43)	(34.23)	-	(125.73)
At 31st March, 2016	**154.43**	**37.22**	**31.16**	**158.41**	**381.22**
Arising during the year	4.58	19.32	70.79	77.79	172.48
Utilised	(30.10)	(52.08)	(10.75)	(87.23)	(180.16)
At 31st March, 2017	**128.91**	**4.46**	**91.20**	**148.97**	**373.54**

Note 23: Other Non-current Liabilities

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred Government Grant	5.48	6.87	8.26
Deferred Revenue	74.66	81.73	72.90
	80.14	**88.60**	**81.16**

Note 24: Trade Payables

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Micro and Small Enterprises	36.91	7.30	2.72
Others	1261.30	983.54	1379.51
	1298.21	**990.84**	**1382.23**

Notes to the Standalone Financial Statements

The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a. The principal amount and the interest due thereon remaining unpaid to any Supplier as at the end of each accounting year			
Principal amount due to micro and small enterprises	-	-	-
Interest due on above	-	-	-
b. the amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

Note 25: Other Financial Liabilities

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current maturities of non-current debt			
Sales tax deferral loans	0.07	0.07	0.01
Unclaimed Dividend*	10.08	11.91	13.29
Unclaimed Preference Share Capital	-	0.01	0.01
Security Deposits	1.61	1.86	2.20
Capital Creditors	165.90	135.69	61.93
Contingent Consideration Payable	-	45.18	69.39
Employee Dues	82.67	120.01	83.35
Other Payable	195.27	169.29	114.36
	455.60	**484.02**	**344.54**

*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

Note 26: Other Current Liabilities

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Advance from customers	169.50	25.61	103.89
Other Payables:			
Statutory dues	51.71	57.18	40.18
Book Overdraft	-	6.64	46.89
Interest payable	0.16	0.82	0.67
Deferred Government Grant	1.39	1.39	1.39
Deferred Revenue	7.07	7.07	5.99
	229.83	**98.71**	**199.01**

Notes to the Standalone Financial Statements

Note 27: Revenue from Operations

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Sale of products (including excise duty)	10637.08	11828.74
	10637.08	**11828.74**

Details of products sold

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Manufactured Goods		
Bulk Drugs	737.03	1005.11
Tablets and Capsules	5378.64	6778.54
Liquids	160.26	195.88
Creams	203.67	187.98
Aerosols/Inhalation Devices	1181.71	1030.96
Injections/Sterile Solutions	1353.42	1184.41
Others	10.93	72.40
	9025.66	**10455.28**
Stock-in-Trade		
Bulk Drugs	125.14	82.72
Tablets and Capsules	785.34	681.19
Liquids	306.63	249.94
Creams	104.17	77.95
Aerosols/Inhalation Devices	94.29	73.35
Injections/Sterile Solutions	152.91	154.21
Others	42.94	54.10
	1611.42	**1373.46**
	10637.08	**11828.74**

Earnings in Foreign Exchange

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
F.O.B. Value of Exports	5004.97	6683.67
Technical Know-how and Licensing Fees	45.94	38.43
Others - Service fees, etc	55.72	24.03
	5106.63	**6746.13**

Notes to the Standalone Financial Statements

Note 28: Other Operating Revenue

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Rendering of Services	36.44	44.72
Export Incentives	162.31	150.16
Technical Know-how and Licensing Fees	52.02	30.58
Scrap Sales	26.53	37.49
Others	60.20	26.03
	337.50	**288.98**

Note 29: Other Income

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest income	27.67	27.61
Dividend Income*	11.30	60.92
Government Grants	1.39	1.39
Net Gain on Foreign Currency Transaction and Translation	-	66.13
Profit on sale of current investments#	46.96	81.66
Profit on sale of Fixed Asset	-	6.27
Sundry Balance Written Back	5.77	10.46
Insurance Claims	5.33	10.74
Rent	1.60	1.41
Miscellaneous Receipt	29.83	13.71
	129.85	**280.30**

* Includes ₹ 5.50 crore received from Cipla (Mauritius) Ltd. and ₹ 5.80 crore received from Saba Investment Ltd. (31st March, 2016 ₹ 60.92 crore received from Meditab Specialities Pvt. Ltd.)
# 31st March, 2016 includes ₹ 55.71 crore gain on sale of investment in associate (Biomab Holding Ltd.)

Note 30: Cost of Materials Consumed

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cost of Raw and Packing Materials		
Opening Stock	1302.59	1470.28
Add: Purchases	2765.40	3465.65
Less: Closing Stock	1111.95	1302.59
	2956.04	**3633.34**

Notes to the Standalone Financial Statements

Break-up of Materials Consumed

₹ in Crore

Class of Goods	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Semi Finished goods	1079.06	1409.10
Raw Material	870.94	1190.19
Packing Material	878.54	956.03
Others	127.50	78.02
Total Consumption (Net of Cenvat)	**2956.04**	**3633.34**

Consumption of Raw and Packing Materials/Spares and Components

₹ in Crore

Class of Goods	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
	Value	%	Value	%
Purchased Indigenously	1755.48	59.39	2039.15	56.12
Imported	1200.56	40.61	1594.19	43.88
Total Consumption (Net of Cenvat)	**2956.04**	**100.00**	**3633.34**	**100.00**

Note 31. Purchases of Stock-in-Trade

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Bulk Drugs	104.24	115.08
Tablets and Capsules	523.24	459.28
Liquids	209.59	170.42
Creams	67.81	58.33
Aerosols/Inhalation Devices	59.07	77.66
Injections/Sterile Solutions	118.65	107.31
Others	46.39	49.48
	1128.99	**1037.56**

Note 32. Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Opening Stock		
Work-in-Process	762.20	874.31
Finished Goods	602.57	668.41
Stock-in-Trade	198.58	248.98
	1563.35	**1791.70**
Less: Closing Stock		
Work-in-Process	544.95	762.20
Finished Goods	680.12	602.57
Stock-in-Trade	282.01	198.58
	1507.08	**1563.35**
	56.27	**228.35**

Notes to the Standalone Financial Statements

Break-up of Inventories

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Work-in-Process		
Formulations	242.61	208.74
Bulk Drugs	302.34	553.46
	544.95	**762.20**
Finished Goods		
Bulk Drugs	23.22	22.72
Tablets and Capsules	406.48	369.64
Liquids	22.30	19.23
Creams	26.73	19.04
Aerosols/Inhalation Devices	63.89	58.40
Injections/Sterile Solutions	135.58	109.57
Others	1.92	3.97
	680.12	**602.57**
Stock-in-Trade		
Bulk Drugs	12.71	7.18
Tablets and Capsules	133.54	96.74
Liquids	49.57	30.82
Creams	15.12	11.16
Aerosols/Inhalation Devices	13.84	13.45
Injections/Sterile Solutions	47.21	34.90
Others	10.02	4.33
	282.01	**198.58**

Note 33. Employee Benefits Expenses

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Salaries and Wages	1540.14	1572.90
Contribution to Provident and Other Funds	70.82	74.49
Employee Stock Option Scheme (Refer note 46)	22.18	32.41
Staff Gratuity	38.89	25.12
Staff Welfare Expense	56.94	73.64
	1728.97	**1778.56**

Note 34. Finance Costs

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest Expense	39.20	147.07
	39.20	**147.07**

Notes to the Standalone Financial Statements

Note 35. Depreciation and Amortisation Expense

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Depreciation of Tangible Assets	437.16	415.29
Impairment of Tangible Assets	27.87	-
Depreciation on Investment Properties	0.01	0.00
Amortisation of Intangible Assets	34.93	27.40
	499.97	**442.69**

Note 36. Other Expenses

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Manufacturing Expenses	443.37	405.08
Stores and Spares	94.14	112.28
Repairs and maintenance		
Plant and machinery	63.84	56.03
Buildings	34.72	32.09
Insurance	16.49	18.94
Rent	56.76	51.60
Rates and taxes	26.98	40.44
Power and Fuel	206.28	207.56
Travelling and Conveyance	239.12	286.37
Sales Promotion Expenses	231.90	207.14
Commission on Sales	234.41	182.21
Freight and Forwarding	157.82	194.04
Bad Debts, provision for doubtful debts and advances (net)	41.12	47.08
Loss on foreign exchange fluctuation (net)	13.30	-
Contractual Services	163.55	162.27
Non-Executive Directors' Remuneration	6.90	2.33
Postage and Telephone Expenses	31.54	26.99
Professional fees	395.26	594.61
Payment to Auditors		
Audit fee	1.22	0.74
Taxation Matters	0.05	0.06
Other Services	0.29	0.59
Reimbursement of Expenses	0.04	-
Loss/(Gain) on sale of fixed Assets/Asset Disposed Off (net)	16.83	-
CSR expenditure (Refer Note 50)	28.25	20.48
Charitable Donations	0.04	0.07
Research - Clinical Trials, Samples and Grants	280.03	262.66
Excise Duty	206.09	167.03
Miscellaneous Expenses	266.30	307.79
	3256.64	**3386.48**

Notes to the Standalone Financial Statements

Note 37: Impairment of Investment

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Impairment of Investment*	251.41	-
	251.41	**-**

*The Company's wholly owned subsidiary Cipla BioTec Pvt. Ltd. has decided to reposition the Biotechnology business to explore new business development opportunities including in-licensing to de-risk future investments in the segment without solely relying on in-house development. Accordingly, the Company had re-assessed the carrying value of investment in Cipla BioTec Pvt. Ltd. and recorded impairment charge of ₹ 251.41 crore during the year ended 31st March, 2017.

Note 38: Research and Development Expenditure

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
The amount of expenditure as shown in the respective heads of account is as under:		
R&D Capital Expenditure (Gross)		
Building	8.64	141.96
Assets Other than Building	110.70	100.92
	119.34	**242.88**
Less: Realisation on Sale of R&D Assets		
Building	-	-
Assets Other than Building	0.20	0.14
	0.20	**0.14**
	119.14	**242.74**
R&D Revenue Expenditure Charged to the Statement of Profit and Loss		
Materials Consumed	261.51	222.22
Employee Benefits Expenses	183.08	170.39
Power and Fuel	24.77	16.60
Repairs and Maintenance	25.46	21.37
Manufacturing Expenses	17.75	18.47
Professional Fees	48.59	45.98
Depreciation	50.76	44.24
Research - Clinical Trials, Samples and Grants	96.08	123.23
Printing and Stationery	0.55	0.46
Travelling Expenses	12.68	12.75
Other Research and Development Expenses	151.50	77.66
Allocated Manufacturing Expenses for R&D Batches	38.70	39.23
	911.43	**792.60**
	1030.57	**1035.34**

Notes to the Standalone Financial Statements

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Amount Eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961		
R&D Capital Expenditure (Gross)	110.70	100.92
R&D Revenue Expenditure	749.21	640.54
	859.91	**741.46**
Less: Realisation on Sale of R&D Assets	0.20	0.14
	859.71	**741.32**
Sales for the year	**10974.58**	**12117.72**
Total R&D Expenditure / Sales	9.39%	8.54%
Total Eligible R&D Expenditure / Sales	7.83%	6.12%

Note 39. Net difference in foreign exchange credited / (debited) to the Statement of Profit and Loss

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Net difference in foreign exchange credited / (debited) to the Statement of Profit and Loss	(13.30)	(27.20)
	(13.30)	**(27.20)**

Note 40. Value of Imports on C.I.F. basis

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Raw Materials and Packing Materials	938.94	1453.01
Components and Spare Parts	22.67	27.00
Capital Goods	258.67	247.00
	1220.28	**1727.01**

Note 41. Expenditure in Foreign Currency

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Legal and Professional charges	286.68	485.30
Royalties	2.46	2.34
Interest	0.83	2.07
Commission	99.67	66.56
Director Travel And Sitting Fees	-	0.04
Other Matters – Travelling, Registration fees, etc.	157.88	189.55
	547.52	**745.86**

Notes to the Standalone Financial Statements

Note 42: Lease Accounting

Where the Company is a Lessee

The Company has obtained certain premises for its business operations (including furniture and fixtures, therein as applicable) under cancellable operating lease or leave and license agreements ranging from 11 months to 5 years or longer which are subject to renewal at mutual consent. The cancellable lease arrangements can be terminated by either party after giving due notice. Lease payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 36.

Where the Company is a Lessor

The Company has given certain premises under operating lease or leave and license agreement. The Company retains substantially all risks and benefits of ownership of the leased asset and hence classified as Operating lease. Lease income on such operating lease is recognised in Statement of Profit and Loss under 'Rent' in Note 29.

Note 43: Contingent Liabilities, Commitments and Other Litigations (to the extent not provided for)

A. Details of Contingent Liabilities and Commitments

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Contingent Liabilities			
Claims against the Company not acknowledged as debt (note i)	315.30	17.36	15.85
Guarantees*	3956.74	3754.60	126.95
Letters of Credit	26.70	43.37	49.30
Income Tax on account of disallowance/additions	100.29	137.69	108.42
Excise Duty/Service Tax on account of valuation/cenvat credit	116.89	161.74	108.47
Sales Tax on account of credit/classification	2.43	2.34	5.66
	4518.35	**4117.10**	**414.65**
Commitments			
Estimated amount of contracts unexecuted on Capital Account	404.39	617.92	367.10
	4922.74	**4735.02**	**781.75**
*The Company has given guarantees in favour of various banks for ₹ 3805.72 crore (31st March, 2016 ₹ 3644.03 crore, 1st April, 2015 ₹ Nil) against the loan granted to Cipla (EU) Ltd. and InvaGen Pharmaceuticals Inc.			

Note:

i. Claims against the company not acknowledged as debt include claim relating to pricing, commission etc.

ii. It is not practicable for the group to estimate the timing of cash outflow, if any, in respect of our pending resolution of the respective proceedings as it is determined only on receipt of judgements/decisions pending with varoius authorities.

Notes to the Standalone Financial Statements

B. Details of Other Litigations

i The Government of India has served demand notices in March 1995 and May 1995 on the Company in respect of six bulk drugs, claiming that an amount of ₹ 5.46 crore along with interest due thereon is payable into the DPEA under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Company. The Company has filed its replies to the notices and has contended that no amount is payable into the DPEA under the Drugs (Prices Control) Order, 1979.

ii The Company had received notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Order, 1995 ("DPCO, 1995"). These notices have been subject to challenge by the Company on the question of fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995 and also if some of the specified drugs be subjected to price control, based on the parameters contained in the Drug Policy, 1994. The Company challenged these notices in the Hon'ble Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and in the Hon'ble Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company and the matters were carried in Appeal by the Government to the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India in August 2003 remanded the question of inclusion of certain drugs under price control to the Hon'ble Bombay High Court, after interpreting some of the criteria laid down in the Drug policy for inclusion/exclusion of drugs under price control.

In February 2013, the Hon'ble Supreme Court of India transferred the Hon'ble Bombay High Court Petitions, also before itself for a final hearing on both the matters. These Petitions were thereafter transferred back to Bombay High Court vide Order dated 20th July, 2016, along with directions that 50% of the demands raised as mentioned in its earlier Order dated August 2003 be deposited by the Petitioners in the Bombay Petitions, within six (6) weeks. Accordingly, the Company deposited a sum of ₹ 175.08 crore on 22nd August, 2016.

The Hon'ble Supreme Court of India vide its Order and Judgment dated 21st October, 2016, allowed the Appeals filed by the Government against the Judgment and Order of the Hon'ble Allahabad High Court regarding fixation of retail prices. Further, the said order was specific to fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995. The grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Hon'ble Bombay High Court. The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Hon'ble Supreme Court of India. Although, the recent decision of Hon'ble Supreme Court dated 21st October, 2016 referred above was in favour of the Government, basis the facts and legal advice on the matter sub-judice with the Hon'ble Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹ 1768.51 crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company to be ₹ 2567.53 crore, however, the Company has not received any further notices beyond an aggregate amount of ₹ 1768.51 crore.

Note 44: Employee Benefits

Employee Benefits

i Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short terms compensated absences, etc., and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

ii Long Term Employee Benefits

The disclosures as per Ind AS-19 are as under:

Notes to the Standalone Financial Statements

a. Brief description of the Plans

Defined Contribution Plan:

The Company's defined contribution plan is Employees' Pension Scheme (under the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Company has no further obligation beyond making the contributions.

Defined Benefit and other Long term Benefit Plans:

i. The Company has two schemes for long term benefits namely, Provident Fund and Gratuity:

- The provident fund plan, a funded scheme is operated by the Company's Provident Fund Trust, which is recognised by the Income tax authorities and administered through trustees/ appropriate authorities.
- The Company provides for Gratuity, a defined Benefit plan based on actuarial valuation as of the Balance Sheet date, based upon which, the Company contributes all the ascertained liabilities to the Insurer Managed Funds.

ii. The employees of the Company are also entitled to leave encashment .The provision is made based on actuarial valuation for leave encashment at the year end.

b. Charge to the Statement of Profit and Loss

i. Based on contribution

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Employees' Pension Scheme	25.65	27.84
Provident Fund	42.37	45.13
	68.02	**72.97**

ii. Charge towards leave encashment to the Statement of Profit and Loss amounts to ₹ 50.48 crore (31st March, 2016 ₹ 71.33 crore)

c. Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2017

₹ in Crore

Particulars	2017 Gratuity (Funded Plan)	2016 Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	134.06	99.36
Interest cost	10.82	7.96
Current service cost	27.05	20.33
Actuarial (gain)/loss on obligations	(8.97)	13.65
Benefits paid	(23.23)	(7.24)
Liability at the end of the year	**139.73**	**134.06**
ii. Change in fair value of assets		
Opening fair value of plan assets	96.83	41.78
Expected return on plan assets	7.81	3.35
Actuarial gain/(loss)	1.63	2.94
Contributions by employer	52.02	56.00
Benefits paid	(23.23)	(7.24)
Closing fair value of plan assets	**135.06**	**96.83**
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	(139.73)	(134.06)

Notes to the Standalone Financial Statements

₹ in Crore

Particulars	2017 Gratuity (Funded Plan)	2016 Gratuity (Funded Plan)
Fair value of plan assets as at year end	135.06	96.83
Net asset/(liability) recognised	**(4.67)**	**(37.23)**
iv. Expenses recognised in Statement of Profit and Loss		
Current service cost	27.05	20.33
Interest on defined benefit obligation	10.82	7.96
Expected return on plan assets	(7.81)	(3.35)
Total expense recognised in Statement of Profit and Loss	**30.06**	**24.94**
v. Expenses recognised in Statement of Profit and Loss [OCI]		
Actuarial (Gains)/Losses on Obligation For the Period	(8.97)	13.65
Return on Plan Assets, Excluding Interest Income	(1.63)	(2.94)
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Period Recognized in OCI	**(10.60)**	**10.71**
vi. Actual return on plan assets		
Expected return on plan assets	7.81	3.35
Actuarial gain/(loss) on plan assets	1.63	2.94
Actual return on plan assets	**9.44**	**6.29**
vii Asset information		
Insurer managed funds	100%	100%
viii. Expected employer's contribution for the next year	**32.04**	**51.24**

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

Principal Actuarial assumptions used	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Discounted rate (per annum)	7.64%	8.07%
Expected rate of return on plan assets	7.64%	8.07%
Expected rate of future salary increase	5.00% p.a.	5.00% p.a.

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 employment market.

Notes to the Standalone Financial Statements

Amount for current period and previous four periods are as follows:

₹ in Crore

Particulars	2017	31st March, 2016	2015	2014	2013
Gratuity					
Defined benefit obligation	139.73	134.06	99.36	74.43	59.39
Plan assets	(135.06)	(96.83)	(41.78)	(41.23)	(33.74)
(Surplus)/Deficit	4.67	37.23	57.58	33.20	25.65

The sensitivity analysis below has been determined based on reasonable possible changes of the respective assumption occurring at the end of the reporting period while holding all other assumptions constant:

₹ in Crore

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
Discount rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase / (decrease) in the defined benefit liability	(17.30)	21.14	(16.24)	19.89
Salary growth rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase / (decrease) in the defined benefit liability	21.50	(17.84)	20.32	(16.82)
Attrition rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase / (decrease) in the defined benefit liability	5.98	(6.93)	(6.85)	(8.00)

d. The following table sets out the status of the provident fund plan and the amounts recognised in the Company's Financial Statements as on 31st March, 2017

₹ in Crore

Particulars	2017 Provident Fund (Funded Plan)	2016 Provident Fund (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	654.84	516.37
Interest cost	56.90	47.18
Current service cost	42.37	45.13
Past Service Cost	-	-
Employee Contribution	78.09	83.59
Liability transferred in	9.33	11.00
Actuarial (gain)/loss on obligations	-	-
Benefits paid	(76.67)	(48.69)
Liability at the end of the year	**764.86**	**654.58**
ii. Change in fair value of assets		
Opening fair value of plan assets	664.83	524.51
Expected return on plan assets	56.90	47.18
Actuarial gain/(loss)	3.28	2.10
Contributions by employer	120.47	128.73
Transfer of plan assets	9.33	11.00
Benefits paid	(76.67)	(48.69)
Closing fair value of plan assets	**778.14**	**664.83**
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	(764.86)	(654.58)
Fair value of plan assets as at year end	778.14	664.83

Notes to the Standalone Financial Statements

₹ in Crore

Particulars	2017 Provident Fund (Funded Plan)	2016 Provident Fund (Funded Plan)
Funded status	(13.28)	(10.25)
Unrecognised actuarial gain/(loss)	-	-
Net asset/(liability) recognised	**-**	**-**
iv. Expenses recognised in Statement of Profit and Loss		
Current service cost	42.37	45.13
Past Service Cost	-	-
Interest cost	56.90	47.18
Interest on defined benefit obligation	-	-
Expected return on plan assets	(56.90)	(47.18)
Net actuarial (gain)/loss recognised in the current year	-	-
Transfer of plan assets	-	-
Total expense recognised in Statement of Profit and Loss	**42.37**	**45.13**
v. Actual return on plan assets		
Expected return on plan assets	56.90	47.18
Actuarial (gain)/loss on plan assets	(3.28)	(2.10)
Actual return on plan assets	**53.62**	**45.08**
vi. Asset information		
Investment in PSU bonds	368.94	320.62
Investment in Government Securities	331.41	278.89
Bank Special deposit	15.58	15.58
Investment in other securities	24.39	30.57
Private Sector Bonds	4.00	7.11
Equity/Insurer Managed Funds/Mutual Funds	32.82	11.45
Cash and Cash Equivalents	1.00	0.61
Total Assets at the end of the year	**778.14**	**664.83**
vii. Principal Actuarial assumptions used		
Discounted rate (per annum)	7.64%	8.07%
Expected rate of return on plan assets (per annum)	8.65%	8.80%
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 employment market.	5.00% p.a.	5.00% p.a
viii. Experience adjustments		
Defined benefit obligation	764.86	654.58
Plan assets	(778.14)	(664.83)
Deficit/(Surplus)	**(13.28)**	**(10.25)**
Experience adjustment on Plan Liabilities -(gain)/loss	-	-
Experience adjustment on Plan assets -gain/(loss)	3.28	2.10

Notes to the Standalone Financial Statements

Note 45. Related Party Disclosures

As per Ind AS-24, “Related Party Disclosures”, the related parties where control exists or where significant influence exists and with whom transaction have taken place are as below:

A. Subsidiary Companies including step-down subsidiaries and associate companies are as follows:

Sr. No.	Name of the Company
	Subsidiaries (held directly)
1	Cipla FZE
2	Goldencross Pharma Pvt. Ltd.
3	Cipla (Mauritius) Ltd.
4	Meditab Specialities Pvt. Ltd.
5	Cipla Medpro South Africa Proprietary Ltd.
6	Cipla Holding B.V.
7	Cipla BioTec Pvt. Ltd.
8	Cipla (EU) Ltd.
9	Saba Investment Ltd.
10	Jay Precision Pharmaceuticals Pvt. Ltd.
11	Cipla Health Limited
	Subsidiaries (held indirectly)
12	Four M Propack Pvt. Ltd.**
13	Cipla (UK) Ltd.
14	Cipla Australia Pty. Ltd.
15	Medispray Laboratories Pvt. Ltd.
16	Sitec Labs Pvt. Ltd.
17	Meditab Holdings Ltd.
18	Meditab Specialities New Zealand Ltd.
19	Cipla İlaç Ticaret Anonim Şirketi
20	Cipla Kenya Ltd.
21	Cipla Malaysia Sdn. Bhd.
22	Cipla Europe NV
23	Cipla Quality Chemical Industries Ltd.
24	Cipla Croatia d.o.o.
25	Galilee Marketing Proprietary Ltd.
26	Inyanga Trading 386 Proprietary Ltd.
27	Xeragen Laboratories Proprietary Ltd.
28	Cipla Medpro Holdings Proprietary Ltd.
29	Cape to Cairo Exports Proprietary Ltd.
30	Cipla Agrimed Proprietary Ltd.
31	Cipla Dibcare Proprietary Ltd.
32	Cipla Life Sciences Proprietary Ltd.
33	Cipla-Medpro Proprietary Ltd.
34	Cipla-Medpro Distribution Centre Proprietary Ltd.
35	Cipla Medpro Botswana Proprietary Ltd.
36	Cipla Medpro Research and Development Proprietary Ltd.*
37	Cipla Nutrition Proprietary Ltd.

Notes to the Standalone Financial Statements

Sr. No.	Name of the Company
38	Cipla Vet Proprietary Ltd.
39	Medpro Pharmaceutica Proprietary Ltd.
40	Med Man Care Proprietary Ltd.
41	Breathe Free Lanka (Private) Ltd.
42	Cipla Canada Inc. ***
43	Medica Pharmaceutical Industries Company Ltd.
44	Al Jabal For Drugs And Medical Appliances Company Ltd.
45	Cipla Pharma Lanka (Private) Ltd.
46	Cipla Pharma Nigeria Ltd.
47	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.
48	Cipla Maroc SA
49	Cipla Middle East Pharmaceuticals FZ-LLC
50	Quality Chemicals Ltd.
51	Cipla Philippines Inc.
52	Cipla USA Inc.
53	InvaGen Pharmaceuticals Inc.
54	Exelan Pharmaceuticals Inc.
55	Cipla BioTec South Africa Proprietary Ltd ##
56	CIPLA Algérie #
	Associates
57	Stempeutics Research Pvt. Ltd.

* De-registered on 6th December, 2016
** Ceased to be subsidiary w.e.f. 1st February, 2017
*** D-registered on 1st March, 2017
w.e.f 10th June, 2016
w.e.f. 6th June, 2016

B. Key Management Personnel

Ms. Samina Vaziralli – Executive Vice-Chairperson *

Mr. Umang Vohra – Managing Director and Global Chief Executive Officer **

Mr. S. Radhakrishnan – Whole-time Director

Mr. Kedar Upadhye – Global Chief Financial Officer (w.e.f. 1st August, 2016)

Mr. Subhanu Saxena – Managing Director and Global Chief Executive Officer (resigned w.e.f. close of business hour on 31st August, 2016)

Mr. Rajesh Garg – Executive Director and Global Chief Financial Officer (Demitted office w.e.f. close of business hours on 12th June, 2015)

* appointed as Executive Director (w.e.f. 10th July, 2015) and as Executive Vice-Chairperson (w.e.f. 1st September, 2016)

** Global Chief Operating Officer and Global Chief Financial Officer upto 31st July, 2016; Global Chief Operating Officer from 1st August, 2016 to 31st August, 2016 and Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016

Notes to the Standalone Financial Statements

C. Non-Executive Chairman & Non-Executive Vice-Chairman

Dr. Y. K. Hamied – Chairman

Mr. M. K. Hamied – Vice-Chairman

D. Non-Executive Directors

Mr. Ashok Sinha

Mr. Adil Zainulbhai

Ms. Punita Lal

Ms. Naina Lal Kidwai (w.e.f. 6th November, 2015)

Dr. Nachiket Mor (resigned w.e.f. 7th August, 2015)

Ms. Ireena Vittal (w.e.f. 1st December, 2016)

Mr. Peter Lankau (w.e.f. 10th January, 2017)

Dr. Peter Mugyenyi

E. Entities over which Key Management Personnel are able to exercise significant influence

Cipla Foundation

Hamied Foundation (w.e.f. 3rd February, 2016)

Cipla Cancer & AIDS Foundation

F. Trust over which Entity has control/significant influence

Cipla Employees Stock Option Trust

Cipla Health Employees Stock Option Trust

Notes to the Standalone Financial Statements

i. Transactions during the year with related parties as at 31st March:

₹ in Crore

Particulars	Subsidiary			Associates			Key Management Personnel including transactions with relatives of Key Management Personnel			Entities over which Key Management Personnel exercise significant influence			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Loans repaid	22.25	10.00	30.67	-	-	-	-	-	-	-	-	-	22.25	10.00	30.67
Investment in Equity	182.86	395.61	708.72	-	-	-	-	-	-	-	-	-	182.86	395.61	708.72
Loans Given	18.56	0.50	55.67	-	-	-	-	-	-	-	-	-	18.56	0.50	55.67
Outstanding Payables	176.05	135.02	62.14	-	1.00	0.02	-	-	-	-	-	-	176.05	136.02	62.16
Outstanding Receivables	605.06	608.75	711.01	-	-	-	-	-	-	-	-	-	605.06	608.75	711.01
Loan to Subsidiaries	183.20	186.89	179.74										183.20	186.89	179.74

ii. Transactions during the year with related parties for the year ended 31st March:

₹ in Crore

Particulars	Subsidiary		Associates		Key Management Personnel including transactions with relatives of Key Management Personnel		Entities over which Key Management Personnel exercise significant influence		Trust over which Entity has control/ significant influence		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Interest Received	42.85	23.25	-	-	-	-	-	-	-	-	42.85	23.25
Remuneration	-	-	-	-	55.85	36.40	-	-	-	-	55.85	36.40
Purchase of Goods	411.06	469.90	0.57	2.01	-	-	-	-	-	-	411.63	471.91
Processing Charges Paid	115.61	88.97	-	-	-	-	-	-	-	-	115.61	88.97
Testing and Analysis Charges Paid	68.10	84.33	-	-	-	-	-	-	-	-	68.10	84.33
Freight Charges Paid	0.49	0.66	-	-	-	-	-	-	-	-	0.49	0.66
Sale of Goods	1061.39	1046.16	-	-	-	-	-	-	-	-	1061.39	1046.16
Sale of Fixed Assets	2.76	17.02	-	-	-	-	-	-	-	-	2.76	17.02
Purchase of Fixed Assets	0.03	-	-	-	-	-	-	-	-	-	0.03	-
Advances Paid against Services	-	-	-	-	-	-	-	-	-	-	-	-
Processing Charges Received	7.82	6.78	-	-	-	-	-	-	-	-	7.82	6.78
Service Charges Paid	188.00	435.09	-	-	-	-	2.49	1.76	-	-	190.49	436.85
Service Charges Received	22.04	19.65	-	-	-	-	-	-	-	-	22.04	19.65
Donations Given	-	-	-	-	-	-	23.30	12.44	-	-	23.30	12.44
Rent Received	1.72	1.52	-	-	0.00	0.00	-	-	-	-	1.72	1.52
Reimbursement of operating/other expenses	0.56	1.04	-	-	-	-	-	-	-	-	0.56	1.04
Reimbursement received of operating/other expenses	13.40	41.89	-	-	-	-	-	-	-	-	13.40	41.89
Royalty received	2.44	0.10	-	-	-	-	-	-	-	-	2.44	0.10
Security Deposit taken	-	-	-	-	-	-	-	-	-	-	-	-
Dividend received	11.30	60.92	-	-	-	-	-	-	-	-	11.30	60.92
Guarantee given on behalf of subsidiary company	3805.72	3644.03	-	-	-	-	-	-	-	-	3805.72	3644.03

Notes to the Standalone Financial Statements

Transactions during the year with related parties:

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. Loans Repaid			
Meditab Specialities Pvt. Ltd.	-	-	18.45
Jay Precision Pharmaceuticals Pvt. Ltd.	21.75	10.00	-
Cipla Health Ltd.	0.50	-	-
Cipla BioTec Pvt.Ltd.	-	-	12.22
	22.25	**10.00**	**30.67**
B. Investment in Equity			
Cipla (Mauritius) Ltd.	-	-	121.34
Cipla Holding B.V.	-	-	119.62
Cipla (EU) Ltd.	31.19	195.75	37.76
Saba Investment Ltd.	-	42.01	257.69
Meditab Specialities Pvt. Ltd.	-	2.71	22.00
Cipla BioTec Pvt. Ltd.	151.67	98.14	54.07
Cipla Health Ltd.	-	57.00	-
Jay Precision Pharmaceuticals Pvt. Ltd.	-	-	96.24
	182.86	**395.61**	**708.72**
C. Loans Given			
Jay Precision Pharmaceuticals Pvt. Ltd.	-	-	35.00
Meditab Specialities Pvt. Ltd.	18.56	-	8.45
Cipla Health Ltd.	-	0.50	-
Cipla BioTec Pvt.Ltd.	-	-	12.22
	18.56	**0.50**	**55.67**
D. Outstanding Payables			
Goldencross Pharma Pvt. Ltd.	45.25	48.82	16.08
Medispray Laboratories Pvt. Ltd.	-	9.59	-
Four M Propack Pvt. Ltd.	-	-	1.06
Sitec Labs Pvt. Ltd.	14.37	13.47	12.33
Cipla Health Ltd.	-	6.46	-
Cipla Europe NV	-	30.58	-
Cipla Pharma Nigeria Ltd.	-	0.18	-
Cipla (UK) Ltd.	0.44	0.29	6.51
Cipla Australia Pty. Ltd.	-	1.16	1.58
Cipla Ilac Ticaret Anonim Sirketi	0.07	0.07	0.15
Cipla Kenya Ltd.	0.26	0.75	0.34
Cipla USA Inc.	-	2.91	-
Cipla Medpro Manufacturing Proprietary Ltd.	-	-	0.04
Cipla Malaysia Sdn. Bhd.	1.52	0.40	0.30

Notes to the Standalone Financial Statements

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cipla Canada Inc.	-	4.70	2.86
Cipla (Mauritius) Ltd.	-	-	2.81
Meditab Holdings Ltd.	-	-	2.15
Stempeutics Research Pvt. Ltd.	-	1.00	0.02
Cipla (EU) Ltd.	103.35	-	-
Jay Precision Pharmaceuticals Pvt. Ltd.	10.79	9.47	15.93
Cipla Quality Chemical Industries Ltd.	-	6.17	-
	176.05	**136.02**	**62.16**
E. Outstanding Receivables			
Four M Propack Pvt. Ltd.	-	0.67	-
Al-Jabal For Drugs and Medical Appliances Company Ltd.	67.86	90.37	39.03
Meditab Specialities Pvt. Ltd.	51.36	112.57	124.00
Medispray Laboratories Pvt. Ltd.	31.23	-	10.44
Quality Chemicals Ltd.	7.01	9.14	-
Breathe Free Lanka Private Ltd.	62.56	52.63	-
Cipla BioTec Pvt. Ltd.	0.44	0.18	0.01
Cipla Quality Chemical Industries Ltd.	4.12	-	3.77
Cipla (EU) Ltd.	-	93.00	76.74
Cipla Australia Pty. Ltd.	10.54	-	-
Cipla USA Inc.	148.55	-	-
Cipla Agrimed Proprietary Ltd.	-	-	4.82
Cipla Life Sciences Proprietary Ltd.	-	-	30.13
Cipla Vet Proprietary Ltd.	-	-	1.68
Cipla Medpro South Africa (Pty) Ltd.	207.59	246.75	259.96
Cipla Medpro Manufacturing Proprietary Ltd.	-	-	0.08
Cipla USA Inc.	-	-	59.53
Cipla Pharma Lanka (Private) Ltd.	-	-	96.45
Cipla Europe NV	2.07	-	4.21
Cipla Holding B.V.	7.52	0.17	0.16
Cipla Croatia d.o.o.	0.69	2.64	-
Cipla Health Ltd.	3.52	-	-
Medica Pharmaceutical Industries Company Ltd.	-	0.63	-
	605.06	**608.75**	**711.01**
F. Loan to Subsidiaries			
Cipla Health Ltd.	-	0.50	-
Jay Precision Pharmaceuticals Pvt. Ltd	3.25	25.00	35.00
Meditab Specialities Pvt. Ltd.	179.95	161.39	144.74
	183.20	**186.89**	**179.74**

Notes to the Standalone Financial Statements

Transactions during the year with related parties:

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
G. Interest Received		
Jay Precision Pharmaceuticals Pvt. Ltd.	1.61	3.73
Meditab Specialities Pvt. Ltd.	18.56	16.65
Cipla Health Ltd.	0.00[1]	0.01
Cipla (EU) Ltd.	14.67	2.86
InvaGen Pharmaceuticals Inc.	8.01	-
	42.85	**23.25**
H. Remuneration		
Dr. Y. K. Hamied	2.02	0.03
Mr. M. K. Hamied	2.09	0.11
Ms. Samina Vaziralli	3.90	2.47
Mr. Umang Vohra	12.90	4.40
Mr. S. Radhakrishnan	4.06	3.37
Mr. Kedar Upadhye	3.13	-
Mr. Ashok Sinha	0.51	0.54
Mr. Adil Zainulbhai	0.42	0.50
Ms. Punita Lal	0.38	0.41
Ms. Naina Lal Kidwai	0.43	0.17
Dr. Nachiket Mor	-	0.14
Ms. Ireena Vittal	0.14	-
Mr. Peter Lankau	0.11	-
Dr. Peter Mugyenyi	0.42	0.46
Mr. Subhanu Saxena	25.34	12.36
Mr. Rajesh Garg	-	11.44
	55.85	**36.40**
I. Purchase of Goods		
Goldencross Pharma Pvt. Ltd.	133.27	158.81
Medispray Laboratories Pvt. Ltd.	155.14	147.62
Meditab Specialities Pvt. Ltd.	0.94	1.05
Four M Propack Pvt. Ltd.	6.79	8.12
Sitec Labs Pvt. Ltd.	1.07	3.33
Jay Precision Pharmaceuticals Pvt. Ltd.	91.96	103.29
Cipla Quality Chemical Industries Ltd.	21.62	47.68
Cipla Health Ltd.	0.27	-
Stempeutics Research Pvt. Ltd.	0.57	2.01
	411.63	**471.91**
J. Processing Charges Paid		
Goldencross Pharma Pvt. Ltd.	43.04	11.29
Medispray Laboratories Pvt. Ltd.	43.12	45.53
Meditab Specialities Pvt. Ltd.	29.45	32.15
	115.61	**88.97**

Notes to the Standalone Financial Statements

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
K. Testing and Analysis Charges Paid		
Sitec Labs Pvt. Ltd.	68.10	84.33
	68.10	**84.33**
L. Freight Charges Paid		
Medispray Laboratories Pvt. Ltd.	-	0.01
Meditab Specialities Pvt. Ltd.	-	0.41
Goldencross Pharma Pvt. Ltd.	0.49	0.24
	0.49	**0.66**
M. Sale of Goods		
Goldencross Pharma Pvt. Ltd.	1.73	3.19
Meditab Specialities Pvt. Ltd.	3.75	4.61
Medispray Laboratories Pvt. Ltd.	37.12	39.47
Cipla Quality Chemical Industries Ltd.	23.92	24.08
Cipla Health Ltd.	0.53	0.10
Sitec Labs Pvt. Ltd.	0.66	0.61
Cipla (EU) Ltd.	(22.59)	15.48
Cipla Europe NV	89.97	26.73
Cipla Agrimed Proprietary Ltd.	-	0.95
Cipla Life Sciences Proprietary Ltd.	-	43.76
Cipla Vet Proprietary Ltd.	-	5.68
Cipla Medpro South Africa (Pty) Ltd.	439.58	595.06
Cipla Australia Pty. Ltd.	11.58	1.14
Cipla USA Inc.	243.20	15.53
Al-Jabal For Drugs and Medical Appliances Company Ltd.	124.58	146.95
Quality Chemicals Ltd.	8.22	8.51
Invagen Pharmaceuticals Inc.	0.03	-
Breathe Free Lanka Private Ltd.	99.11	114.31
	1061.39	**1046.16**
N. Sale of Assets		
Goldencross Pharma Pvt. Ltd.	1.49	0.51
Medispray Laboratories Pvt. Ltd.	-	0.03
Cipla Health Ltd.	1.27	16.14
Cipla Medpro South Africa (Pty) Ltd.	-	0.34
	2.76	**17.02**
O. Purchase of Assets		
Medispray Laboratories Pvt. Ltd.	0.03	-
	0.03	**-**

Notes to the Standalone Financial Statements

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
P. Processing Charges Received		
Meditab Specialities Pvt. Ltd.	1.99	1.23
Medispray Laboratories Pvt. Ltd.	5.83	5.55
	7.82	**6.78**
Q. Service Charges Paid:		
Cipla BioTec Pvt. Ltd.	0.05	1.37
Cipla (EU) Ltd.	54.42	62.77
Cipla (UK) Ltd.	2.02	3.23
Cipla Australia Pty. Ltd.	11.87	11.64
Cipla Ilac Ticaret Anonim Sirketi	1.16	0.86
Cipla USA Inc.	31.71	81.53
Cipla Kenya Ltd.	6.38	6.67
Cipla Malaysia Sdn. Bhd.	9.51	5.47
Cipla Europe NV	70.76	258.22
Cipla Canada Inc.	(0.01)	1.64
Cipla Pharma Nigeria Ltd.	0.00[2]	1.69
Quality Chemicals Ltd.	0.13	-
Hamied Foundation	2.49	1.76
	190.49	**436.85**
R. Service Charges Received		
Cipla BioTec Pvt. Ltd.	3.81	2.55
Cipla Health Ltd.	-	0.80
Saba Investment Ltd.	0.27	-
Cipla Quality Chemical Industries Ltd.	17.96	16.30
	22.04	**19.65**
S. Donations Given		
Cipla Foundation	16.50	12.08
Hamied Foundation	1.64	0.36
Cipla Cancer & Aids Foundation	5.16	-
	23.30	**12.44**
T. Rent Received		
Cipla BioTec Pvt. Ltd.	1.72	1.52
Dr. Y. K. Hamied	0.00[5]	0.00[5]
	1.72	**1.52**
U. Reimbursement of operating/other expenses		
Meditab Specialities Pvt. Ltd.	0.45	0.77
Cipla BioTec Pvt. Ltd.	-	0.10
Medispray Laboratories Pvt. Ltd.	0.11	0.17
	0.56	**1.04**

Notes to the Standalone Financial Statements

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
V. Reimbursement received of operating/other expenses		
Goldencross Pharma Pvt. Ltd.	0.35	0.01
Meditab Specialities Pvt. Ltd.	0.24	0.00[3]
Jay Precision Pharmaceuticals Pvt. Ltd	0.62	0.30
Cipla Health Ltd.	13.04	38.09
Cipla (EU) Ltd.	0.26	5.69
Cipla (UK) Ltd.	0.06	0.65
Cipla Medpro South Africa (Pty) Ltd.	3.52	(0.53)
Cipla Quality Chemical Industries Ltd.	0.42	1.29
Cipla USA Inc.	(5.14)	(0.88)
Medispray Laboratories Pvt. Ltd.	0.57	0.00[4]
Cipla BioTec Pvt. Ltd.	0.23	0.13
Sitec Labs Pvt. Ltd.	-	0.10
Cipla Europe NV	(1.86)	(3.24)
Invagen Pharmaceuticals Inc.	0.96	-
Cipla Holding B.V.	0.13	0.28
	13.40	**41.89**
W. Royalty received		
Cipla Health Ltd.	2.44	0.10
	2.44	**0.10**
X. Dividend received		
Saba Investment Ltd.	5.80	-
Cipla (Mauritius) Ltd.	5.50	-
Meditab Specialities Pvt. Ltd.	-	60.92
	11.30	**60.92**
Y. Guarantee given on behalf of subsidiary Company		
Cipla (EU) Ltd.	1530.46	3644.03
Invagen Pharmaceuticals Inc.	2275.26	-
	3805.72	**3644.03**

[1] ₹ 26,781

[2] ₹ 7,152

[3] ₹ 9,000

[4] ₹ 36,773

[5] ₹ 20,040

Notes to the Standalone Financial Statements

Note 46: Employee Stock Option Schemes

The Company has implemented "ESOS 2013", "ESOS 2013 - A" and "ESOS 2013 - B" as approved by the Shareholders on 8th April, 2013, 22nd August, 2013 and 22nd August, 2013 respectively. Details of the Options granted during the year under the Scheme(s) are as given below:

Scheme Details	Grant date	No. of Options Granted	Exercise Price (₹) per Option	Vesting period	Exercise Period
ESOS 2013 - A	28-Apr-16	27,702	2.00	2 years	5 years from Vesting date
ESOS 2013 - A	11-Aug-16	20,280	2.00	2 years	5 years from Vesting date
ESOS 2013 - A	09-Nov-16	587,970	2.00	2 years	5 years from Vesting date

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2 each.

Weighted average Share price for options exercised during the year:

Particulars	ESOS - 2013	ESOS - 2013 - A	ESOS - 2013 - B
Weighted average Share price	563.50	530.20	-

Stock Option activity under the Scheme(s) for the year ended 31st March, 2017 is set out below:

ESOS 2013

Particulars	No. of options	Weighted Average Exercise Price (₹) per Option	Range of Exercise Price (₹) per Option	Weighted Average remaining Contractual life (Years)
Outstanding at the beginning of the year	1,000,000	197.50	197.50	5.22
Granted during the year	-	-	-	-
Forfeited/Cancelled during the year	400,000	197.50	197.50	-
Exercised during the year	600,000	197.50	197.50	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Notes to the Standalone Financial Statements

ESOS 2013 - A

Particulars	No. of options	Weighted Average Exercise Price (₹) per Option	Range of Exercise Price (₹) per Option	Weighted Average remaining Contractual life (Years)
Outstanding at the beginning of the year	1,978,450	2.00	2.00	5.58
Granted during the year	635,952	2.00	2.00	-
Forfeited/Cancelled during the year	381,981	2.00	2.00	-
Exercised during the year	531,378	2.00	2.00	-
Outstanding at the end of the year	1,701,043	2.00	2.00	5.36
Exercisable at the end of the year	514,889	2.00	2.00	17.57

ESOS 2013 - B

Particulars	No. of options	Weighted Average Exercise Price (₹) per Option	Range of Exercise Price (₹) per Option	Weighted Average remaining Contractual life (Years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited/Cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	ESOS - 2013	ESOS - 2013 - A	ESOS - 2013 - B
Expected Dividend Yield (%)	No Options Granted during the year	0.37%	No Options Granted during the year
Expected Volatility		24.83%	
Risk-free interest rate		6.64%	
Weighted average Share Price (₹)		535.07	
Exercise price (₹)		2.00	
Expected life of options granted in years		4.50	
Weighted average fair value of Options (₹)		524.73	

The effect of share-based payment transactions on the entity's Profit or Loss for the period and earnings per share is presented below:

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit after Tax as reported	974.94	1462.30
ESOS cost	22.18	32.41
Earnings per share		
Basic	12.13	18.21
Diluted	12.11	18.16

Notes to the Standalone Financial Statements

Note 47: Segment Information

In accordance with Ind AS-108 "Operating Segments", segment information has been given in the Consolidated Financial Statements of Cipla Ltd., and therefore, no separate disclosure on segment information is given in these financial statements.

Note 48: Details of Loans given, Investments made and Guarantees given covered under Section 186(4) of the Companies Act, 2013

a) Loans and Advances in the nature of Loans given to Subsidiaries and Associates

₹ in Crore

Sr. No.	Name of the Company	Nature	As at 31st March, 2017	Maximum balance during the year	As at 31st March, 2016	Maximum balance during the year	As at 1st April, 2015	Maximum balance during the year
1	Meditab Specialities Pvt. Ltd.	Subsidiary	179.95	179.95	161.39	161.39	144.74	163.19
2	Cipla BioTec Pvt. Ltd.	Subsidiary	-	-	-	-	-	12.22
3	Jay Precision Pharmaceuticals Pvt. Ltd.	Subsidiary	3.25	25.00	25.00	35.00	35.00	35.00
4	Cipla Health Ltd.	Subsidiary	-	0.50	0.50	0.50	-	-

b) Loans given to Others

₹ in Crore

Sr. No.	Name of the Company	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Bakul Pharma Pvt. Ltd.	-	-	0.80
2	U&I System Design Ltd.*	2.25	2.25	2.25
	* The loan is considered doubtful and has been fully provided for.			

Notes:

i. All the above loans have been given for business purposes.

ii. The loans and advances shown above, fall under the category of 'Non-current Financial Assets' and are re-payable within 3 to 6 years except Current Loans and Advances to Bakul Pharma Pvt. Ltd. and Cipla Health Ltd.

iii. Loans given to employees as per the Company's policy are not considered.

c) Investments made are given under the respective heads.

d) Corporate Guarantees given by the Company in respect of Loans and Interest Rate Swaps as at 31st March, 2017

Notes to the Standalone Financial Statements

₹ in Crore

Name of the Company	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cipla (EU) Ltd.	1530.46	3644.03	-
Invagen Pharmaceuticals Inc.	2275.26	-	-

Particulars	No. of Shares
Meditab Specialities Pvt. Ltd. has made the following investments in its subsidiaries	
a. Meditab Holdings Ltd.	4,46,20,100
b. Medispray Laboratories Pvt. Ltd.	51,020
c. Sitec Labs Pvt. Ltd.	10,000
Meditab Specialities Pvt. Ltd. has made the following investments in its associates	
a. Stempeutics Research Pvt. Ltd.	2,05,02,525
Meditab Holdings Ltd. has made the following investments in its subsidiaries	
a. Cipla Quality Chemical Industries Ltd.	1,86,42,99,646

Note 49:

A. Fair Value Measurement

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Fair value of cash and current deposits, trade and other current receivables, trade payables, other current liabilities, current loans from banks and other financial institutions approximate their carrying amounts largely due to the current maturities of these instruments.

Financial Instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rate and individual credit worthiness of the counterparties. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair Value Hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

Notes to the Standalone Financial Statements

The carrying value and fair value of financial instruments by categories as of 31st March, 2017 were as follows:

₹ in Crore

Particulars	As at 31st March, 2017	Fair Value		
		Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Investments (Refer Note 5)	3647.71			3647.71
Loans (Refer Note 6 & 15)	225.28			225.28
Trade Receivables (Refer Note 12)	1938.79			1938.79
Cash and Cash Equivalents (Refer Note 13)	44.60			44.60
Bank balance other than cash and cash equivalents (Refer Note 14)	13.86			13.86
Other Financial Assets (Refer Note 7 & 16)	263.95			263.95
Total	**6134.19**			
Financial assets at fair value through Profit and Loss:	-			
Investments (Refer Note 11)	638.18	638.18		
Financial assets at fair value through other Comprehensive Income:				
Investments (Refer Note 5)	-			-
Financial liabilities at amortised cost:				
Borrowings (Refer Note 20)	324.33			324.33
Other financial liabilities (Refer Note 21 & 25)	500.66			500.66
Trade payables (Refer Note 24)	1298.21			1298.21
Total	**2123.20**			
Financial liabilities at fair value through Statement of Profit and Loss:	-			

The carrying value and fair value of financial instruments by categories as of 31st March, 2016 were as follows:

₹ in Crore

Particulars	As at 31st March, 2016	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost:				
Investments (Refer Note 5)	3716.26			3716.26
Loans (Refer Note 6 & 15)	230.29			230.29
Trade Receivables (Refer Note 12)	1896.41			1896.41
Cash and Cash Equivalents (Refer Note 13)	39.76			39.76
Bank balance other than cash and cash equivalents (Refer Note 14)	13.25			13.25
Other Financial Assets (Refer Note 7 & 16)	65.77			65.77
Total	**5961.74**			
Financial assets at fair value through Profit and Loss:				
Investments (Refer Note 11)	539.52	506.94		32.58
Financial assets at fair value through other Comprehensive Income:				
Investments (Refer Note 5)	-			-
Financial liabilities at amortised cost:				
Borrowings (Refer Note 20)	1131.81			1131.81
Other financial liabilities (Refer Note 21 & 25)	526.14			526.13
Trade payables (Refer Note 24)	990.84			990.84
Total	**2648.79**			
Financial liabilities at fair value through Statement of Profit and Loss:	-			

Notes to the Standalone Financial Statements

The carrying value and fair value of financial instruments by categories as of 1st April, 2015 were as follows:

₹ in Crore

Particulars	As at 1st April, 2015	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Financial Assets at Amortised Cost:				
Investments (Refer Note 5)	3320.65			3320.65
Loans (Refer Note 6 & 15)	223.06			223.06
Trade Receivables (Refer Note 12)	2019.89			2019.89
Cash and Cash Equivalents (Refer Note 13)	64.34			64.34
Bank balance other than cash and cash equivalents (Refer Note 14)	18.42			18.42
Other Financial Assets (Refer Note 7 & 16)	99.38			99.38
Total	**5745.74**			
Financial assets at fair value through Profit and Loss:				
Investments (Refer Note 11)	384.46	376.03		8.43
Financial assets at fair value through other Comprehensive Income:				
Investments (Refer Note 5)	114.78			114.78
Financial liabilities at amortised cost:				
Borrowings (Refer Note 20)	1380.61			1380.61
Other financial liabilities (Refer Note 21 & 25)	420.63			420.63
Trade payables (Refer Note 24)	1382.23			1382.23
Total	**3183.47**			
Financial Liabilities at Fair Value through Statement of Profit and Loss:	-			

B. Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables and other receivables etc. that arise from its operation.

The Company has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Company has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments.

The Company has instituted a self governed Risk Management framework based on identification of potential risk areas, evaluation of risk intensity, and clear-cut risk mitigation policies, plans and procedures both at the enterprise and operating levels. The framework seeks to facilitate a common organisational understanding of the exposure to various risks and uncertainties at an early stage, followed by timely and effective mitigation. The Audit Committee of the Board reviews the risk management framework at periodic intervals. Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

Notes to the Standalone Financial Statements

Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates will effect groups income or value of its holding financial assets/ instruments.

The Company also holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the Rupee appreciates/ depreciates against US dollar (USD), Euro (EUR), South African Rand (ZAR) and British Pound (GBP).

(a) Foreign Exchange Derivatives and Exposures outstanding at the year end

₹ in Crore

Nature of Instrument	Currency	Cross Currency	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Forward contracts - Sold	USD	INR	428.01	238.52	799.43
Forward contracts - Sold	ZAR	INR	221.93	233.81	225.99
Forward contracts - Sold	EUR	INR	38.11	-	-
Forward contracts - Bought	USD	INR	-	205.00	535.78
Unhedged Foreign Exchange Exposures:					
Receivables			1105.61	1354.91	782.52
Payables			517.51	634.55	548.06
Current Borrowings			324.25	917.63	843.75

Note: The Company uses forward contracts/derivatives for hedging purposes and/or reducing interest costs.

(b) Foreign Currency Risk from Financial Instruments as of:

₹ in Crore

Particulars	As at 31st March, 2017				
	USD	EUR	GBP	Other Currency	Total
Trade Receivables	925.96	183.47	(5.23)	1.41	1105.61
Payables	(416.80)	(68.20)	(5.02)	(27.49)	(517.51)
Borrowings	(324.25)	-	-	-	(324.25)
Net Assets/(Liabilities)	**184.91**	**115.27**	**(10.25)**	**(26.08)**	**263.85**

₹ in Crore

Particulars	As at 31st March, 2016				
	USD	EUR	GBP	Other Currency	Total
Trade Receivables	925.87	304.40	9.53	115.12	1354.92
Payables	(477.00)	(117.54)	(0.46)	(39.55)	(634.55)
Borrowings	(917.63)				(917.63)
Net Assets/(Liabilities)	**(468.76)**	**186.86**	**9.07**	**75.57**	**(197.26)**

₹ in Crore

Particulars	As at 1st April, 2015				
	USD	EUR	GBP	Other Currency	Total
Trade Receivables	386.83	193.81	26.21	175.67	782.52
Payables	(335.02)	(163.55)		(49.49)	(548.06)
Borrowings	(843.75)				(843.75)
Net Assets/(Liabilities)	**(791.94)**	**30.26**	**26.21**	**126.18**	**(609.29)**

Notes to the Standalone Financial Statements

Sensitivity Analysis

A reasonably possible change in foreign exchange rates by 2% would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 1st April, 2015
Movement in Exchange Rate			
USD INR	2%	2%	2%
Euro INR	2%	2%	2%
GBP INR	2%	2%	2%
Impact on Profit/Loss			
USD INR	3.70	(9.38)	(15.84)
Euro INR	2.31	3.74	0.61
GBP INR	(0.21)	0.02	0.05

Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

The Company's interest-bearing financial instruments is reported as below:

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Fixed Rate Instruments			
Financial Assets	3.78	1.34	5.13
Financial Liabilities	-	-	-
Variable Rate Instruments	-	-	-
Financial Assets	-	-	-
Financial Liabilities	324.26	1131.68	1380.20

Cash Flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Notes to the Standalone Financial Statements

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Impact on Profit / Loss		
Increase	(1.62)	(5.66)
Decrease	1.62	5.66

The risk estimates provided assume a parallel shift of 50 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

Credit Risk

Credit risk refers to the risk of default on its obligation by the customer / counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for customers.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organisations and certificates of deposit which are funds deposited at a bank for a specified time period.

Ageing of Trade Receivable

₹ in Crore

Particulars	Days		
	0-180	180-365	Above 365
As on 31st March, 2017	1231.76	44.53	113.02
As on 31st March, 2016	1241.53	75.73	94.75
As on 1st April, 2015	1276.45	57.99	105.54

Liquidity Risk

The Company's principle sources of liquidity are cash and cash equivalents, current investments and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Company closely monitors its liquidity position and maintains adequate source of funding.

Notes to the Standalone Financial Statements

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March,2017:

Particulars	As at 31st March, 2017	Total	Less than 1 year	1-2 years	2-5 years	Above 5 years
Borrowings	324.33	324.33	324.33	0.07	-	-
Trade Payables	1298.21	1298.21	1298.21	-	-	-
Other Financial Liabilities	500.66	500.66	455.60	-	-	45.06

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31stMarch, 2016:

Particulars	As at 31st March, 2016	Total	Less than 1 year	1-2 years	2-5 years	Above 5 years
Borrowings	1131.81	1131.81	1131.68	0.13	-	-
Trade Payables	990.84	990.84	990.84	-	-	-
Other Financial Liabilities	526.13	526.13	484.02	2.11	-	40.00

Note 50. Corporate Social Responsibility (CSR) Expenditure

The Company has incurred a total expenditure of ₹ 28.25 crore, which is being debited to the profit and loss account for the year ended 31st March, 2017

₹ in Crore

Nature of Expenses	Schedule in the Financial Statements	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Donation to the Trusts Set for CSR purposes	Others expenses (Note 36)	26.80	19.50
Administrative expenses incurred in connection with supervising the projects handled by the trusts	Others expenses (Note 36)	1.45	0.98
Total		**28.25**	**20.48**

The CSR committee constituted by the Board of Directors of the Company under Section 135 of the Act supervises all the expenditure incurred for CSR purposes. The Company makes contribution to two trusts being set up to execute and manage the projects being undertaken as directed and monitored by the CSR committee.

Following is the information regarding projects undertaken and expenses incurred on CSR activities during the year ended 31st March, 2017:

i. Gross amount required to be spent by the Company during the year - ₹ 33.38 crore (31st March, 2016 ₹ 35.80 crore).

ii. Amount spent during the year (by way of contribution to the trusts and projects undertaken).

₹ in Crore

Amount spent during the year	For the year ended 31st March, 2017			For the year ended 31st March, 2016		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
Construction/Acquisition of Any Asset	5.07	-	5.07	2.15	-	2.15
On Purposes Other Than Above	21.81	-	21.81	17.34	-	17.34
Administrative Expenses	1.37	-	1.37	0.98	-	0.98
	28.25	**-**	**28.25**	**20.47**	**-**	**20.47**

Notes to the Standalone Financial Statements

Note 51

A. Risk Management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt.

Net Debt = Total Borrowings less Cash and Cash Equivalents including Current Investments.

Total 'Equity' is as shown in the Balance Sheet.

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Net Debt	(358.38)	552.60	931.82
Total Equity	12800.51	11985.88	10679.71
Net Debt to Equity Ratio	(3%)	5%	9%

B. Dividend

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Dividend on Equity Shares paid during the year		
Final Dividend for FY 2016-17 [₹ 2.00 (FY 2015-16 ₹ 2.00) per Equity Share of ₹ 2.00 each] including Tax on Dividend	193.58	180.92
Total	**193.58**	**180.92**

Proposed Dividend:

The Board of Directors at its meeting held on 25th May, 2017 have recommended a payment of final dividend of ₹ 2.00 per equity share of the face value of ₹ 2 each for the financial year ended 31st March, 2017. The same amounts to ₹ 193.66 crore including dividend distribution tax.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

Note 52: Earnings Per Share (EPS)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit after Tax as per Statement of Profit and Loss (₹ in Crore)	974.94	1462.30
Basic Weighted Average No. of Shares Outstanding	803,979,037	803,140,466
Basic Earnings Per Share	₹ 12.13	₹ 18.21
ESOSs Outstanding	1,338,647	2,278,511
Weighted Average Number of Equity Share Adjusted for the effect of Dilution	805,317,684	805,418,977
Diluted Earnings Per Share	₹ 12.11	₹ 18.16

Notes to the Standalone Financial Statements

Note 53: First time adoption of Indian Accounting Standards

The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2016,with a transition date of 1st April, 2015. Ind AS 101 'First-time Adoption of Indian Accounting Standards' requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2017 for the company, be applied retrospectively and consistently for all financial years presented.

Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference of, ₹ 410.44 crore, in the carrying values of the assets and liabilities as at the transition date and ₹ 353.41 crore as at 31st March, 2016 between the Ind AS and Previous GAAP have been recognised directly in other equity.

1. Exemptions and Exceptions availed:

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

(a) Deemed Cost

The Company has opted para D7 AA and accordingly considered the carrying value of property, plant and equipments, Intangible assets and Investment Properties as deemed cost as at transition date.

(b) Designation of previously recognised Financial Instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity instruments.

(c) De-recognition of Financial Assets and Liabilities

The Company has elected to apply de-recognition requirements for financial assets and liabilities under Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

(d) Classification and measurement of Financial Assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist on the date of transition to Ind AS.

(e) Estimates

Upon an assessment of the estimates made under Previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS except as a part of transition where following estimates were required by Ind AS and not required by Previous GAAP Impairment of financial assets based on expected credit loss model.

Notes to the Standalone Financial Statements

2. Reconciliation between previous GAAP and Ind AS

₹ in Crore

i) Effect of Ind AS adoption on the Balance Sheet as at 1st April, 2015	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	a	3468.33	(18.52)	3449.81
Capital Work-in-Progress		339.00	-	339.00
Investment Properties		0.33	-	0.33
Intangible Assets		125.29	0.29	125.58
Intangible Assets under Development		21.71	-	21.71
Financial Assets				
Investments	c	4036.66	(601.23)	3435.43
Loans	b	290.15	(79.41)	210.74
Other Financial Assets		81.28	(28.17)	53.11
Current Tax Assets (net)		138.04	-	138.04
Other Non-Current Assets	a	148.52	41.23	189.75
		8649.31	**(685.81)**	**7963.50**
Current Assets				
Inventories		3289.20	-	3289.20
Financial Assets				
Investments	c	384.11	0.35	384.46
Trade Receivables		2042.78	(22.89)	2019.89
Cash and Cash Equivalents		64.34	-	64.34
Bank Balance other than Cash and Cash Equivalents		18.42	-	18.42
Loans		12.32	-	12.32
Other Financial Assets	e	24.56	21.71	46.27
Other Current Assets		706.78	-	706.78
		6542.51	**(0.83)**	**6541.68**
		15191.82	**(686.64)**	**14505.18**
EQUITY AND LIABILITIES				
Equity				
Share Capital		160.59	-	160.59
Other Equity	g	10929.56	(410.44)	10519.12
		11090.15	**(410.44)**	**10679.71**
Non-current Liabilities				
Financial Liabilities				
Borrowings		0.41	-	0.41
Other Financial Liabilities	i	90.00	(13.91)	76.09
Provisions		101.93	-	101.93
Deferred Tax Liabilities (net)	h	330.59	(216.06)	114.53
Other Non-current Liabilities	l	-	81.16	81.16
		522.93	**(148.81)**	**374.12**
Current Liabilities				
Financial Liabilities				
Borrowings		1380.20	-	1380.20
Trade Payables		1382.23	-	1382.23
Other Financial Liabilities	i	352.02	(7.48)	344.54
Other Current Liabilities		191.63	7.38	199.01
Provisions	d	272.67	(127.30)	145.37
		3578.75	**(127.40)**	**3451.35**
		4101.68	**(276.21)**	**3825.47**
		15191.83	**(686.65)**	**14505.18**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Notes to the Standalone Financial Statements

2. Reconciliation between previous GAAP and Ind AS

₹ in Crore

ii) Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2016	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
ASSETS				
Non-current Assets				
Property, Plant and Equipment	a	3724.44	(22.16)	3702.28
Capital Work-in-Progress		512.81	-	512.81
Investment Properties		0.33	-	0.33
Intangible Assets		121.78	2.05	123.83
Intangible Assets Under Development		37.91	-	37.91
Financial Assets				
Investments	c	4317.48	(601.22)	3716.26
Loans	b	282.13	(62.76)	219.37
Other Financial Assets		68.20	(28.16)	40.04
Current Tax Assets (net)		172.03	-	172.03
Other Non-current Assets	a	207.07	39.75	246.82
		9444.18	**(672.50)**	**8771.68**
Current Assets				
Inventories		2918.47	-	2918.47
Financial Assets				
Investments	c	539.00	0.52	539.52
Trade Receivables		1900.85	(4.44)	1896.41
Cash and Cash Equivalents		39.76	-	39.76
Bank Balance other than Cash and Cash Equivalents		13.25	-	13.25
Loans		10.92	-	10.92
Other Financial Assets	e	20.30	5.43	25.73
Other Current Assets		1023.46	(0.15)	1023.31
		6466.01	**1.36**	**6467.37**
		15910.19	**(671.14)**	**15239.05**
EQUITY AND LIABILITIES				
Equity				
Share Capital		160.68	-	160.68
Other Equity	g	12178.61	(353.41)	11825.20
		12339.29	**(353.41)**	**11985.88**
Non-current Liabilities				
Financial Liabilities				
Borrowings		0.13	-	0.13
Other Financial Liabilities	i	42.12	-	42.12
Provisions		132.00	-	132.00
Deferred Tax Liabilities (net)	h	315.45	(279.60)	35.85
Other Non-current Liabilities	l	-	88.60	88.60
		489.70	**(191.00)**	**298.70**
Current Liabilities				
Financial Liabilities				
Borrowings		1131.68	-	1131.68
Trade Payables		990.84	-	990.84
Other Financial Liabilities	i	491.83	(7.81)	484.02
Other Current Liabilities		90.25	8.46	98.71
Provisions	d	376.60	(127.38)	249.22
		3081.20	**(126.73)**	**2954.47**
		3570.90	**(317.73)**	**3253.17**
		15910.19	**(671.14)**	**15239.05**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Notes to the Standalone Financial Statements

2. Reconciliation between previous GAAP and Ind AS

₹ in Crore

iii) Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2016	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
Revenue from Operations				
Revenue from Sale of Products	k	11887.35	(58.61)	11828.74
Other Operating Income	l	298.88	(9.90)	288.98
		12186.23	**(68.51)**	**12117.72**
Other Income	b	259.14	21.16	280.30
		12445.37	**(47.35)**	**12398.02**
Expenditure				
Cost of Materials Consumed		3633.34	-	3633.34
Purchases of stock-in-trade		1037.56	-	1037.56
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		228.35	-	228.35
Employee Benefits Expenses	f	1789.65	(11.09)	1778.56
Finance Costs	i	132.52	14.55	147.07
Depreciation, Impairment and Amortisation Expenses	a	440.81	1.88	442.69
Other Expenses	k	3443.61	(57.13)	3386.48
Impairment of Investment		-	-	-
		10705.84	**(51.79)**	**10654.05**
Profit Before Tax		**1739.53**	**4.44**	**1743.97**
Tax expenses				
Current Tax (net)		356.64	-	356.64
Deferred Tax Charge/(credit)	h	(15.14)	(59.83)	(74.97)
Profit for the Year		**1398.03**	**64.27**	**1462.30**
Other Comprehensive Income/(Loss)				
(i) Items that will not be reclassified to Statement of Profit and Loss	f	-	(10.71)	(10.71)
(ii) Income tax relating to items that will not be reclassified statement of Profit and Loss	h	-	3.71	3.71
Other Comprehensive Profit/(Loss) for the Year		**-**	**(7.00)**	**(7.00)**
Total Comprehensive Income for the period		**1398.03**	**57.27**	**1455.30**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Notes to the Standalone Financial Statements

2. Reconciliation between previous GAAP and Ind AS

iv). Reconciliation of total comprehensive income for the year ended 31st March, 2016

₹ in Crore

Nature of Adjustments	Note	31st March, 2016
Net Profit / (Loss) as per Previous GAAP		**1398.03**
Actuarial (gain)/Loss reclassified to Other Comprehensive Income	f	10.71
Deferment of Revenue Recognition on Customer Contracts	l	(9.90)
Discounting of Contingent Consideration on Acquisition	i	(14.55)
Deferred Tax adjustments on Ind AS adjustment	h	59.83
Impact on account of measuring Intercompany Loans at Amortised Cost	b	16.65
Others		1.53
Net Profit before OCI as per Ind AS		**1462.30**

v). Reconciliation of equity as at 31st March, 2016 and 1st April, 2015

₹ in Crore

Nature of Adjustments	Note	1st April, 2015	31st March, 2016
Equity as per previous GAAP		**11090.15**	**12339.29**
Dividend and Tax there on	d	193.29	193.38
Difference in Measurement of Employee Share based Payments on Account of Fair Value		(0.25)	(0.14)
Unwinding of discounted contingent consideration relating to acquisition	i	(9.61)	(23.16)
Impact of Interest free/Concessional Loan given to Subsidiaries	b	28.09	44.74
Impact of Government Grant Accounting	a	(15.09)	(18.83)
Fair Valuation of Investments in Subsidiary	c	(632.50)	(632.50)
Acquisition-related Costs Expensed	c	(45.29)	(45.29)
Deferment of Revenue Recognition on Customer Contracts	l	(78.90)	(88.80)
Deferred Tax impact of Ind AS adjustment	h	144.55	208.09
Others		5.27	9.10
Total Effect of Transition to Ind AS		**(410.44)**	**(353.41)**
Equity as per Ind AS		**10679.71**	**11985.88**

3. Notes to first time adoption of Ind AS:

a. Property, Plant and Equipment

With respect of clarification dated 17th April, 2017 issued by Ind AS Transition Facilitation Group, the Company has recognised the amount of unamortised deferred income as at the date of transition and the carrying amount of the property, plant and equipment as at the date of transition has been increased by the amount of government grant deducted as per previous GAAP (net of cumulative depreciation impact). The difference between the unamortised deferred income and increase in the carrying amount of PPE has been recognised in retained earnings as at the date of transition.

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group companies will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight-line basis over the expected lives of related assets and presented within other income.

On the assessment of lease agreement at the time of transition to Ind AS, the Company has regroup prepaid portion of operating leases from leasehold and to other non-current assets.

b. Interest free loans to subsidiaries

The Company has recorded the equity component of interest free loans given to subsidiaries in Non-current investments.

Notes to the Standalone Financial Statements

c. Investment

Under the previous GAAP, investments in equity instruments of subsidiaries were classified as long-term investments and were carried at cost less provision for other than temporary decline in the value of such investments. Ind AS, allow first-time adopters to use a 'deemed cost' of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries in the separate financial statements. The Company has elected to measure investment amounting to ₹ 2713.55 crore in Cipla Medpro South Africa (Proprietary) Ltd at fair value as of the transition date. The resulting fair value changes of these investments amounting to ₹ 632.46 crore have been recognised in retained earnings as at the date of transition. This decreased the retained earnings by ₹ 632.46 crore as at 1st April, 2015.

Pursuant to Para 53 of Ind AS 103, the Group has charged off acquisition-related costs in the periods in which the costs are incurred and the services are received.

Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings.

d. Proposed Dividend:

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. As a result, liability for dividend is a non—adjusting event. Accordingly, the liability for proposed dividend as at 1st April, 2015 included under provisions in the previous GAAP has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased by an equivalent amount.

e. Forward Contracts

Under the previous GAAP the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, was amortised as expense or income over the life of the contract. Under the Ind AS 109, Forward Contracts are carried at fair value and the resultant gains and losses are recorded in the Statement of Profit and Loss.

f. Re-measurements of Post Employment Benefit Obligation

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these re-measurements were forming part of the Statement of Profit and Loss for the year.

g. Retained Earnings

Retained earnings as at 1st April, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

h. Deferred Tax

Deferred tax under Ind AS has been recognized for temporary differences between tax base and the book base of the relevant assets and liabilities. Under IGAAP the deferred tax was accounted based on timing differences impacting the profit or loss for the period. Deferred Tax on aforesaid Ind AS adjustments has been created for both periods - as on 31st March, 2016 and 1st April, 2015.

i. Contingent consideration

During the year 2014-15, Cipla Limited has acquired 51% stake in a pharmaceuticals manufacturing and distribution business in Yemen (in turn owned by a UAE based parent company).

The business acquisition was completed by entering into share purchase agreement for cash consideration of USD 21 million and contingent consideration of up to USD 20.3 million. The payment of contingent consideration was dependent upon the achievement of certain revenue targets over a period of two years.

During the year ended 1st April, 2015, an assessment of the probability of Yemen entity achieving the required revenue was conducted by the Cipla. The assessment was based on actual and projected

Notes to the Standalone Financial Statements

revenue and it was estimated that the liability will become due, hence the provision was created in the books of Cipla for such contingent consideration.

Group has created provision for payables for acquisition of business by debiting the investments. Out of the total amount payable ₹ 50 crore is Long term provision payable in year 2016-2017 and remaining ₹ 76.88 is part of short term provision payable in 2015-2016.

Adjustments include impact of discounting the deferred and contingent consideration payable for acquisition under Ind AS.

j. Effect of Ind AS adoption on Statement of Cash Flow for the year ended 31st March, 2016:
The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2016 as compared with the previous GAAP.

k. Revenue from Operations & Excise Duty:
Under previous GAAP, revenue from sale of goods was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as part of other expenses. This has resulted in an increase in the revenue from operations and expenses for the year ended 31st March, 2016. The total comprehensive income for the year ended and equity as at 31st March, 2016 has remained unchanged.

l. Other Operating Income:
Upfront fees received on development and distribution was recognised in IGAAP. As per Ind AS 18 same has been deferred and recognised over the period of contract.

Note 54:

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided in table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	0.72	0.68	1.40
(+) Permitted receipts	0.01	0.45	0.46
(-) Permitted payments	0.01	0.21	0.22
(-) Amount deposited in Banks	0.72	-	0.72
Closing cash in hand as on 30th December, 2016	-	0.92	0.92

Note 55:

Authorisation of Financial Statements

The financial statements for the year ended 31st March, 2017 were approved by the Board of Directors on 25th May, 2017.

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

New Delhi, 25th May, 2017

Umang Vohra
Managing Director and
Global Chief Executive Officer

S. Radhakrishnan
Whole-time Director

Samina Vaziralli
Executive Vice-Chairperson

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary
Mumbai, 25th May, 2017

Independent Auditor's Report

To the Members of Cipla Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Cipla Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate, which comprise the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group, and its associate are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group, and its associate company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

Independent Auditor's Report

internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group and its associate as at 31st March, 2017, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

9. We did not audit the financial statements of 42 subsidiaries, whose financial statements reflect total assets of ₹ 3115.41 crore and net assets of ₹ 2332.24 crore as at 31st March, 2017, total revenues of ₹ 2807.02 crore and net cash inflows/outflows amounting to ₹ 68.51 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 6.99 crore for the year ended 31st March, 2017, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose report has been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of the other auditors.

   Further, of these subsidiaries, 40 subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries.

   The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of the other auditors and the conversion adjustments prepared by management of the Holding Company and audited by us.

   Our opinion on the consolidated financial statements is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

Independent Auditor's Report

10. The comparative consolidated financial information for the year ended 31st March, 2016 and the transition date consolidated opening balance sheet as at 1st April, 2015 prepared in accordance with Ind AS included in these consolidated financial statements, are based on the previously issued statutory consolidated financial statements for the year ended 31st March, 2016 and 31st March, 2015 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditors whose reports dated 24th May, 2016 and 29th May, 2015 respectively expressed unmodified opinion on those consolidated financial statements, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on separate financial statements and other financial information of the subsidiaries and associate, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

    e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and associate company covered under the Act, none of the directors of the Group companies and its associate company, covered under the Act, are disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies and associate company, covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure I';

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate:

Independent Auditor's Report

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate as detailed in note 47 to the consolidated financial statements;

(ii) The Group and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate company, covered under the Act;

(iv) These consolidated financial statements have made requisite disclosures as to holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 by the Holding Company, and its subsidiary companies and associate company, covered under the Act. Based on the audit procedures performed and taking into consideration the information and explanations given to us and on consideration of the reports of the other auditors on separate financial statements and other financial information, in our opinion, these disclosures are in accordance with the books of account maintained by the respective companies.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**
Partner
Membership No.: 504662

Place: New Delhi
Date: 25th May, 2017

Independent Auditor's Report

Annexure I

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Cipla Limited ('the Holding Company') and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group") and its associate as at and for the year ended 31st March, 2017, we have audited the Internal Financial Controls over Financial Reporting (IFCoFR) of the Holding Company, its subsidiary companies and associate, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and associate are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary companies and associate as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary companies and associate as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

Independent Auditor's Report

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other matters

9. We did not audit the IFCoFR insofar as it relates to 2 subsidiary companies which are companies incorporated in India, whose financial statements reflect total assets of ₹ 332.15 crore and net assets of ₹ 276.48 crore as at 31st March, 2017, total revenue ₹ 90.38 crore and net cash outflow amounting to ₹ 2.46 crore for the year ended on that date, as considered in these consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 6.99 crore for the year ended 31st March, 2017, as considered in the consolidated financial statements, in respect of an associate whose financial statements/financial information have not been audited by us. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its subsidiary companies and associate, which are companies incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiaries and associate, is solely based on the corresponding reports of the auditors of such companies. Our opinion is not qualified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**
Partner
Membership No.: 504662

Place: New Delhi
Date: 25th May, 2017

Consolidated Balance Sheet
as at 31st March, 2017

₹ in Crore

	Notes	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Assets				
Non-Current Assets				
Property, Plant and Equipment	2	5008.69	4604.85	4114.43
Capital Work-in-Progress	2	719.23	741.01	535.02
Investment Properties	3	1.74	1.07	1.11
Goodwill	4	2678.43	2705.57	1129.38
Other Intangible Assets	5	1784.88	2057.90	1485.93
Intangible Assets under Development	5	963.75	1319.86	45.88
Investment in Associate	6	12.40	16.82	121.45
Financial Assets				
Investments	7	123.22	158.46	127.19
Loans	8	39.48	41.84	33.85
Other Financial Assets	9	113.77	76.28	88.82
Current Tax Assets (net)		241.21	234.71	163.95
Deferred Tax Assets	10	168.13	78.69	80.44
Other Non-Current Assets	11	292.20	249.89	161.48
		12147.13	**12286.95**	**8088.93**
Current Assets				
Inventories	12	3485.28	3808.05	3780.62
Financial Assets				
Investments	13	837.39	582.34	390.40
Trade Receivables	14	2497.42	2356.27	1928.16
Cash and Cash Equivalents	15	610.35	858.15	545.84
Bank Balances other than Cash and Cash Equivalents	16	13.86	13.25	18.42
Loans	17	9.53	10.92	11.52
Other Financial Assets	18	392.37	136.91	123.82
Other Current Assets	19	890.81	1075.34	759.38
		8737.01	**8841.23**	**7558.16**
Assets classified as Held for Sale (net)	20	69.06	-	-
Total Assets		**20953.20**	**21128.18**	**15647.09**
Equity and Liabilities				
Equity				
Share Capital	21	160.90	160.68	160.59
Other Equity	22	12364.52	11355.54	10484.68
Equity attributable to owner		**12525.42**	**11516.22**	**10645.27**
Non-Controlling Interest	23	438.23	350.09	331.65
Total Equity		**12963.65**	**11866.31**	**10976.92**
Share Application Money Pending Allotment	21	0.00	-	12.25
Non-Current Liabilities				
Financial Liabilities				
Borrowings	24	3645.36	221.88	309.28
Other Financial Liabilities	25	45.06	42.11	76.30
Provisions	26	140.52	144.68	110.35
Deferred Tax Liabilities	10	756.89	975.73	307.26
Other Non-Current Liabilities	27	93.65	101.42	92.98
		4681.48	**1485.82**	**896.17**
Current Liabilities				
Financial Liabilities				
Borrowings	24	467.23	4969.67	1392.48
Trade Payables	28	1571.14	1475.82	1461.02
Other Financial Liabilities	29	657.43	737.84	344.93
Other Current Liabilities	30	266.36	268.30	340.95
Provisions	31	321.90	310.85	184.83
Current Tax Liabilities (net)		24.01	13.57	37.54
		3308.07	**7776.05**	**3761.75**
Total Equity and Liabilities		**20953.20**	**21128.18**	**15647.09**
Significant Accounting Policies and Key Accounting Estimates and Judgements	1			
Notes to the Financial Statements	2-58			

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Reg. No. 001076N/N500013

Umang Vohra
Managing Director and
Global Chief Executive Officer

Samina Vaziralli
Executive Vice-Chairperson

Ashish Gupta
Partner
Membership No. 504662

S. Radhakrishnan
Whole-time Director

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

New Delhi, 25th May, 2017

Mumbai, 25th May, 2017

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2017

₹ in Crore

	Note	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue from Operations			
Revenue from Sale of Products	32	14280.86	13494.20
Other Operating Income	33	349.38	295.90
		14630.24	**13790.10**
Other Income	34	228.69	208.21
		14858.93	**13998.31**
Expenditure			
Cost of Materials Consumed	35	4272.66	4178.12
Purchases of Stock-in-Trade		933.50	848.19
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	36	110.96	63.55
Employee Benefits Expense	37	2633.82	2434.01
Finance Costs	38	159.38	206.63
Depreciation, Impairment and Amortisation Expense	39	1322.93	754.22
Other Expenses	40	4203.51	3786.56
		13636.76	**12271.28**
Profit Before Tax		**1222.17**	**1727.03**
Tax Expenses			
Current Tax (net)	10	479.48	470.24
Deferred Tax Credit	10	(299.72)	(138.65)
Profit After Tax before Share of Associates		**1042.41**	**1395.44**
Share of Loss from Associates		(6.99)	(12.02)
Profit for the year		**1035.42**	**1383.42**
Other Comprehensive Income /(Loss)			
A. Items that will not be reclassified to Statement of Profit and Loss			
(i) Measurements of post-employment benefit obligation		11.42	(12.59)
(ii) Income tax relating to these items that		(3.96)	4.38
		7.46	**(8.21)**
B. Items that will be reclassified to Statement of Profit and Loss			
(i) Exchange difference on translation of foreign operations		288.06	(187.92)
(ii) Net investment hedge loss		(214.43)	-
(iii) Cash flow hedge		50.26	-
		123.89	**(187.92)**
Other Comprehensive Income/(Loss) for the year		**131.35**	**(196.13)**
Total Comprehensive Profit for the year		**1166.77**	**1187.29**
Profit for the year attributable to			
Owners		1006.39	1359.99
Non-Controlling Interest		29.03	23.43
Total Comprehensive Profit attributable to			
Owners		1173.67	1136.62
Non-Controlling Interest		(6.90)	50.67
Earnings Per Equity Share of Face Value of ₹ 2 each	44		
Basic (in ₹)		12.52	16.93
Diluted (in ₹)		12.50	16.89
Significant Accounting Policies and Key Accounting Estimates and Judgements	1		
Notes to the Financial Statements	2-58		

As per our report of even date

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New Delhi, 25th May, 2017

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Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 25th May, 2017

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2017

₹ in Crore

(a) Equity Share Capital (Refer Note 21)	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Balance at the Beginning of the year	160.68	160.59
Change in Equity Share Capital during the year on Exercise of ESOSs	0.22	0.09
Balance at the End of the year	**160.90**	**160.68**

₹ in Crore

(b) Other Equity	Attributable to the Owners								Non Controlling Interest	Total Equity
	Reserves and Surplus					Other Comprehensive Income		Total		
	Capital Reserve	Securities Premium Reserve	General Reserve	Outstanding Employee Stock Options	Retained Earnings	Foreign Currency Translation Reserve	Hedging Reserve			
Balance as at 1st April, 2015	53.28	1430.59	3141.43	76.40	5782.98	-	-	10484.68	331.65	10816.33
Profit for the year					1359.99			1359.99	23.43	1383.42
Other Comprehensive Income/(loss)					(8.21)	(215.16)		(223.37)	27.25	(196.12)
Exercise of ESOSs		18.69		(15.87)				2.82		2.82
Recognition of Share Based Payments				28.88				28.88		28.88
Non-Controlling Interest	(116.54)							(116.54)	(32.24)	(148.78)
Payment of Dividend (including tax on dividend) (Refer note 43 (c))					(180.92)			(180.92)		(180.92)
Balance as at 31st March, 2016	**(63.26)**	**1449.28**	**3141.43**	**89.41**	**6953.84**	**(215.16)**	**-**	**11355.54**	**350.09**	**11705.63**
Profit for the year					1006.39			1006.39	29.03	1035.42
Other Comprehensive Income/(loss)					7.46	109.56	50.26	167.28	(35.93)	131.35
Exercise of ESOSs		55.96		(44.20)				11.76		11.76
Recognition of Share Based Payments			0.17	16.81				16.98		16.98
Non-Controlling Interest	0.15							0.15	129.09	129.24
Payment of Dividend (including tax on dividend) (Refer note 43 (c))					(193.58)			(193.58)	(34.05)	(227.63)
Balance as at 31st March, 2017	**(63.11)**	**1505.24**	**3141.60**	**62.02**	**7774.11**	**(105.60)**	**50.26**	**12364.52**	**438.23**	**12802.75**

As per our report of even date

For Walker Chandiok & Co LLP
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New Delhi, 25th May, 2017

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Company Secretary

Mumbai, 25th May, 2017

Consolidated Statement of Cash Flow

for the year ended 31st March, 2017

₹ in Crore

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cash Flow from Operating Activities		
Profit Before Tax	1222.17	1727.03
Adjustments for:		
Depreciation, Amortisation and Impairment Expense	1322.93	754.22
Interest Expense	159.38	180.11
Unrealised Foreign Exchange (Gains)/Loss (net)	(11.27)	(14.31)
Impact of Foreign Exchange Translation (net)	20.85	12.89
Expense on Employee Stock Option Scheme (ESOS)	22.19	29.18
Provision for Bad and Doubtful Debts and Advances (net)	52.17	63.11
Interest Income	(12.48)	(9.17)
Profit on Sale of Investments (net)	(187.35)	(55.68)
(Profit)/Loss on Sale/Discard of Property, Plant and Equipment (net)	20.52	(9.93)
Other Non Cash provisions Items	-	2.87
Rent Income	(7.19)	(2.44)
Operating Profit Before Working Capital Changes	**2601.92**	**2677.88**
Adjustments for:		
(Decrease)/Increase in Trade Payables and Other Liabilities	193.98	(441.09)
Decrease/(Increase) in Inventories	322.77	(65.32)
Decrease/(Increase) in Trade And Other Receivables	(286.03)	77.03
Working Capital Adjustments	**230.72**	**(429.38)**
Cash generated from operation	**2832.64**	**2248.50**
Income Tax Paid (Including Tax Deducted at Source)	(450.27)	(507.69)
Net Cash Flow From Operating Activities	**2382.37**	**1740.81**
Cash Flow From Investing Activities		
Purchase of Property, Plant and Equipment, Intangibles/Capital Work-In-Progress	(1135.98)	(1076.89)
Proceeds from Sale of Property, Plant & Equipment and Intangibles	37.75	24.22
Proceeds from Sale of Investments in Subsidiaries and Associates	20.63	170.48
Purchase Consideration for Acquisition of Subsidiaries (Refer Note 46)	(187.93)	(3481.99)
Investment in Associates	(2.57)	(13.23)
Proceeds from Sale of Non-current Investments	136.99	-
Purchase of other Non-current Investments	-	(0.03)
Purchase of Current Investments	(9480.53)	(15940.13)
Proceeds from Sale of Current Investments	9282.14	15779.68
Fixed Deposits Placed with Banks as Margin Money	(2.44)	3.14
Interest Received	12.11	8.88
Rent Received	7.18	2.44
Inter-Corporate Deposits Repaid	-	0.80
Net Cash Used In Investing Activities	**(1312.65)**	**(4522.63)**

Consolidated Cash Flow Statement

for the year ended 31st March, 2017

₹ in Crore

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cash Flow From Financing Activities		
Proceeds from Issue of Equity Shares	11.96	2.94
Transaction with Non-Controlling Interest	128.97	-
Changes in Current Borrowings (net)	(4500.47)	3507.98
Proceeds from Non-Current Borrowings	3652.31	-
Repayment of Non-Current Borrowings	(232.09)	(66.20)
Interest Paid	(159.42)	(161.12)
Movement In Unpaid Dividend	1.83	1.38
Dividend Paid to Non-Controlling Interest	(33.37)	-
Dividend Paid	(160.84)	(160.62)
Tax Paid on Dividend	(32.73)	(20.30)
Net Cash Flows From / (Used In) Financing Activities	**(1323.85)**	**3104.06**
Net Increase / (Decrease) In Cash and Cash Equivalents	**(254.13)**	**322.24**
Cash and Cash Equivalents at the Beginning of the year	858.15	545.84
Exchange Difference on Translation of Foreign Currency Cash and Cash Equivalents	6.33	(9.93)
Cash and Cash Equivalents at the End of the year (Refer Note 15)	**610.35**	**858.15**

Note:
The above Cash Flow Statement has been prepared under the "indirect method" as set out in Indian Accounting Standard (Ind AS-7)-Statement of Cashflows.

As per our report of even date

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New Delhi, 25th May, 2017

Rajendra Chopra
Company Secretary
Mumbai, 25th May, 2017

Notes to the Consolidated Financial Statements

Corporate Information

The Consolidated Financial Statements comprise Financial Statements of Cipla Ltd. ("the Company"), Subsidiaries and it's Associates (collectively, "the Group") for the year ended 31st March, 2017. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Cipla Ltd. is a global pharmaceutical company which uses cutting edge technology and innovation to meet the everyday needs of all patients. The Group has its wide network of operations in local as well as foreign markets.

Note: 1 Significant Accounting Policies and Key Accounting Estimates and Judgements

Basis of Preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For periods up to and including the year ended 31st March, 2016, the Group prepared its Consolidated Financial Statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). These Consolidated Financial Statements for the year ended 31st March, 2017 are the first Consolidated Financial Statements prepared in accordance with Ind AS. Refer to note 53 for information on how the Group has adopted Ind AS. The Consolidated Financial Statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and contingent consideration; assets and liabilities assumed on business combination, defined benefit plans, plan assets and share-based payments. The Consolidated Financial Statements are presented in Indian Rupee and all values are rounded to the nearest crore, except when otherwise indicated.

Use of Estimates

The preparation of Consolidated Financial Statements requires the Management of the Group to make estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the Consolidated Financial Statements are prudent and reasonable. Examples of such estimates include estimation of useful lives of tangible and intangible assets, valuation of inventories, sales return, chargebacks, employee costs, assessments of recoverable amounts of deferred tax assets and cash generating units, provisions against litigations and contingencies. Estimates and underlying assumptions are reviewed by Management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

Principles of Consolidation

The Consolidated Financial Statements relate to Cipla Ltd., its subsidiaries, joint venture and associates.

Subsidiaries are all entities over which Cipla Ltd. exercises control. Cipla Ltd. exercises control if and only if it has the following:

- power over the entity.
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-Group balances and intra-group transactions and resulting unrealised profits. Unrealised losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating

Notes to the Consolidated Financial Statements

policy decisions of the investee but is not control or joint control of those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in associates and joint ventures are accounted for using the equity method.

- Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition. The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

- The Financial Statements of the subsidiaries, associates and joint ventures used for the purpose of consolidation are drawn up to the same reporting date as of the Group.

- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate Financial Statements.

Operating Cycle and Current/Non-current classification
Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current/non-current classification of assets and liabilities.

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.

- Held primarily for the purpose of trading.

- Expected to be realised within twelve months after the reporting period, or

- Cash or cash equivalent.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.

- It is held primarily for the purpose of trading.

- It is due to be settled within twelve months after the reporting period, or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Foreign Currency Transactions and Balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in Statement of Profit and Loss.

Non-monetary items are not re-translated at year end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates prevailing on the date when fair value was determined.

Notes to the Consolidated Financial Statements

Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the Consolidated Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (INR), which is Company's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit and Loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates prevailing on the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in Statement of Profit and Loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as Fair Value through Other Comprehensive Income (FVOCI) are recognised in other comprehensive income.

(iii) Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet.
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in Other Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign Operations

In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of Group entities with a functional currency other than the INR are translated into INR upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into INR at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into INR at the closing rate. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

Fair Value Measurement

The Group measures financial instruments at fair value at each reporting date.

Notes to the Consolidated Financial Statements

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group 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.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group 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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions.
- Contingent consideration.
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost).

Revenue recognition

(i) Sale of Goods and Rendering of Services

Revenue is recognised when it is probable that economic benefits associated with a transaction flows to the Group in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, chargebacks and volume rebates allowed by the Group. Accrual for sales returns, chargebacks and other allowances are provided at the point of sale based on past experience. Adjustments to such returns, chargebacks and other allowances are made as new information becomes available.

Notes to the Consolidated Financial Statements

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as sales tax and value added tax are excluded from revenue.

Profit sharing revenues are generally recognised under the terms of a license and supply agreement in the period in which such amounts can be reliably measured and collectability is reasonably assured.

Revenue from sale of goods is recognised when the following conditions are satisfied:

- The Group has transferred the significant risks and rewards of ownership of the goods to the buyer.
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Group.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue resulting from the achievement of milestone events stipulated in agreements is recognised when the milestone is achieved. Milestones are based upon the occurrence of a substantive element specified in the contract or as a measure of substantive progress towards completion under the contract. Other Operating revenue is recognised on accrual basis.

(ii) Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividends

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Taxes

Income tax expense comprises of current tax expense and deferred tax expenses. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity, respectively.

(i) Current Income Tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

(ii) Deferred Tax:

Deferred tax is recognised using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

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, except when the deferred tax asset

Notes to the Consolidated Financial Statements

relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

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

Property, Plant and Equipment

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in the note below. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when 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 the provision is met.

Capital work-in-progress includes cost of property, plant and equipment that are not ready for their intended use.

Depreciation on tangible assets is provided on straight line basis over the period of useful life of the asset.

The estimated useful life are as mentioned below:

Type of Asset	Useful lives
Buildings and flats	20 years
Leasehold improvements	Lease term
Plant and machinery	2 to 25 years
Computer equipment	3 to 5 years
Vehicles	5 years
Office equipments	5 to 10 years
Electrical installations	5 to 10 years
Furniture and fixtures	5 to 10 years

Capital work-in-progress included in Note 2 property, plant and equipment are not depreciated as these assets are not yet available for use.

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

Investment Properties

Property that is held for non-current rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future

Notes to the Consolidated Financial Statements

economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

Investment properties generally have a useful life of 25-40 years. The useful life has been determined based on technical evaluation performed by management's expert.

Intangible Assets

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands and computer software acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalised and the related expenditure is recognised in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Expenditure on Regulatory Approval

Expenditure incurred for obtaining regulatory approvals and registrations of products for overseas markets is charged to the Statement of Profit and Loss.

Amortisation Methods and Periods

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

- Marketing intangibles, Trademarks, Technical Know-How and Brands 2-10 years
- Computer software 2-6 years

Borrowing Costs

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

Impairment of Non-financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April, 2015, the date of inception is deemed to be 1st April, 2015 in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard.

(i) Group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Notes to the Consolidated Financial Statements

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on accrual basis as escalation in lease arrangements are for expected inflationary cost.

(ii) Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Inventories

Raw materials and packing materials are valued at lower of cost and net realisable value after providing for obsolescence, if any. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Work-in-process, stores, spares and consumables are valued at cost. Stock-in-trade and finished goods are valued at lower of cost and net realisable value.

Finished goods and work-in-process include costs of raw material, labour, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods includes excise duty, wherever applicable.

Cost of inventories is computed on weighted moving average basis.

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.

(i) 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 trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost.
- Debt instruments at fair value through other comprehensive income (FVTOCI).
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Notes to the Consolidated Financial Statements

Debt Instruments at Amortised Cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flow, and
- 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.

After initial measurement, 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 Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as 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 scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or 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

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired.

A financial asset or a Group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated.

Notes to the Consolidated Financial Statements

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through Statement of Profit and Loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group'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 Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and 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.

This category generally applies to interest-bearing loans and borrowings.

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.

(iii Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The Group classifies its interest rate swaps that hedge foreign currency risk associated as cash flow hedges and measures them at fair value. The gain or loss relating to the ineffective portion is recognised immediately in Statement of Profit and Loss, and is included in the 'Other income' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to Statement of Profit and Loss in the periods when the hedged item affects Statement of Profit and Loss, in the same line as the recognised hedged item.

Notes to the Consolidated Financial Statements

(iv) Net investment hedge

Hedge of net investments in foreign operations are accounted for similar to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in foreign currency translation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in Statement of Profit and Loss within other gains/(losses).

Gain and losses accumulated in equity are reclassified to Statement of Profit and Loss on the disposal of a foreign operation.

(v) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively.

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.

(vi) Cash and Cash Equivalents

Cash and cash equivalents represent cash and bank balances and fixed deposits with banks. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

(vii) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Provisions

Provisions for legal claims, chargebacks and sales returns are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingencies

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Employee Benefits

Liability on account of short term employee benefits is recognised on an undiscounted and accrual basis during the period when the employee renders service/ vesting period of the benefit.

Post retirement contribution plans such as Employees' Pension scheme and Employees' Provident Fund (for employees other than those who are covered under Employees' Provident Fund Trust) are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds accrue.

Post retirement benefit plans such as gratuity and provident fund are determined on the basis of actuarial valuation made by an independent actuary as at the balance sheet date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the consolidated balance sheet with a charge or credit recognised in Other

Notes to the Consolidated Financial Statements

Comprehensive Income in the period in which they occur. Re-measurement recognised in Other Comprehensive Income is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss.

(i) Gratuity Obligations

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income.

They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of Profit and Loss as past service cost.

(ii) Other Benefit Plan - Leave Encashment

Liability in respect of leave encashment becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of leave encashment becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary.

(iii) Termination Benefits

Termination benefits arising are recognised in the Statement of Profit and Loss when:

- the Group has a present obligation as a result of past event;
- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Government Grants

Government Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value and released to profit and loss accounts over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by the government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Notes to the Consolidated Financial Statements

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

Non-current Assets and Liabilities classified as Held for Sale and Discontinued Operations

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

Share-Based Employee Remuneration

The Group operates equity-settled share-based remuneration plans for its employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values on the grant date. Grant date is the date when the Group and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in Statement of Profit and Loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

Market conditions are taken into account when estimating the fair value of the equity instruments granted. Services received from employees satisfying another vesting condition irrespective of whether market conditions are satisfied.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Business Combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the Consolidated Financial Statements prior to acquisition. As on the acquisition-date, the identifiable assets and liabilities assumed are included in the consolidated statement of financial position at their acquisition date fair values.

The excess of consideration transferred, the amount of any Non-Controlling Interests (NCI) in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets acquired, the difference

Notes to the Consolidated Financial Statements

is recognised in Capital Reserve. The NCI is measured at proportionate value of its interest.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Chief Operating Decision Maker is the Chief Executive Officer of the Group, who assesses the financial performance and position of the Group and makes strategic decisions. Refer note 54 for segment information presented.

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Key Accounting Estimates and Judgements

The preparation of the Group's Consolidated Financial Statements requires the Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Judgements

(i) Leases

The Group has evaluated each lease agreement for its classification between finance lease and operating lease. The Group has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification. The Group has also used appendix C of Ind AS 17 for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- the arrangement conveys a right to use the asset.

(ii) Deferred Income Taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilised is based on the Group's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

(iii) Research and Developments Costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

Estimates

(i) Useful Lives of Various Assets

Management reviews the useful lives of depreciable

Notes to the Consolidated Financial Statements

assets at each reporting date, based on the expected utility of the assets to the Group.

(ii) Current Income Taxes

The major tax jurisdictions for the Group are India, US and South Africa, though the Group companies also files tax returns in other foreign jurisdictions. Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(iii) Sales Returns

The Group accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Group's estimate of expected sales returns. The Group deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Group's historical experience in the markets in which the Group operates.

(iv) Chargebacks

Chargeback are estimated and provided for in the year of sales and recorded as reduction from revenue. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with distributors/other customers and estimated inventory holding by the distributors.

(v) Expected Credit Loss

The Group applies Expected Credit Losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables and lease receivables.

ii. Financial assets measured at amortised cost (other than trade receivables and lease receivables).

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI).

In case of trade receivables and lease receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

(vi) Accounting for Defined Benefit Plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgement. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

(vii) Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets.

Notes to the Consolidated Financial Statements

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(viii) Fair Value of Financial Instruments
Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, Management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based Payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share-based Payment,' respectively. The amendments are applicable to the Group from 1st April, 2017.

(i) Amendment to Ind AS 7:
The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of Consolidated Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on the Consolidated Financial Statements is being evaluated.

(ii) Amendment to Ind AS 102:
The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group is evaluating the requirements of the amendment and the impact on the Consolidated Financial Statements is being evaluated.

Notes to the Consolidated Financial Statements

Note 2: Property, Plant and Equipment

₹ in Crore

Particulars	Freehold Land	Leasehold Land	Leasehold Buildings	Buildings and Flats	Plant and Machinery	Furniture and Fixtures	Office Equipments	Vehicles	Total
Gross Block									
Balance as at 1st April, 2015	60.82	26.57	66.96	1580.27	2239.84	84.36	48.04	7.57	4114.43
Acquisitions of Subsidiaries	1.09	0.78	-	138.69	55.64	0.79	0.25	0.88	198.12
Additions	0.84	8.76	18.45	250.39	518.66	22.13	19.44	3.63	842.30
Deletions and Adjustments	-	3.69	-	2.14	17.22	0.61	0.57	0.86	25.09
Foreign Currency Translations Adjustments	0.12	-	(12.29)	(6.94)	(20.76)	(2.43)	(1.21)	(0.79)	(44.30)
Balance as at 31st March,2016	**62.87**	**32.42**	**73.12**	**1960.27**	**2776.16**	**104.24**	**65.95**	**10.43**	**5085.46**
Additions	6.41	0.23	1.02	226.27	763.27	23.68	21.98	4.29	1047.15
Deletions and Adjustments	1.27	3.01	8.26	4.99	68.13	6.52	10.73	4.31	107.22
Foreign Currency Translations Adjustments	(0.18)	(0.16)	7.41	(7.37)	4.98	0.64	(0.07)	(1.51)	3.74
Balance as at 31st March,2017	**67.83**	**29.48**	**73.29**	**2174.18**	**3476.28**	**122.04**	**77.13**	**8.90**	**6029.13**
Depreciation and Impairment									
Balance as at 1st April,2015	-	-	-	-	-	-	-	-	-
Depreciation	-	0.42	7.95	59.70	399.66	18.40	19.45	2.36	507.94
Deletions and Adjustments	-	0.12	-	0.82	5.71	0.27	0.17	0.72	7.81
Foreign Currency Translations adjustments	-	-	(3.81)	(1.83)	(10.88)	(1.44)	(1.01)	(0.55)	(19.52)
Balance as at 31st March,2016	**-**	**0.30**	**4.14**	**57.05**	**383.07**	**16.69**	**18.27**	**1.09**	**480.61**
Depreciation	-	0.35	8.56	65.36	424.77	16.78	20.12	2.53	538.47
Impairment	-	-	-	13.25	45.20	-	-	-	58.45
Deletions and Adjustments	-	-	5.78	2.33	27.46	5.29	9.78	3.62	54.26
Foreign Currency Translations Adjustments	-	-	2.45	(2.21)	(2.67)	0.44	0.10	(0.94)	(2.83)
Balance as at 31st March,2017	**-**	**0.65**	**9.37**	**131.12**	**822.91**	**28.62**	**28.71**	**(0.94)**	**1020.44**
Net Block									
As at 31st March,2017	**67.83**	**28.83**	**63.92**	**2043.06**	**2653.37**	**93.42**	**48.42**	**9.84**	**5008.69**
As at 31st March,2016	**62.87**	**32.12**	**68.98**	**1903.22**	**2393.09**	**87.55**	**47.68**	**9.34**	**4604.85**
As at 1st April,2015	**60.82**	**26.57**	**66.96**	**1580.27**	**2239.84**	**84.36**	**48.04**	**7.57**	**4114.43**

1. The gross value of Buildings and Flats includes the cost of shares in Co-operative Housing Societies.
2. The above additions to Property Plant and Equipments during the year includes ₹ 123.34 crore (31st March, 2016 ₹ 242.88 crore) used for Research and Development.

Notes to the Consolidated Financial Statements

Details of Capital Work in Progress

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016
Opening Balance	**741.01**	**535.02**
Capitalised	(519.27)	(387.48)
Impairment	(30.33)	-
Foreign Currency Translations Adjustments	(3.57)	9.78
Additions during the year	531.39	583.69
Closing Balance	**719.23**	**741.01**

Note 3: Investment Property

₹ in Crore

Particulars	Amount
Gross Block	
As at 1st April,2015	1.11
As at 31st March,2016	1.11
Add: Addition	0.69
As at 31st March,2017	1.80
Accumulated Depreciation	
At 1st April,2015	-
Depreciation	0.04
At 31st March,2016	0.04
Depreciation	0.02
At 31st March,2017	0.06
Net Book Value	
At 31st March,2017	**1.74**
At 31st March,2016	**1.07**
At 1st April,2015	**1.11**
Fair value	
At 31st March,2017	7.97
At 31st March,2016	7.78
At 1st April,2015	7.71

Estimation of Fair Value

The fair valuation of the assets is based on the perception about the macro and micro economics factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities etc.

This valuation is based on valuations performed by an accredited independent valuer. Fair valuation is based on replacement cost method. The fair value measurement is categorised in level 2 fair value hierarchy.

Note 4: Goodwill

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Opening Balance	2705.57	1129.38
Acquisition of subsidiaries	-	1682.05
De-recognised of disposal of subsidiaries	(0.26)	-
Foreign currency translation adjustments	(26.88)	(105.86)
Closing Balance	**2678.43**	**2705.57**

Goodwill acquired in Business Combination is allocated to the Cash Generating Units (CGUs) that are expected to benefit from that business combination as follows:

Notes to the Consolidated Financial Statements

₹ in Crore

CGUs (Goodwill)	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
United States of America	1569.13	1653.24	-
South Africa	887.06	823.04	935.98
Yemen	112.42	114.85	108.34
India	57.22	57.48	57.48
Uganda	47.35	51.86	25.28
Others	5.25	5.10	2.30
TOTAL	**2678.43**	**2705.57**	**1129.38**

For impairment testing, goodwill is allocated to the CGUs which represents the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group Segments. The Group's goodwill on consolidation is tested for impairment annually or more frequently, if there are indications that goodwill might be impaired. During the year, the testing did not result in any impairment in the carrying amount of goodwill.

The recoverable amount of each CGUs are determined based on value in use calculated using, estimated discounted cash flows.

The Group prepares its cash flow forecasts based on the most recent financial budgets approved by management.

Growth Rates

The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports ranging from 3 % to 45 %.

Discount Rates

Management estimates discount rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC) ranging from 13.75% to 17.8%.(USA-13.75%,South Africa-16%, Yemen- 17.8%).

EBITDA

Based on past performance and management's expectations for the future EBITDA margin considered for:

CGU	Range
United States of America	20.80% to 35.50%
South Africa	15.70% to 22.40%
Yemen	23.90% to 34.50%

Sensitivity

United States of America

If the budgeted EBITDA margin used in the value-in-use calculation for this CGU had been 2% lower than management's estimates as at 31st March, 2017 the Group would have had to recognise an impairment of goodwill of ₹ 363.92 crore. If the discount rate applied to the cash flow projections of this CGU had been 1% higher than management's estimates, the Group would have had to recognise impairment of goodwill of ₹ 247.27 crore.

Notes to the Consolidated Financial Statements

Note 5: Other Intangible Assets

₹ in Crore

Particulars	Computer - Software	Marketing Intangibles	Technical Know-how	Trademarks	Licenses and Patents	Brands	Total
Gross Block							
Balance as at 1st April,2015	105.88	1142.06	-	196.71	14.09	27.19	1485.93
Acquisition of subsidiaries	0.04	-	-	-	4.46	-	4.50
Additions	14.11	1.69	4.65	10.45	907.03	4.16	942.09
Deletions and Adjustments	0.04	-	-	-	-	-	0.04
Foreign Currency Translations adjustments	(0.53)	(54.63)	-	-	(0.73)	-	(55.89)
Balance as at 31st March,2016	**119.46**	**1089.12**	**4.65**	**207.16**	**924.85**	**31.35**	**2376.59**
Additions	54.16	9.38	-	-	30.33	-	93.87
Deletions and Adjustments	0.04	-	-	-	-	-	0.04
Foreign Currency Translations adjustments	(0.15)	19.24	-	-	108.88	(0.63)	127.34
Balance as at 31st March,2017	**173.43**	**1117.74**	**4.65**	**207.16**	**1064.06**	**30.72**	**2597.76**
Amortisation and Impairment							
Balance as at 1st April,2015	-	-	-	-	-	-	-
Amortisation	23.92	194.58	0.52	0.58	18.94	7.70	246.24
Deletions and Adjustments	-	-	-	-	-	-	-
Foreign Currency Translations adjustments	(0.44)	72.87	-	-	(0.38)	0.40	72.45
Balance as at 31st March,2016	**23.48**	**267.45**	**0.52**	**0.58**	**18.56**	**8.10**	**318.69**
Amortisation	30.25	118.13	0.93	1.05	180.53	2.10	332.99
Impairment	-	-	-		194.38		194.38
Deletions and Adjustments	0.02	-	-	-	-	-	0.02
Foreign Currency Translations adjustments	0.03	(20.73)	-	-	(12.46)	-	(33.16)
Balance as at 31st March,2017	**53.74**	**364.85**	**1.45**	**1.63**	**381.01**	**10.20**	**812.88**
Net Block							
As at 31st March,2017	**119.69**	**752.89**	**3.20**	**205.53**	**683.05**	**20.52**	**1784.88**
As at 31st March,2016	**95.98**	**821.67**	**4.13**	**206.58**	**906.29**	**23.25**	**2057.90**
As at 1st April,2015	**105.88**	**1142.06**	**-**	**196.71**	**14.09**	**27.19**	**1485.93**

Details of Intangible Assets Under Development

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016
Opening Balance	**1319.86**	**45.88**
Capitalised	(62.74)	(1.58)
Impairment	(168.29)	-
Foreign Currency Translations adjustments	(148.87)	2.95
Additions during the year	23.79	1272.61
Closing Balance	**963.75**	**1319.86**

Notes to the Consolidated Financial Statements

Note 6: Investment in Associate

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Investments in unquoted equity Instruments (Refer Note 45)			
2,05,02,525 (31st March, 2016 2,01,64,367 and 1st April, 2015 1,84,23,578) Equity Shares of Stempeutics Research Pvt. Ltd. of ₹ 10 each, fully paid including Goodwill of 31st March, 2017 ₹ 29.96 crore (31st March, 2016 ₹ 29.96 crore and 1st April, 2015 ₹ 3.58 crore)	12.40	16.82	13.82
Nil (31st March,2016 Nil and 1st April, 2015 87,33,333) Ordinary Shares of Biomab Holding Ltd. of USD 1 each, fully paid including Goodwill of Nil (31st March,2016 Nil and 1st April, 2015 ₹ 54.31 crore)*	-	-	107.63
	12.40	**16.82**	**121.45**
*Divested on 22nd January, 2016			

Note 7: Investments

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Investments in equity Instruments (unquoted)			
Investments at fair value through OCI (fully paid)			
16.50% (31st March,2016 16.50% and 1st April, 2015 16.50%) Equity Interest in Shanghai Desano Pharmaceuticals Co., Ltd.	123.22	125.89	118.75
1,000 (31st March, 2016 1,000 and 1st April, 2015 1,000) Equity shares of ₹ 10 each of The Saraswat Co-operative Bank Limited fully paid ₹ 10,000 (31st March, 2016 ₹ 10,000 and 1st April, 2015 ₹ 10,000)	-	-	-
Investments at fair value through Profit and Loss (fully paid)			
Nil (31st March, 2016 29,91,482 and 1st April, 2015 11,02,941) Series B-1 Preferred Stock, par value $0.0001 per share of Chase Pharmaceuticals Corporation Inc *	-	32.57	8.44
Investments in Government and Trust Securities			
National Savings Certificates ₹ 42,000 (31st March, 2016 ₹ 42,000 and 1st April, 2015 ₹ 42,000)	-	-	-
	123.22	**158.46**	**127.19**
Aggregate Amount of Unquoted Investments	123.22	158.46	127.19
*Divested on 29th September, 2016			

Note 8: Loans

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured, Considered Goods			
Deposits with Body Corporates and Others	37.02	39.81	33.46
Other Loans and Advances	2.46	2.03	0.39
	39.48	**41.84**	**33.85**

Notes to the Consolidated Financial Statements

Note 9: Other Financial Assets

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Fixed Deposits as Margin Money (maturity more than 12 months)	11.64	16.25	14.31
Capital Subsidy Receivable	62.19	60.03	58.04
Derivative-Interest Rate Swap	19.60	-	-
Forward Contracts	20.34	-	16.14
Others	-	-	0.33
	113.77	**76.28**	**88.82**

Note 10: Income Taxes

The major components of income tax expense for the years ended 31st March,2017 and 31st March,2016 are:

Statement of Profit and Loss:

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Current Tax:		
Current Income Tax Charge	479.48	470.24
Deferred Tax:		
Relating to Origination and Reversal of Temporary Differences	(299.72)	(138.65)
Income tax Expense reported in the Statement of Profit or Loss	**179.76**	**331.59**

OCI section - Deferred Tax related to items recognised in OCI during the year:

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Net Loss/(Gain) on Re-measurements of Defined Benefit Plans	(3.96)	4.38
Income tax Expense charged to OCI	**(3.96)**	**4.38**

Reconciliation of tax Expense and the accounting profit multiplied by India's domestic tax rate for 31st March,2017 and 31st March,2016:

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit before Tax	1222.17	1727.03
At India's statutory income tax rate of 34.608% (31st March,2016: 34.608%)	422.97	597.69
Effect of (Lower) / Higher Tax Rate in respective jurisdiction	(53.69)	(5.94)
Prior Year adjustments to Deferred Tax	(8.25)	(12.95)
Weighted Deductions and Exemption	(349.82)	(319.32)
Non deductible expenses for tax purpose	49.78	61.72
Deferred Tax not recognised (net)	117.82	5.63
Others	(2.00)	1.63
Differential Tax Rate Impact	2.95	3.13
Income tax expense reported in the statement of profit and loss	**179.76**	**331.59**
Effective Income Tax Rate	14.71%	19.20%

There are unused tax losses amounting to ₹ 470.27 crore as at 31st March, 2017 for which no deferred tax asset has been recognised as the Company believes that availability of taxable profit against which such temporary difference can be utilised, is not probable. Deferred income tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments. Accordingly, temporary difference on which deferred tax liability has not been recognised amounts to ₹ 1357.10 crore, ₹ 1084.93 crore and ₹ 1048.02 crore as at 31st March, 2017, 31st March, 2016 and 1st April, 2015, respectively.

Notes to the Consolidated Financial Statements

Deferred Tax:

Deferred Tax relates to the following:

₹ in Crore

Particulars	Balance Sheet			Profit & Loss	
	As at 31st March, 2017	As at 31st March,2016	As at 1st April,2015	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Property, Plant and Equipment and Intangible Assets	(1346.07)	(1498.86)	(626.38)	174.26	(72.62)
Employee Benefit Expenses	72.28	90.71	75.88	(18.92)	15.88
Others	128.37	88.41	71.96	14.56	15.64
Provision for Doubtful Debts	51.77	39.21	22.20	12.67	16.60
Deferred Revenue	28.28	30.73	27.30	(2.45)	3.43
Provision for Right of Return	51.56	54.82	22.84	(3.27)	31.98
Tax Loss Carried forward	60.91	115.03	107.85	(58.36)	16.36
Mat Credit entitlement	364.14	182.91	71.53	181.23	111.38
Deferred Tax Expense/(Income) in statement of Profit and Loss				**299.72**	**138.65**
Net Deferred Tax Assets/(Liabilities)	**(588.76)**	**(897.04)**	**(226.82)**		

Reflected in the balance sheet as follows:

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred Tax Assets	168.13	78.69	80.44
Deferred Tax Liabilities	(756.89)	(975.73)	(307.26)
Deferred Tax Assets/(Liabilities) (net)	**(588.76)**	**(897.04)**	**(226.82)**

Reconciliation of Deferred Tax Liabilities (net):

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Opening Balance	(897.04)	(226.81)
Tax income during the period recognised in profit or loss	299.72	138.65
Tax income/(expense) during the period recognised in OCI	3.96	(4.38)
Business Combination	-	(833.61)
Assets Held for Sale (net) (Refer Note 20)	(1.64)	
Exchange Difference	6.24	29.11
Closing Balance	**(588.76)**	**(897.04)**

Note 11: Other Non-Current Assets

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured, Considered Goods			
Capital Advances*	4.69	6.46	4.74
Unsecured, Considered Goods			
Capital Advances	191.22	142.92	47.80
Deferred Lease Assets	43.16	44.82	50.13
Prepaid Expenses	2.19	2.22	0.15
VAT Receivable	50.19	53.22	46.48
Balances with Excise Authorities	0.75	0.25	12.18
	292.20	**249.89**	**161.48**
* Secured against Bank Guarantees			

Notes to the Consolidated Financial Statements

Note 12: Inventories

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw Materials and Packing Materials	1374.28	1575.03	1588.77
Work in Progress	613.57	848.64	899.36
Finished Goods	1056.50	574.77	655.84
Stock-in-Trade	393.53	751.15	607.82
Stores, Spares and Consumables	47.40	58.46	28.83
	3485.28	**3808.05**	**3780.62**
The Group recorded Inventory write down of ₹ 259.18 (31st March, 2016 ₹ 265.75 crore). This is included as part of cost of material consumed and changes in inventories of finished goods, work in process and stock-in-trade.			

Included above, Stock in transit

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw Materials and Packing Materials	31.41	42.84	115.26
Work in Progress	12.88	7.86	20.66
Finished Goods	142.02	65.14	65.34
Stock-in-Trade	54.29	186.36	73.26
	240.60	**302.20**	**274.52**

Note 13: Investments

₹ in Crore

Particulars	No. of Units	As at 31st March, 2017	No. of Units	As at 31st March, 2016	No. of Units	As at 1st April, 2015
Investments - Mutual Funds (Unquoted)						
Axis Mutual Fund "Axis Liquid Fund" - Direct - Growth	307,516	55.45	372,196	62.47	-	-
Baroda Pioneer Mutual Fund "Baroda Pioneer Liquid Fund" - Plan B - Growth	242,974	45.44	71,857	12.51		-
Baroda Pioneer Mutual Fund "Baroda Pioneer Liquid Fund"- Plan B - Growth	48,580	9.67		-	280,546	45.04
Baroda Pioneer Short Term Bond Fund - Plan B- Growth	14,853,191	26.27				
Baroda Pioneer Treasury Advantage Fund - Plan B- Growth	113,282	21.78				
Birla Sun Life Mutual Fund" Birla Sun Life Cash Plus" - Growth - Direct Plan	1,085,512	28.37	2,118,349	51.54	2,238,812	45.19
Franklin Templeton Mutual Fund " Templeton India Treasury Management Account"- Super Institutional Plan- Direct - Growth	-	-		-	257,696	55.07
Reliance Medium Term Fund - Direct Plan - Growth	10,828,414	37.56				
Reliance Mutual Fund "Reliance Liquid Fund" – Cash Plan – Direct Growth		-	187,340	45.81		-

Notes to the Consolidated Financial Statements

₹ in Crore

Particulars	No. of Units	As at 31st March, 2017	No. of Units	As at 31st March, 2016	No. of Units	As at 1st April, 2015
Reliance Mutual Fund "Reliance Liquid Fund" – Treasury Plan – Direct Growth	163,580	64.90	121,898	45.04		-
Reliance Mutual Fund "Reliance Liquidity Fund" - Direct Growth Plan		-	179,683	41.03	211,177	44.53
DHFL Pramerica Insta Cash Plus Fund - Direct - Growth	767,782	16.23		-		-
DHFL Insta Cash Plus Fund-Direct -Growth	49,210	1.04				
HDFC Mutual Fund "HDFC Cash Management Fund"-Savings Plan-Direct Plan - Growth		-	139,164	44.03	8,562,289	25.02
DSP BlackRock Liquidity Fund - Direct - Growth	233,411	54.29		-		-
Principal Mutual Fund "Principle Cash Management Fund "- Direct Plan-Growth Option		-		-	330,868	45.04
L&T Liquid Fund - Direct Plan - Growth	255,077	56.88		-		-
ICICI Prudential Mutual Fund "ICICI Prudential Money Market Fund" - Direct Plan - Growth	675,752	15.21	2,149,063	45.04		-
ICICI Prudential Mutual Fund "ICICI Prudential Liquid Plan"- Direct Plan - Growth					37,604	0.78
Indiabulls Mutual Fund "Indiabulls Liquid Fund" - Direct Plan Growth	238,571	39.20	304,951	45.05		-
JM Financial Mutual Fund "JM High Liquidity Fund" – Direct – Growth	12,830,921	57.12	10,871,272	45.05		-
Kotak Mutual Fund "Kotak Floater Short Term" – Direct Plan – Growth	110,706	29.55	12,077	3.00		-
Invesco India Liquid Fund - Direct Plan - Growth	253,691	56.79		-		-
SBI Mutual Fund" SBI Magnum Insta Cash Fund"- Direct Plan - Growth	156,645	56.35		-	92,339	28.58
SBI Mutual Fund "SBI Premier Liquid Fund" – Direct Plan – Growth		-	189,247	45.06		-
Sundaram BNP Paribas Mutual Fund "Sundaram Money Fund" - Direct Plan - Growth	16,264,992	55.78		-	17,322,750	51.13
Tata Liquid Fund - Direct - Growth	185,141	55.54		-		-
Taurus Mutual Fund" Taurus Liquid Fund"- Direct Plan-Super Institutional Growth		-	314,584	51.67	330,391	50.02
UTI-Floating Rate Fund-Short Term Plan - Direct Growth	57,499	15.65				
UTI Mutual Fund "UTI Money Market Fund" – Institutional Plan – Direct Growth	210,272	38.32	265,152	45.04		-
		837.39		**582.34**		**390.40**
Aggregate Amount of unquoted investments		837.39		582.34		390.40

Notes to the Consolidated Financial Statements

Note 14: Trade Receivables

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Considered good			
Unsecured	2497.42	2356.27	1928.16
Considered doubtful			
Unsecured	149.42	128.86	71.33
Less: Allowance for doubtful debts*	(149.42)	(128.86)	(71.33)
	2497.42	**2356.27**	**1928.16**
* Charge during the year amounting to ₹ 52.17 (31st March, 2016 ₹ 63.11)			

Note 15: Cash and Cash Equivalents

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Balances with Banks			
In Current Accounts	597.52	693.19	472.02
In Deposit Accounts	8.05	107.65	61.89
Cash on hand	4.78	57.31	11.93
	610.35	**858.15**	**545.84**

Note 16: Bank Balance other than Cash and Cash Equivalents

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Bank deposits (maturity between 3 months and 12 months)	3.78	1.34	5.13
Earmarked Balances - Unclaimed Dividend*	10.08	11.91	13.29
	13.86	**13.25**	**18.42**
* the above balance are restricted for specific use			

Note 17: Loans

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured, Consider goods			
Loan to Employees	9.53	10.92	11.52
	9.53	**10.92**	**11.52**

Notes to the Consolidated Financial Statements

Note 18: Other Financial Assets

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Derivative Assets	28.22	-	-
Other Loans and Advances			
Considered good	78.76	7.99	55.92
Considered doubtful	2.25	2.25	3.87
Less: Allowance for doubtful advances	(2.25)	(2.25)	(3.87)
Deposits *	251.11	1.25	2.03
Other Receivables	34.28	127.67	65.87
	392.37	**136.91**	**123.82**

* Deposits as on 31st March,2017 includes DPCO deposit of ₹ 175.08 crore (Refer Note 47)

Note 19: Other Current Assets

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Advance to Suppliers	95.63	180.62	165.87
Considered doubtful	-	-	1.62
Less: Allowance for doubtful advances	-	-	(1.62)
Export Incentives Receivable	216.80	259.04	144.92
Prepaid Expenses	44.77	50.34	41.24
Balances with Statutory/Revenue Authorities like excise, customs, service tax and value added tax, etc.	527.23	579.25	400.06
Others	6.38	6.09	7.29
	890.81	**1075.34**	**759.38**

Notes to the Consolidated Financial Statements

Note 20: Assets and Liabilities Classified as Held for Sale

₹ in Crore

Particulars	As at 31st March, 2017
Non-Current Assets:	
Property, Plant and Equipment	0.45
Other Intangible Assets	17.47
Current Tax Assets (net)	0.37
Current Assets:	
Inventories	34.44
Trade Receivables	19.12
Cash and Cash Equivalents	14.06
Total Asset Held for Sale	**85.91**
Non-Current Liabilities:	
Deferred Tax Liabilities (net)	1.64
Other Non-Current Liabilities	-
Current Liabilities:	
Trade Payables	15.16
Other Current Liabilities	-
Current Tax Liabilities (net)	0.05
Total Liabilities Held for Sale	**16.85**
Assets Held for Sale (net)	**69.06**

On 4th March, 2017, Definitive agreement was entered between Inyanga Trading 386 Proprietary Limited ("Inyanga"), an indirect wholly owned subsidiary of Cipla Ltd. and Ascendis Health Limited, whereby Inyanga disposed of its 100% shareholding in Cipla Agrimed Proprietary Limited and Cipla Vet Proprietary Limited, subject to the fulfillment of certain conditions precedent, including approval from the competition commission, which are expected to be fulfilled by June 2017. This was a strategic decision, which is in line with the Groups new strategy to increase focus and efforts to care for life, for all South Africans. By doing this, Cipla will have a more intensive approach to grow the portfolio of quality and affordable products, with an aim to provide an even broader range of pharmaceutical solutions in more therapeutic areas in the South African Healthcare sector. Management expects to sell these remaining assets during the 2018 financial year.

Notes to the Consolidated Financial Statements

Note 21: Share Capital

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Share Capital			
Authorised			
87,50,00,000 Equity Shares of ₹ 2 each			
(31st March, 2016 87,50,00,000, 1st April, 2015 87,50,00,000 Equity Shares of ₹ 2 each)	175.00	175.00	175.00
	175.00	**175.00**	**175.00**
Issued			
80,55,13,469 Equity Shares of ₹ 2 each			
(31st March, 2016 80,43,87,677, 1st April, 2015 80,39,63,835 Equity Shares of ₹ 2 each)	161.10	160.88	160.79
	161.10	**160.88**	**160.79**
Subscribed & Paid-up			
80,45,10,074 Equity Shares of ₹ 2 each fully paid			
(31st March, 2016 80,33,84,282, 1st April, 2015 80,29,60,440 Equity Shares of ₹ 2 each fully paid)	160.90	160.68	160.59
	160.90	**160.68**	**160.59**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares	Amount (₹ in crore)	Number of shares	Amount (₹ in crore)	Number of shares	Amount (₹ in crore)
Equity Shares at the beginning of the year	80,33,84,282	160.68	80,29,60,440	160.59	80,29,21,357	160.58
Add: Equity Shares issued on exercise of employee stock options	1,125,792	0.22	4,23,842	0.09	39,083	0.01
Equity Shares at the end of the year	**804,510,074**	**160.90**	**80,33,84,282**	**160.68**	**80,29,60,440**	**160.59**

Details of Shareholders holding more than 5 percent shares in the Company

Particulars	2017		2016		2015	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Dr. Y. K. Hamied	16,67,42,687	20.73%	16,67,42,687	20.76%	12,48,27,750	15.55%
Ms. Farida Hamied	-	-	-	-	4,19,14,937	5.22%
ICICI Prudential Mutual Fund	4,11,90,092	5.12%	3,44,09,246	4.28%	86,96,421	1.08%
Ms. Sophie Ahmed	4,59,82,000	5.72%	4,59,82,000	5.72%	4,59,82,000	5.73%
Life Insurance Corporation of India	4,53,25,137	5.63%	4,81,10,237	5.99%	4,42,13,904	5.51%

Terms and Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share 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 the shareholders in the ensuing Annual General Meeting. 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. The distribution will be in proportion to the number of equity shares held by the shareholder.

Equity shares reserved for issue under employee stock options

Refer to Note 49 for number of stock options against which equity shares are to be issued by the Company upon vesting and exercise of those stock options by the option holders as per the relevant schemes.

*Share Application Money Pending Allotment for 31st March, 2017 is ₹ 11,172.

Notes to the Consolidated Financial Statements

Note 22: Other Equity

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Capital Reserve	(63.12)	(63.27)	53.28
Securities Premium Reserve	1505.24	1449.28	1430.59
General Reserve	3141.60	3141.43	3141.43
Employee Stock Options	62.04	89.42	76.4
Retained Earnings	7774.11	6953.84	5782.98
Foreign Currency Translation Reserve	(105.61)	(215.16)	-
Hedging Reserve	50.26	-	-
Total	**12364.52**	**11355.54**	**10484.68**

Nature and Purpose of Reserve:-

Capital Reserve

Capital Reserve represents gain arising from Business Combination and loss on account of acquisition of Non-Controlling Interest.

Securities Premium Account

Securities Premium Reserve is used to record the premium on issue of shares. This reserve is utilised in accordance with the provisions of the Act.

General Reserve

The General Reserve is used from time to time to transfer profit from retained earning for appropriation purpose.

Employee Stock Options

The Companies has established various equity settled share-based payments plan for certain categories of employee of the Company.

Foreign Currency Translation Reserve

Foreign Currency Translation Reserve represents the unrealised gains and losses on account of translation of foreign subsidiaries into the presentation currency.

Hedging Reserve

The Hedging Reserve represents the cumulative effective portion of gain or loss arising on changes in fair value of designated portion of hedging instruments.

Notes to the Consolidated Financial Statements

Note 23: Non Controlling Interest

Financial information of subsidiaries that have material Non-Controlling Interests is provided below:

A. Proportion of Equity Interest held by Non-Controlling Interests

Name of the Company	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Jay Precision Pharmaceuticals Pvt. Ltd.	40.00%	40.00%	40.00%
Cipla Quality Chemical Industries Limited	37.70%	37.70%	48.95%
Saba Investment Limited	49.00%	49.00%	49.00%
Quality Chemicals Limited	49.00%	49.00%	-
Cipla Health Ltd.	26.11%	-	-

B. Information regarding Non-Controlling Interest

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Accumulated balances of material Non-Controlling Interest:			
Jay Precision Pharmaceuticals Pvt. Ltd.	41.12	31.03	19.24
Cipla Quality Chemical Industries Limited	112.92	132.35	192.00
Saba Investment Limited	167.79	171.13	122.22
Quality Chemicals Limited	5.35	14.06	-
Cipla Health Ltd.	33.69	-	-
Others	(10.14)	1.52	(1.81)
Preferred stock Issued during the year in Cipla Health Ltd.	87.50	-	-
Total	**438.23**	**350.09**	**331.65**

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit/(Loss) allocated to material Non-Controlling Interest:		
Jay Precision Pharmaceuticals Pvt. Ltd.	9.94	11.98
Cipla Quality Chemical Industries Limited	11.78	12.27
Saba Investment Limited	15.50	(0.40)
Quality Chemicals Limited	4.54	0.14
Cipla Health Ltd.	(7.91)	-
Others	(4.82)	(0.56)
Total	**29.03**	**23.43**

Notes to the Consolidated Financial Statements

Summarised Statement of Profit and Loss for the year ended 31st March, 2017

₹ in Crore

Particulars	Name of the Subsidiary				
	Jay Precision Pharmaceuticals Pvt. Ltd.	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Ltd.
Revenue from operations	90.05	410.55	234.19	30.36	99.94
Profit for the year	**24.85**	**31.25**	**31.64**	**9.27**	**(30.29)**
Other comprehensive income	(0.01)	(76.23)	(27.84)	18.62	0.04
Total comprehensive income	**24.84**	**(44.98)**	**3.80**	**27.89**	**(30.25)**
Profit attributable to Non-Controlling Interests	9.94	11.78	15.50	4.54	(7.91)
Dividends paid to Non-Controlling Interests	-	(17.02)	(5.34)	(11.70)	-

Summarised Statement of Profit and loss for the year ended 31st March, 2016

₹ in Crore

Particulars	Name of the Subsidiary			
	Jay Precision Pharmaceuticals Pvt. Ltd.	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited
Revenue from Sale of Products	103.03	319.45	201.04	20.52
Profit for the year	**29.94**	**32.57**	**(0.83)**	**0.28**
Other comprehensive income	**(0.05)**	**(74.71)**	**100.77**	**2.73**
Total comprehensive income	**29.89**	**(42.15)**	**99.95**	**3.01**
Profit attributable to Non-Controlling Interests	11.98	12.27	(0.40)	0.14
Dividends Paid to Non-Controlling Interests	-	-	-	-

Summarised Balance Sheet as at 31st March, 2017

₹ in Crore

Particulars	Name of the Subsidiary				
	Jay Precision Pharmaceuticals Pvt. Ltd.	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Ltd.
Non-current Assets	94.99	110.33	217.41	8.87	32.79
Non-current Liabilities	6.30	-	-	-	0.74
Net Non-current Assets	88.69	110.33	217.41	8.87	32.05
Current Assets	17.37	234.91	218.99	16.20	140.36
Current Liabilities	3.27	45.71	93.98	14.15	43.36
Net Current Assets	14.10	189.20	125.01	2.05	97.00
Total Equity	**102.79**	**299.53**	**342.42**	**10.92**	**129.05**
Attributable to:					
Equity Holders of Parent	61.67	186.61	174.63	5.57	95.36
Non-Controlling Interest	41.12	112.92	167.79	5.35	33.69

Notes to the Consolidated Financial Statements

Summarised Balance Sheet as at 31st March, 2016

₹ in Crore

Particulars	Name of the Subsidiary			
	Jay Precision Pharmaceuticals Pvt. Ltd.	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited
Non-Current Assets	101.04	180.95	230.65	31.55
Non-Current Liabilities	40.14	-	-	-
Net Non-Current Assets	60.90	180.95	230.65	31.55
Current Assets	20.55	217.53	230.33	22.06
Current Liabilities	3.88	47.41	111.75	24.93
Net Current Assets	16.67	170.12	118.59	(2.83)
Total Equity	**77.57**	**351.07**	**349.24**	**28.72**
Attributable to:				
Equity Holders of Parent	46.54	218.72	178.11	14.66
Non-Controlling Interest	31.03	132.35	171.13	14.06

Summarised Balance Sheet as at 1st April, 2015

₹ in Crore

Particulars	Name of the Subsidiary		
	Jay Precision Pharmaceuticals Pvt. Ltd.	Cipla Quality Chemical Industries Limited	Saba Investment Limited
Non-Current Assets	83.07	305.90	190.11
Non-Current Liabilities	49.23	-	-
Net Non-Current Assets	33.84	305.90	190.11
Current Assets	23.06	113.02	157.33
Current Liabilities	8.80	26.69	98.01
Net Current Assets	14.26	86.33	59.31
Total Equity	**48.10**	**392.23**	**249.42**
Attributable to:			
Equity Holders of Parent	28.86	200.23	127.20
Non-Controlling Interest	19.24	192.00	122.22

Summarised Cash Flow Information as at 31st March, 2017

₹ in Crore

Particulars	Name of the Subsidiary				
	Jay Precision Pharmaceuticals Pvt. Ltd.	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Ltd.
Operating Activities	37.76	69.77	59.17	2.99	(30.20)
Investing Activities	(1.43)	(13.15)	4.11	(0.01)	(98.07)
Financing Activities	(36.70)	(45.15)	(51.65)	(8.45)	128.46
Net increase /(decrease) in cash and Cash Equivalents	**(0.37)**	**11.47**	**11.63**	**(5.47)**	**0.19**

Notes to the Consolidated Financial Statements

Summarised Cash Flow Information as at 31st March, 2016

₹ in Crore

Particulars	Name of the Subsidiary			
	Jay Precision Pharmaceuticals Pvt. Ltd.	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited
Operating Activities	45.48	10.47	1.19	4.72
Investing Activities	(27.20)	(6.57)	(2.10)	(0.77)
Financing Activities	(14.63)	-	53.12	0.52
Net increase/ (decrease) in cash and cash equivalents	**3.65**	**3.90**	**52.21**	**4.47**

C. Transactions with Non-Controlling Interests:

The Group had acquired 14.5% stake in Quality Chemical Industries Limited (QCIL) on 11th November, 2013 resulting in equity stake of 51.05%. On 6th August, 2015, the Group acquired an additional 11.25% stake for ₹ 161.35 crore. Immediately prior to the purchase, the carrying amount of the existing 49.95% Non-Controlling interest was ₹ 195.55 crore. The carrying amount of the 11.25% Non-Controlling interest acquired in QCIL was ₹ 44.81 crore. The Group recognised a decrease in non-controlling interests of ₹ 44.81 crore and a decrease in equity attributable to owners of the parent of ₹ 116.54 crore. The effect on the equity attributable to the owners of Cipla Limited during the year is summarised as follows:

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Carrying amount of Non-Controlling Interests Acquired	-	(44.81)	-
Consideration paid to Non-Controlling Interests	-	161.35	-
Net Adjustment to Capital Reserve	-	**116.54**	**-**

Note 24: Borrowings

A. Non Current

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured:			
Term Loan from Banks (Note 1)	-	207.00	287.09
	-	**207.00**	**287.09**
Unsecured:			
Term Loan from Banks (Note 2)	3642.79	-	7.78
Deferred Payment Liability - Sales Tax Deferral Loan (Note 3)	0.07	0.13	0.41
Other Loans (Note 4)	2.50	14.75	14.00
	3645.36	**14.88**	**22.19**
	3645.36	**221.88**	**309.28**

1. Loans of a subsidiary company located in South Africa amounting to ₹ nil crore (31st March, 2016 ₹ 207.00 crore and 1st April 2015 ₹ 287.09 crore). These loans carry interest at JIBAR + 1.45% to 1.95% p.a. and are secured through guarantees and the cession of trade receivables, cash balances, insurances and the pledge and hypothecation of rights in intellectual property held by subsidiaries.

Notes to the Consolidated Financial Statements

2. Includes loans of ₹ 3,642.79 crore (31st March, 2016 ₹ nil crore, 1st April, 2015 nil crore) taken by the company's wholly owned subsidiaries in connection with acquisition of two US based companies, InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc. These loans carry interest at LIBOR + 0.96% p.a. and the guarantee given by Cipla Ltd to the bankers for repayment of principal and interest on this loan. Repayment schedule of these loans are as below:

Years	₹ in Crore
2019-20	728.56
2020-21	1457.12
2021-22	1457.11

3. Sales tax deferral loan is interest free and repayable by 2018-19.
4. Loan of a subsidiary company located in India amounting to ₹ 2.50 crore (31st March, 2016 ₹ 14.75 crore and 1st April, 2015 ₹ 14.00 crore) carries interest at 11% p.a. repayable by 2018-19.

B. Current

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Loans Repayable on Demand			
From Banks			
Secured			
Cash Credit (secured by hypothecation of trade receivables and inventories)	-	-	0.67
Unsecured			
Packing Credit	324.25	917.63	1156.25
Others Borrowings *	142.98	3847.04	12.28
Buyers Credit	-	205.00	223.28
	467.23	**4969.67**	**1392.48**
*Includes Bridge loans of ₹ nil crore (31st March, 2016 ₹ 3653.37 crore, 1st April, 2015 nil crore) taken by the company's wholly owned subsidiary in the UK, Cipla (EU) Ltd. in connection with acquisition of two US based companies, InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc.			

Note 25: Other Financial Liabilities

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Security Deposit	45.06	40.00	40.00
Payable for Acquisition of Business	-	-	36.11
Others	-	2.11	0.19
	45.06	**42.11**	**76.30**

Notes to the Consolidated Financial Statements

Note 26: Provisions

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Provision for Employee Benefits (Refer Note: 55)			
Leave Encashment	138.80	143.38	109.84
Gratuity	1.72	1.30	0.51
	140.52	**144.68**	**110.35**

Note 27: Other Non Current Liabilities

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred Government Grant	14.05	16.90	19.69
Deferred Revenue	74.66	81.73	72.90
Others	4.94	2.79	0.39
	93.65	**101.42**	**92.98**

Note 28: Trade Payables

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Micro and small enterprises	36.91	7.33	2.77
Others	1534.23	1468.49	1458.25
	1571.14	**1475.82**	**1461.02**

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
The principal amount and the interest due thereon remaining unpaid to any Supplier as at the end of each accounting year	-	-	-
Principal amount due to micro and small enterprises	-	-	-
Interest due on above	-	-	-
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

Notes to the Consolidated Financial Statements

Note 29: Other Financial Liabilities

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current Maturities of Non-Current Debt;			
Sales Tax Deferral Loans	0.07	0.07	0.01
Term Loan from Bank		10.30	1.56
Purchase Consideration Payable	-	257.11	-
Unclaimed Dividends*	10.08	11.91	13.29
Unclaimed Preference Share Capital	-	0.01	0.01
Security Deposits	1.82	2.20	3.52
Capital Creditors	170.66	42.35	63.58
Contingent Consideration Payable	-	45.18	69.40
Employee Dues	112.92	147.55	98.43
Other Payable#	361.88	221.16	95.13
	657.43	**737.84**	**344.93**

* There are no amount due and outstanding to be credited to investor Education & Protection Fund.
# include Expenses Accruals.

Note 30: Other Current Liabilities

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Advances from Customers	51.66	29.40	106.37
Other Payables:			
Statutory Dues	80.19	68.02	56.24
Book Overdraft	0.82	8.28	49.09
Deferred Government Grant	2.50	4.78	2.46
Deferred Revenue	7.07	7.07	5.99
Others	124.12	150.75	120.80
	266.36	**268.30**	**340.95**

Note 31: Provisions

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Provision For Employee Benefits (Refer Note: 55)			
Leave Encashment	11.87	33.52	26.33
Gratuity	7.25	40.45	60.09
Bonus	103.10	58.99	25.69
Others (Refer Note: 55)			
Provision for Chargeback and Others accruals	50.50	19.48	6.72
Provision for Right of Return	149.18	158.41	66.00
	321.90	**310.85**	**184.83**

Notes to the Consolidated Financial Statements

Note 32: Revenue From Sale of Products

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Sale of Products (including excise duty)	14280.86	13494.20
	14280.86	**13494.20**

Note 33: Other Operating Income

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Rendering of Services	24.84	53.25
Export Incentives	164.48	152.85
Technical Know-how and Licensing Fees	52.02	40.48
Scrap Sales	28.13	39.72
Others	79.91	9.60
	349.38	**295.90**

Note 34: Other Income

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest Income		
Bank Deposit	2.94	1.31
Others	9.54	8.54
Government Grants@	2.46	2.46
Profit on Sale of Property, Plant and Equipment	-	9.93
Insurance Claim	5.33	10.75
Rent	7.19	2.44
Sundry Balances Written Back	5.85	10.65
Net Gain on Foreign Currency Transaction and Translation#	-	95.85
Net Gain on Sale of Investment*	187.35	55.68
Miscellaneous Receipts	8.03	10.60
	228.69	**208.21**

Last year include ₹ 46.96 crore on divestment of Biomab Holding Ltd.
* Current year include sale of investment in Chase Pharmaceutical Corporation, USA of ₹ 119.18 (Last year includes ₹ 26.24 crore on divestment of Biomab Holdings Ltd.)
@ Government grants pertain to subsidy of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

Notes to the Consolidated Financial Statements

Note 35: Cost of Materials Consumed

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Consumption of Raw and Packing Materials		
Opening Stock	1575.02	1588.77
Add: Purchases	4071.92	3954.66
Add: Opening Stock of Subsidiaries acquired during the year	-	209.71
Less: Closing stock	1374.28	1575.02
	4272.66	**4178.12**

Note 36: Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Opening Stock		
Work-in-Process	848.64	899.36
Finished Goods	574.77	655.84
Stock-in-Trade	751.15	607.82
Add: Opening Stock of Subsidiaries acquired during the year		
Work-in-Process	-	31.82
Finished Goods	-	23.78
Stock-in-Trade	-	19.49
Less: Closing Stock		
Work-in-Process	613.57	848.64
Finished Goods	1056.50	574.77
Stock-in-Trade	393.53	751.15
	110.96	**63.55**

Note 37: Employee Benefits Expense

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Salaries and Wages	2156.76	2143.24
Contribution to Provident and Other Funds	98.55	90.20
Employee Stock Option Schemes (Refer Note 49)	22.19	29.18
Staff Gratuity	32.70	26.04
Staff Welfare Expense	323.62	145.35
	2633.82	**2434.01**

Note 38: Finance Costs

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest Expense	87.68	116.27
Loss on Foreign Exchange Fluctuation (net)	71.70	90.36
	159.38	**206.63**

Notes to the Consolidated Financial Statements

Note 39: Depreciation, Impairment and Amortisation Expense

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Depreciation of Tangible Assets	538.47	507.94
Depreciation on Investment Properties	0.02	0.04
Amortisation of Intangible Assets	332.99	246.24
Impairment of Intangible/Tangible Assets	451.45	-
	1322.93	**754.22**
1. The Group has decided to reposition the Biotechnology business to explore new business development opportunities including in-licensing to de-risk future investments in the segment without solely relying on in-house development. Accordingly, the value in use of certain assets in Cipla Biotec Pvt Ltd was reassessed and an impairment charge of ₹ 56.89 Crore has been recognised during the year ended 31st March 2017.		
2. Due to uncertain regulatory developments and litigations for certain intangible assets on the existing and IP R&D portfolio relating to US generics business, the Group recorded an impairment charge of ₹ 348.65 Crore during the year ended 31st March 2017. Refer Note 4 for details relating to assumptions used in determination of value in use.		

Note 40: Other Expenses

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Manufacturing Expenses	446.25	361.82
Stores and Spares	127.89	137.85
Repairs and Maintenance		
Plant and Machinery	97.26	74.45
Buildings	42.26	42.62
Insurance	37.41	31.39
Rent	113.93	100.71
Sales Promotion Expenses	553.02	390.69
Commission on Sales	242.63	203.78
Freight and Forwarding	213.56	224.29
Rates and Taxes	36.11	50.70
Power and Fuel	251.73	245.92
Contractual Services	198.84	188.06
Postage and Telephone Expenses	37.90	35.21
Travelling and Conveyance	280.80	327.01
Bad debts, Provisions for Doubtful Debts and Advances written off (net)	52.17	63.11
Loss on Foreign Exchange Fluctuation (net)	30.95	-
Non Executive Directors' Remuneration	7.00	2.42
Professional Fees	349.03	291.66
Charitable Donations	0.35	0.22
Payment to Auditors		
Audit Fees	5.14	6.14
Taxation Matters	0.60	0.06
For Other Services	0.39	0.59
Loss on Sale of Property, Plant and Equipment	20.52	-

Notes to the Consolidated Financial Statements

Note 40: Other Expenses (Contd.)

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
CSR Expenditure (Refer Note 52)	29.53	20.66
Research - Clinical Trials, Samples & Grants	280.27	218.69
Excise Duty	235.95	195.21
Other Expenses	512.02	573.30
	4203.51	**3786.56**

Note 41:

The Subsidiaries and Associates considered in the Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	% Ownership Interest as at 31st March, 2017	% Ownership Interest as at 31st March, 2016	% Ownership Interest as at 1st April, 2015	With effect from
Subsidiaries (held directly)					
Cipla FZE	United Arab Emirates	100%	100%	100%	04-10-2006
Goldencross Pharma Pvt. Ltd.	India	100%	100%	100%	14-05-2010
Cipla (Mauritius) Ltd.	Mauritius	100%	100%	100%	27-01-2011
Meditab Specialities Pvt. Ltd.	India	100%	100%	100%	01-10-2010
Cipla Medpro South Africa Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Cipla Holding B.V.	Netherlands	100%	100%	100%	28-08-2013
Cipla BioTec Pvt. Ltd. (Formerly known as Mabpharm Pvt. Ltd.)	India	100%	100%	100%	24-07-2014
Cipla (EU) Ltd.	United Kingdom	100%	100%	100%	27-01-2011
Saba Investment Ltd.	United Arab Emirates	51%	51%	51%	02-10-2014
Jay Precision Pharmaceuticals Pvt. Ltd.	India	60%	60%	60%	26-02-2015
Cipla Health Ltd.	India	70.20%	95%	-	27-08-2015
Subsidiaries (held indirectly)					
Four M Propack Pvt. Ltd.[2]	India	-	100%	100%	14-05-2010
Cipla (UK) Ltd.	United Kingdom	100%	100%	100%	27-01-2011
Cipla Australia Pty. Ltd.	Australia	100%	100%	100%	04-03-2011
Medispray Laboratories Pvt. Ltd.	India	100%	100%	100%	01-10-2010
Sitec Labs Pvt. Ltd.	India	100%	100%	100%	01-10-2010
Meditab Holdings Ltd.	Mauritius	100%	100%	100%	01-10-2010
Meditab Specialities New Zealand Ltd.	New Zealand	100%	100%	100%	21-01-2011
Cipla İlaç Ticaret Anonim Şirketi	Turkey	100%	100%	100%	20-02-2012
Cipla USA Inc.	USA	100%	100%	100%	12-09-2012
Cipla Kenya Ltd.	Kenya	100%	100%	100%	08-10-2012
Cipla Malaysia Sdn. Bhd.	Malaysia	100%	100%	100%	20-03-2013
Cipla Europe NV	Belgium	100%	100%	100%	30-09-2013
Cipla Quality Chemical Industries Ltd.	Uganda	62.30%	62.30%	51.05%	20-11-2013
Cipla Croatia d.o.o.	Croatia	100%	100%	100%	04-12-2013
Galilee Marketing Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Inyanga Trading 386 Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Xeragen Laboratories Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013

Notes to the Consolidated Financial Statements

Note: 41 (Contd.)

The Subsidiaries and Associates Considered in the Consolidated Financial Statement are:

Name of the Company	Country of Incorporation	% Ownership Interest as at 31st March, 2017	% Ownership Interest as at 31st March, 2016	% Ownership Interest as at 1st April, 2015	With effect from
Cipla Medpro Holdings Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Cape To Cairo Exports Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Cipla Agrimed Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Cipla Dibcare Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Cipla Life Sciences Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Cipla-Medpro Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Cipla-Medpro Distribution Centre Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Cipla Medpro Botswana Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Cipla Medpro Research and Development Proprietary Ltd.[3]	South Africa	-	100%	100%	15-07-2013
Cipla Nutrition Proprietary Ltd.	South Africa	100%	100%	80%	15-07-2013
Cipla Vet Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Medpro Pharmaceutica Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Med Man Care Proprietary Ltd.	South Africa	100%	100%	100%	15-07-2013
Breathe Free Lanka (Private) Ltd.	Sri Lanka	100%	100%	100%	16-06-2014
Cipla Canada Inc.[4]	Canada	-	100%	100%	27-08-2014
Medica Pharmaceutical Industries Company Ltd.	Yemen	50.49%	50.49%	50.49%	02-10-2014
Al Jabal For Drugs and Medical Appliances Company Limited	Yemen	50.49%	50.49%	50.49%	02-10-2014
Cipla Pharma Lanka (Private) Ltd.	Sri Lanka	60%	60%	60%	17-11-2014
Cipla Pharma Nigeria Ltd.	Nigeria	100%	100%	100%	06-02-2015
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	Brazil	100%	100%	-	11-05-2015
Cipla Maroc SA	Morocco	60%	60%	-	08-05-2015
Cipla Middle East Pharmaceuticals FZ-LLC	United Arab Emirates	51%	51%	-	31-05-2015
Quality Chemicals Ltd.	Uganda	51%	51%	-	06-08-2015
Cipla Philippines Inc.	Philippines	100%	100%	-	06-01-2016
InvaGen Pharmaceuticals Inc.	USA	100%	100%	-	17-02-2016
Exelan Pharmaceuticals Inc.	USA	100%	100%	-	17-02-2016
Cipla BioTec South Africa (Pty.) Ltd.	South Africa	100%	100%	100%	
Cipla Algérie[1]	Algeria	40%	-	-	06-06-2016
Meditab Pharamaceuticals South Africa Proprietary Ltd. (De-registered on 14th August, 2015)	South Africa	-	-	100%	14-01-2011
Cipla Medpro Manufacturing Proprietary Ltd. (De-registered on 16th September, 2015)	South Africa	-	-	100%	15-07-2013
Cipla Health Care Proprietary Ltd. (De-registered on 28th October, 2015)	South Africa	-	-	100%	15-07-2013

Notes to the Consolidated Financial Statements

Note: 41 (Contd.)

The subsidiaries and associates considered in the consolidated financial statement are:

Name of the Company	Country of Incorporation	% Ownership Interest as at 31st March, 2017	% Ownership Interest as at 31st March, 2016	% Ownership Interest as at 1st April, 2015	With effect from
Cipla Medpro ARV Proprietary Ltd. (De-registered on 20th January, 2016)	South Africa	-	-	100%	15-07-2013
Cipla Medpro Cardio Respiratory Proprietary Ltd. (De-registered on 16th September, 2015)	South Africa	-	-	100%	15-07-2013
Cipla Personal Care Proprietary Ltd. (De-registered on 16th September, 2015)	South Africa	-	-	100%	15-07-2013
Gardian Cipla Proprietary Ltd. (De-registered on 20th January, 2016)	South Africa	-	-	100%	15-07-2013
Medpro Gen Proprietary Ltd. (De-registered on 16th September, 2015)	South Africa	-	-	100%	15-07-2013
Medpro Holdings Proprietary Ltd. (De-registered on 16th September, 2015)	South Africa	-	-	100%	15-07-2013
Medpro Pharmaceutica Africa Proprietary Ltd. (De-registered on 16th September, 2015)	South Africa	-	-	100%	15-07-2013
Medpro-On-Line Proprietary Ltd. (De-registered on 16th September, 2015)	South Africa	-	-	100%	15-07-2013
Smith and Couzin Proprietary Ltd. (De-registered on 16th September, 2015)	South Africa	-	-	100%	15-07-2013
Cipla US Holding Inc. (Merged with InvaGen Pharmaceuticals Inc. w.e.f. 17th February, 2016)	USA	-	-	-	17-12-2015
Trust (where entity has control/significant influence)					
Cipla Employees Stock Option Trust	India	100%	100%	-	09-10-2015
Cipla Health Employees Stock Option Trust	India	100%	100%	-	14-03-2016
Associates					
Biomab Holding Ltd. [5]	Hong Kong	-	-	25%	01-09-2011
Stempeutics Research Pvt. Ltd.	India	48.99%	49.01%	49%	01-10-2010

[1] Group has control
[2] Ceased to be subsidiary w.e.f. 1st February, 2017,
[3] De-registered on 6th December, 2016,
[4] Dissolved on 1st March, 2017,
[5] Divested on 22nd January, 2016

Notes to the Consolidated Financial Statements

Note: 42

A. Fair value Measurement

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:
Fair value of cash and current deposits, trade and other current receivables, trade payables, other current liabilities, current loans from banks and other financial institutions approximate their carrying amounts largely due to the current maturities of these instruments.

Financial Instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair Value Hierarchy

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

Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying value and fair value of financial instruments by categories as of 31st March, 2017 were as follows:

₹ in Crore

Particulars	As at 31st March, 2017	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost:				
Loans (Refer Note 8 & 17)	49.01			49.01
Trade Receivables (Refer Note 14)	2497.42			2497.42
Cash and Cash Equivalents (Refer Note 15)	610.35			610.35
Bank Balance other than cash and Cash Equivalents (Refer Note 16)	13.86			13.86
Other Financial Assets (Refer Note 9 & 18)	506.14			506.14
Total	**3676.78**			
Financial Assets at Fair Value through Profit and Loss:				
Investments (Refer Note 13)	837.39	837.39		
Financial Assets at Fair Value through other Comprehensive Income:				
Investments (Refer Note 7)	123.22			123.22
Financial Liabilities at Amortised Cost:				
Borrowings (Refer Note 24 & 29)	4112.66			4112.66
Trade Payables (Refer Note 28)	1571.14			1571.14
Other Financial Liabilities (Refer Note 25 & 29)	702.42			702.42
Total	**6386.22**			
Financial Liabilities at Fair Value through Statement of Profit and Loss:	-			

Notes to the Consolidated Financial Statements

₹ in Crore

Particulars	As at 31st March, 2016	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Financial Assets at Amortised Cost:				
Loans (Refer Note 8 & 17)	52.76			52.76
Trade Receivables (Refer Note 14)	2356.27			2356.27
Cash and cash Equivalents (Refer Note 15)	858.15			858.15
Bank Balance other than Cash and Cash Equivalents (Refer Note 16)	13.25			13.25
Other Financial Assets (Refer Note 9 & 18)	213.19			213.19
Total	**3493.62**			
Financial Assets at Fair Value through Profit and Loss:				
Investments (Refer Note 13)	614.91	582.34		32.57
Financial Assets at Fair Value through other Comprehensive Income:				
Investments (Refer Note 7 & 13)	125.89			125.89
Financial Liabilities at Amortised Cost:				
Borrowings (Refer Note 24)	5201.92			5201.92
Trade Payables (Refer Note 28)	1475.82			1475.82
Other Financial Liabilities (Refer Note 25 & 29)	769.58			769.58
Total	**7447.32**			
Financial Liabilities at Fair Value through Statement of Profit and Loss:	-			

₹ in Crore

Particulars	As at 1st April, 2015	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Financial Assets at Amortised Cost:				
Loans (Refer Note 8 & 17)	45.37			45.37
Trade Receivables (Refer Note 14)	1928.16			1928.16
Cash and Cash Equivalents (Refer Note 15)	545.84			545.84
Bank Balance other than Cash and Cash Equivalents (Refer Note 16)	18.42			18.42
Other Financial Assets (Refer Note 9 & 18)	212.64			212.64
Total	**2750.43**			
Financial Assets at Fair Value through Profit and Loss:	Nil			
Investments (Refer Note 7 & 13)	398.84	390.40		8.44
Financial Assets at Fair value through other Comprehensive Income:	Nil			
Investments (Refer Note 7)	118.75			118.75
Financial Liabilities at Amortised Cost:				
Borrowings (Refer Note 24 & 29)	1703.33			1703.33
Trade Payables (Refer Note 28)	1461.02			1461.02
Other Financial Liabilities (Refer Note 25 & 29)	446.63			446.63
Total	**3610.98**			
Financial Liabilities at Fair Value through Statement of Profit and Loss:	-			

Notes to the Consolidated Financial Statements

B. Financial Risk Management Objectives and Policies

The Group activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Group financial liabilities comprise of borrowings, trade payables and other liabilities to manage its operation and financial assets includes trade receivables and other receivables etc. arising from its operation.

The Group has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Group has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance Group competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risks models which help in identifying risks trends, exposure and potential impact analysis at a Group level as also separately for business segments.

The Group has instituted a self governed Risk Management framework based on identification of potential risk areas, evaluation of risk intensity, and clear-cut risk mitigation policies, plans and procedures both at the enterprise and operating levels. The framework seeks to facilitate a common organisational understanding of the exposure to various risks and uncertainties at an early stage, followed by timely and effective mitigation. The Audit Committee of the Board reviews the risk management framework at periodic intervals. Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

i. Market Risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently, the Group is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates will effect Groups income or value of its holding financial assets/ instruments. The Group also holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the Results of the Group operations are adversely affected as the Rupee appreciates / depreciates against US Dollar (USD), South African Rand (ZAR), Euro (EUR), Chinese Yuan (CNY).

a. Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for the second tracts is generally a bank or a financial institution.

Notes to the Consolidated Financial Statements

₹ in Crore

Nature of Instrument	Currency	Cross Currency	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Forward Contracts - Sold	USD	INR	428.01	238.61	799.43
Forward Contracts - Sold	ZAR	INR	221.93	233.81	225.99
Forward Contracts - Sold	EUR	INR	38.11	-	-
Forward Contracts - Bought	USD	INR	-	205.00	535.78
Forward Contracts - Bought	USD	ZAR	60.89	-	-
Forward Contracts - Bought	EUR	ZAR	11.84	-	-
Forward Contracts - Bought	CNY	ZAR	17.38	-	-
Unhedged Foreign Exchange Exposures:					
- Receivables			1123.85	1636.17	898.97
- Payables			695.47	992.56	575.59
- Borrowings			1855.19	927.91	843.75

Note: The Group uses forward contracts/derivatives for hedging purposes and/or reducing interest costs.

b. Foreign Currency Risk from Financial Instruments:

₹ in Crore

Particulars	As at 31st March, 2017				
	USD	EUR	ZAR	Other Currency	Total
Receivables	924.98	206.41	(5.23)	(2.31)	1123.85
Payables	(309.26)	(331.21)	(5.02)	(49.98)	(695.47)
Borrowings	(1855.19)	-	-	-	(1855.19)
Net Assets/(Liabilities)	**(1239.47)**	**(124.8)**	**(10.25)**	**(52.29)**	**(1426.81)**

₹ in Crore

Particulars	As at 31st March, 2016				
	USD	EUR	ZAR	Other Currency	Total
Receivables	1115.24	355.98	9.53	155.42	1636.17
Payables	(639.80)	(251.69)	(0.46)	(100.61)	(992.56)
Borrowings	(927.91)				(927.91)
Net Assets/(Liabilities)	**(452.47)**	**104.29**	**9.07**	**54.81**	**(284.30)**

₹ in Crore

Particulars	As at 1st April, 2015				
	USD	EUR	ZAR	Other Currency	Total
Receivables	490.03	202.47	26.21	180.26	898.97
Payables	(353.85)	(169.07)		(52.67)	(575.59)
Borrowings	(843.75)				(843.75)
Net Assets/(Liabilities)	**(707.57)**	**33.40**	**26.21**	**127.59**	**(520.37)**

Notes to the Consolidated Financial Statements

Sensitivity Analysis

A reasonably possible change in foreign exchange rates by 2% would have increased/(decreased) equity and profit or loss by the amounts shown below.

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 1st April, 2015
Movement in Exchange Rate			
USD INR	2%	2%	2%
EUR INR	2%	2%	2%
ZAR INR	2%	2%	2%
Impact on Profit/(Loss)			
USD INR	(24.79)	(9.05)	(14.15)
EUR INR	(2.50)	2.09	0.67
ZAR INR	(0.21)	0.18	0.05

ii. Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flow of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Group interest rate risk arises from borrowings. The Group adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate. The interest rate profile of the Group interest-bearing financial instruments as reported to the management of the Group is as follows:-

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Fixed Rate Instruments			
Financial Assets	49.01	52.76	45.37
Financial Liabilities			
Variable Rate Instruments			
Financial Assets			
Financial Liabilities	4112.59	5201.79	1702.92

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 1st April, 2015
Impact on Profit/Loss			
Increase	(20.31)	(25.74)	(8.23)
Decrease	20.31	25.74	8.23

The risk estimates provided assume a parallel shift of 50 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposure outstanding as at that date. The period end balances are not necessarily a representative of the average debt outstanding during the year.

Notes to the Consolidated Financial Statements

iii. Credit risk

Credit risk refers to the risk of default on its obligation by the customer/counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets.

Trade receivables and unbilled revenue are unsecured in nature and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for customers.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organisations and certificates of deposit which are funds deposited at a bank for a specified time period.

Ageing of Trade Receivable

₹ in Crore

Particulars	Days		
	0-180	180-365	Above 365
As on 31st March, 2017	2178.19	141.42	177.91
As on 31st March, 2016	2156.18	97.17	102.92
As on 1st April, 2015	1772.25	94.54	61.37

Liquidity Risk

The company's principal sources of liquidity are cash and cash equivalents, current investments and the cash flow that is generated from operations. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Group closely monitors its liquidity position and maintains adequate source of funding.

The table below provides details regarding the contractual maturities of significant financial liabilities as on 31st March, 2017:

₹ in Crore

Particulars	As at 31st March, 2017	Total	Less than 1 year	1-2 years	2-5 years	Above 5 years
Borrowings	4112.59	4112.66	467.30	2.57	3642.79	-
Trade Payables	1571.14	1571.14	1571.14			
Other Financial Liabilities	702.42	702.42	657.36			45.06

Notes to the Consolidated Financial Statements

Note: 43

A. Risk Management

The company objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the Capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt.

Net Debt = total borrowings less cash and cash equivalents including current investments.

Total 'equity' as shown in the balance sheet, including non-controlling interest

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Net Debt	2664.92	3761.43	767.09
Total Equity	12963.65	11866.31	10976.92
Net Debt to Equity Ratio	21%	32%	7%

B. Loan Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- The ratio of Total Debt to EBITDA on the last day of each Relevant Period shall not exceed 3.50:1
- The ratio of Total Debt to Tangible Net Worth on the last day of each Relevant Period shall not exceed 2.00:1; and
- The ratio of EBITDA to Gross Interest and Finance Charges shall not be less than 3.50:1.

The Group has complied with these covenants throughout the reporting periods.

C. Dividend

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Dividend on Equity Shares paid during the year		
Final Dividend for FY 2016-17 [₹ 2.00 (FY 2015-16 ₹ 2.00) per Equity Share of ₹ 2.00 each] including Tax on Dividend	193.58	180.92
Total	**193.58**	**180.92**

Proposed Dividend:

The Board of Directors at its meeting held on 25th May, 2017 have recommended a payment of final dividend of ₹ 2.00 per equity share of the face value of ₹ 2 each for the financial year ended 31st March, 2017. The same amounts to ₹ 193.66 crore including dividend distribution tax.

The above is subject to approval at the ensuing Annual General Meeting of the Group and hence is not recognised as a liability.

Notes to the Consolidated Financial Statements

D. Net Investment Hedge

In 2017, the Group has entered into a bank loan amounting to ₹ 1326.48 crore. This loan, which was taken to invest in InvaGen Pharmaceuticals Inc United State subsidiary, has been designated as a hedge of the net investment in this subsidiary. The fair value and carrying amount of the borrowing at 31st March, 2017 is ₹ 1530.94 crore (31st March, 2016 Nil, 1st April, 2015 Nil).The foreign exchange loss of ₹ 214.43 crore (31st March, 2016 Nil, 1st April, 2015 Nil) on translation of the borrowing to Rupee at the end of the reporting period is recognised in other comprehensive income and accumulated in the foreign currency translation reserve, in Shareholders equity. There is no ineffectiveness during the year ended 31st March, 2017.

E. Interest Rate Swap (IRS)

Under interest rate swap contract, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting future cash flow using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below.

The average interest rate is based on the outstanding balances as at the end of the reporting period.

IRS Cash Flow Hedge

Outstanding pay floating pay fixed contracts	Average contracted fixed interest rate	Nominal Amounts	Fair value assets
2 to 5 years	2.16%	1,394.28	47.70

Note 44: Earnings Per Share (EPS)

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit after Tax as per Statement of Profit and Loss (₹ in crore)	1006.39	1359.99
Basic Weighted average number of Equity shares outstanding	803,979,037	803,140,466
Basic Earning per share	12.52	16.93
ESOSs outstanding	1,338,647	2,278,511
Weighted average number of Equity shares adjusted for the effect of dilution	805,317,684	805,418,977
Diluted Earning per share	12.50	16.89

Notes to the Consolidated Financial Statements

Note 45: Investment in an Associate

The Group has a 48.99% interest in Stempeutics Research Private Limited. Followings table shows the summarised financial information.

₹ in Crore

Balance Sheet	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current Assets	6.95	7.49	7.09
Non-Current Assets	55.37	56.10	45.85
Current Liabilities	(96.37)	(88.63)	(30.39)
Non-Current Liabilities	(1.78)	(1.78)	(1.65)
Equity	**(35.83)**	**(26.82)**	**20.90**
Proportion of the Group's Ownership	**48.99%**	**49.01%**	**49.00%**
Proportion of the Group's Ownership-Stempeutics Research Pvt. Ltd.	(17.56)	(13.14)	10.24
Goodwill Stempeutics Research Pvt. Ltd.	29.96	29.96	3.58
Carrying Amount of the Investment	**12.40**	**16.82**	**13.82**

₹ in Crore

Statement of Profit and Loss	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue from Sale of Products	0.54	-
Profit for the year	**(14.26)**	**(20.88)**
Total Comprehensive Income for the year	(14.26)	(20.88)
Group's Share of Profit for the year	**(6.99)**	**(10.23)**

The Group had 25% interest in Biomab Holdings Ltd. Followings table shows the summarised financial information.

₹ in Crore

Balance Sheet	As at 1st April, 2015
Current Assets	40.39
Non-Current Assets	613.14
Current Liabilities	(0.25)
Non-Current Liabilities	(439.98)
Equity	**213.30**
Proportion of the Group's Ownership	**25%**
Proportion of the Group's Ownership	**53.32**
Goodwill	54.31
Carrying amount of the Investment	**107.63**

Notes to the Consolidated Financial Statements

₹ in Crore

Statement of Profit and Loss	For the year ended 31st March, 2016
Revenue from Sale of Products	2.75
Other Income	0.50
Cost of Material Consumed	(2.75)
Employee Benefit	-
Depreciation and Amortisation Expenses	-
Finance Cost	-
Other Expense	(11.55)
Profit Before Tax	**(11.05)**
Tax Expense	-
Profit for the year	**(11.05)**
Non Controlling Interest	**3.91**
Total Comprehensive Income for the year	(7.13)
Group's Share of Profit for the year	**(1.79)**

The associate had no contingent liabilities or capital commitments nil (31st March, 2016 ₹ Nil, 1st April, 2015 ₹ Nil)

Note 46: Business Combination and Disposal

A) Business Combination

(i) Acquisition of InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc.

On 16th February, 2017, the Group, through its wholly owned subsidiary Cipla (EU) Limited, acquired 100% of the equity shares of InvaGen Pharmaceuticals Inc., a non-listed US-based pharmaceutical company engaged in the development, manufacture and sale of generic products in the US market. It has manufacturing facilities at Long Island. The total consideration for the said acquisitions was ₹ 3718.66 crore. As part of the transaction, Cipla also acquired 100% of the equity in Exelan Pharmaceuticals Inc. ('Exelan'), which is a government channel marketing firm, and which became a wholly owned subsidiary of InvaGen Pharmaceuticals Inc.

Assets Acquired and Liabilities Assumed

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

₹ in Crore

Particulars	Fair Value Recognised on Acquisition
Assets	
Identified Intangible Assets	
Existing Products	907.03
IP R&D – Pipeline Products	1251.56
Net Working Capital	544.40
Net Fixed Assets	196.90
Deferred Tax Liabilities	(834.47)
Total Identifiable Net Assets at Fair Value	**2065.42**
Goodwill Arising on Acquisition	1653.24
Purchase Consideration	**3718.66**

Notes to the Consolidated Financial Statements

The acquisition of InvaGen Pharmaceuticals Inc. provided Cipla with about 40 approved Abbreviated New Drug Applications ('ANDAs'), 32 marketed products, and 25 pipeline products which are expected to be approved over the next 4 years, which would help Cipla in diversifying and growing its US product portfolio.

The acquisition provided Cipla with access to two manufacturing sites in the US, through InvaGen own facility and also another facility owned by Ascent Pharmaceuticals, Inc. which was proposed to be acquired by InvaGen in the year 2016. Through Exelan, Cipla would also be able to access the government and institutional tender market.

Existing Products - InvaGen, as at acquisition date, had a portfolio of 40 products for which ANDA filings and other documentation was approved by the regulatory authorities, of which 32 products were commercialised. Hence, value have been assigned to the Group of existing product portfolio which is identified as a key intangible asset.

IP R&D Pipeline Products - As part of the transaction, ownership of all the ANDAs and intellectual property rights with respect to research and development was transferred to Cipla. Hence, value is assigned to IP R&D of pipeline products which is identified as a key intangible asset.

Purchase Consideration	₹ in Crore
Purchase Consideration Paid	3461.55
Purchase Consideration Payable	257.11
Total Consideration	**3718.66**

Analysis of Cash Flow on Acquisition:	₹ in Crore
Transaction Cost of Acquisition (Included in operating activities)	(52.67)
Net Cash Acquired (Included in financing activities)	74.87
Net Cash outflow on Acquisition	**22.20**

From the date of acquisition, the subsidiary has contributed ₹ 305.93 crore of revenue and ₹ 107.01 crore to the profit before tax from continuing operation.

Notes to the Consolidated Financial Statements

Note 46: Business Combination

(ii) Acquisition of Quality Chemical Limited

On 22nd August, 2015, the Group, through its wholly owned subsidiary Cipla (EU) Limited, acquired 51% of the equity shares of Quality Chemical Limited, Uganda-based pharmaceutical company engaged in trading in animal, human and environmental healthcare products. The total consideration for the said acquisitions was ₹ 21.54 crore. As a part of the transition, Cipla Group also acquired additional stake of 14.5% in Quality Chemical Industries Limited (QCIL).

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Quality Chemical Limited as at the date of acquisition were:

₹ in Crore

Particulars	Fair value recognised on acquisition
Assets	
Identified Intangible Assets	
Net Working Capital	(1.26)
Net Fixed Assets	5.71
Deferred Tax Assets	0.86
Total Identifiable Net Assets at Fair Value	**5.31**
Goodwill Arising on Acquisition	28.81
Non-Controlling Interests in the Acquired Entity	12.58
Purchase Consideration Transferred	**21.54**

₹ in Crore

Purchase Consideration Paid	**21.54**

Analysis of Cash Flow on Acquisition:	₹ in Crore
Transaction Cost of Acquisition (Included in operating activities)	(6.73)
Net Cash Acquired (Included in financing activities)	6.90
Net Cash outflow on Acquisition	**0.17**

From the date of acquisition, subsidiary has contributed ₹ 20.52 crore of revenue and ₹ 0.53 crore to the profit before tax from continuing operation.

Notes to the Consolidated Financial Statements

Note 46: Business Combination

B. Disposal of Four M Propack Private Limited

On 1st February, 2017, the Group disposed of Four M Propack Private Limited which carried out manufacturing operations of pet bottles, Rotacaps and containers.

Consideration received

Consideration received in cash and cash equivalents of ₹ 20.86 Crore.

Analysis of Asset and Liabilities over which control was lost

Particulars	₹ in Crore
Non-Current Assets	11.79
Current Assets	7.45
Total Assets	**19.24**
Non-Current Liabilities:	0.33
Current Liabilities:	1.83
Total Liabilities	**1.83**
Net Assets Disposed off	**17.41**

Gain on Disposal of a Subsidiary	₹ in Crore
Consideration Received	20.86
Net Assets Disposed off	(17.41)
Total	**3.45**

Net Cash Inflow on Disposal of a Subsidiary	₹ in Crore
Consideration Received in Cash and Cash Equivalents	20.86
Less: Cash and Cash Equivalents disposed off	(0.23)
Total	**20.63**

Notes to the Consolidated Financial Statements

Note 47: Contingent Liabilities, Commitments and other litigations (to the extent not provided for)

A. Details of Contingent Liabilities and Commitments

₹ in Crore

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Contingent Liabilities			
Claims against the Group not acknowledged as debt (note 1)	466.72	17.36	15.85
Financial Guarantees	153.87	115.29	132.96
Letters of Credit	26.70	43.37	49.30
Income Tax on account of disallowances/additions	102.01	139.41	110.13
Excise Duty/Service Tax on account of valuation/CENVAT credit	118.48	165.12	111.83
Sales Tax on account of credit/classification	2.43	2.45	5.79
	870.21	**483.00**	**425.86**
Commitments			
Estimated amount of contracts unexecuted on Capital Account	571.69	667.11	388.51
	1441.90	**1150.11**	**814.37**

Note:

(1) Claims against the company not acknowledged as debt include claim relating to pricing, commission etc.

(2) It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of our pending resolution of the respective proceedings as it is determined only on receipt of judgements/decisions pending with various authorities.

B. Details of Other Litigations

i. The Government of India has served demand notices in March 1995 and May 1995 on the Group in respect of six bulk drugs, claiming that an amount of ₹ 5.46 crore along with interest due thereon is payable into the DPEA under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Group. The Group has filed its replies to the notices and has contended that no amount is payable into the DPEA under the Drugs (Prices Control) Order, 1979.

ii. The Group had received notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Order, 1995 ("DPCO, 1995"). These notices have been subject to challenge by the Group on the question of fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995 and also if some of the specified drugs be subjected to price control, based on the parameters contained in the Drug Policy, 1994. The Group challenged these notices in the Hon'ble Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and in the Hon'ble Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Group and the matters were carried in Appeal by the Government to the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India in August 2003 remanded the question of inclusion of certain drugs under price control to the Hon'ble Bombay High Court, after interpreting some of the criteria laid down in the Drug policy for inclusion/exclusion of drugs under price control.

In February 2013, the Hon'ble Supreme Court of India transferred the Hon'ble Bombay High Court Petitions, also before itself for a final hearing on both the matters. These Petitions were thereafter transferred back to Bombay High Court vide Order dated 20th July 2016, along with directions that 50% of the demands raised as mentioned in its earlier Order dated August 2003 be deposited by the Petitioners in the Bombay Petitions, within six (6) weeks. Accordingly, the Group deposited a sum of ₹ 175.08 crore on 22nd August, 2016.

The Hon'ble Supreme Court of India vide its Order and Judgement dated 21st October, 2016, allowed

Notes to the Consolidated Financial Statements

the Appeals filed by the Government against the Judgement and Order of the Hon'ble Allahabad High Court regarding fixation of retail prices. Further, the said order was specific to fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995. The grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Hon'ble Bombay High Court. The Group has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Hon'ble Supreme Court of India. Although, the recent decision of Hon'ble Supreme Court dated 21st October, 2016 referred above was in favour of the Government, basis the facts and legal advice on the matter sub-judice with the Hon'ble Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹ 1768.51 crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Group to be ₹ 2567.53 crore, however, the Group has not received any further notices beyond an aggregate amount of ₹ 1768.51 crore.

Note 48: Employee Benefits

Employee Benefits

i Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short-terms compensated absences, etc., and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

ii Long-Term Employee Benefits

a. Brief description of the Plans

Defined Contribution Plan:

The Group defined contribution plan are Employees' Pension Scheme (under the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952) and Government Provident Fund, since the Group has no further obligation beyond making the contributions.

Defined Benefit and other Long-term Benefit Plans

i. The Group has two schemes for long-term benefits namely, Provident Fund and Gratuity:

- The provident fund plan, a funded scheme is operated by the Cipla Employees Provident Fund for certain employee, which is recognised by the Income tax authorities and administered through trustees/appropriate authorities. Accordingly, the Group has considered the provident fund as defined benefit plan.

- The Group provides for Gratuity, a defined Benefit plan based on actuarial valuation as of the Balance Sheet date, based upon which, the Group contributes all the ascertained liabilities to the Insurer Managed Funds.

- The employees of the Group are also entitled to leave encashment. The provision is made based on actuarial valuation for leave encashment at the year end.

Notes to the Consolidated Financial Statements

b. Charge to the Statement of Profit and Loss

i. Based on contribution

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Employees' Pension Scheme	27.74	29.67
Provident Fund	47.27	48.66
	75.01	**78.33**

ii. Charge towards leave encashment to the Statement of Profit and Loss amounts to ₹ 54.32 crore (31st March, 2016 ₹ 71.87 crore).

c. Disclosures for Defined Benefit Plans Based on Actuarial Reports as on 31st March, 2017

₹ in Crore

Particulars	2017 Gratuity (Funded Plan)	2016 Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	146.42	108.56
Interest Cost	11.82	8.69
Current Service Cost	29.43	22.07
Actuarial (gain)/loss on Obligations	(10.09)	15.35
Benefits Paid	(24.59)	(8.25)
Liability at the end of the year	**152.99**	**146.42**
ii. Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	104.68	49.05
Expected return on Plan Assets	7.83	3.93
Actuarial gain/(loss)	2.36	2.78
Asset transferred on purchase of undertaking	-	1.21
Contributions by Employer	54.07	57.32
Transfer of Plan Assets	-	(0.04)
Assets Transferred Out/ Divestments	-	0.68
Benefits paid	(24.92)	(10.10)
Actuarial gains/(losses) on Plan Assets - Due to Experience	-	(0.15)
Closing Fair Value of Plan Assets	**144.02**	**104.68**
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	(152.99)	(146.42)
Fair value of plan assets as at year end	144.02	104.68
Net Asset/(liability) recognised	**(8.97)**	**(41.74)**
iv. Expenses recognised in Statement of Profit and Loss		
Current Service Cost	29.43	22.07
Interest on Defined Benefit Obligation	11.09	8.44
Expected Return on Plan Assets	(7.81)	(3.50)
Liability transferred on purchase of undertaking	-	-
Transfer of Plan Assets	-	(0.97)
Total expense recognised in Statement of Profit and Loss	**32.71**	**26.04**
v. Expenses recognised in Statement of Profit and Loss [OCI]		
Actuarial (gains)/losses on Obligation For the Period	(10.06)	15.37
Return on Plan Assets, Excluding Interest Income	(1.36)	(2.78)

Notes to the Consolidated Financial Statements

₹ in Crore

Particulars	2017 Gratuity (Funded Plan)	2016 Gratuity (Funded Plan)
Net (Income)/Expense For the Period Recognised in OCI	**(11.42)**	**12.59**
vi. Asset Information		
Insurer Managed Funds	100%	100%
vii. Expected Employer's Contribution for the next year	**35.80**	**54.32**

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which, if changed, would affect the commitment's size, funding requirements and expense:

Principal Actuarial Assumptions Used	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Discounted Rate (per annum)	8.01%	8.07%
Expected Rate of return on Plan Assets	8.01%	8.07%
Expected Rate of future Salary Increase	5.00%*	5.00% p.a.

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 employment market.

₹ in Crore

Particulars	2017	2016	2015	2014	2013
Gratuity					
Defined benefit obligation	152.99	146.42	108.57	78.45	62.95
Plan assets	(144.05)	(107.11)	(49.05)	(44.52)	(36.82)
(Surplus)/Deficit	8.94	39.31	59.52	33.93	26.13

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Discount Rate (1% Movement Increase)	(18.15)	(17.01)
Discount Rate (1% Movement Decrease)	22.08	20.74
Future Salary Growth (1% Movement Increase)	25.94	24.35
Future Salary Growth (1% Movement Decrease)	(20.94)	(19.61)
Attrition Rate (1% Movement Increase)	6.28	7.16
Attrition Rate (1% Movement Decrease)	(7.25)	(8.33)

The sensitivity analysis presented above may not be a representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another, as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

Notes to the Consolidated Financial Statements

d. The following table sets out the status of the Provident Fund Plan and the Amounts Recognised in the Group's Financial Statements as on 31st March, 2017

₹ in Crore

Particulars	2017 Provident Fund (Funded Plan)	2016 Provident Fund (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	654.84	516.37
Interest Cost	56.90	47.18
Current Service Cost	42.37	45.13
Employee Contribution	78.09	83.59
Liability transferred in	9.33	11.00
Actuarial (gain)/loss on obligations	-	-
Benefits paid	(76.67)	(48.69)
Liability at the end of the year	**764.86**	**654.58**
ii. Change in fair value of assets		
Opening fair value of plan assets	664.83	524.51
Expected return on plan assets	56.90	47.18
Actuarial gain/(loss)	3.28	2.10
Contributions by employer	120.47	128.73
Transfer of plan assets	9.33	11.00
Benefits paid	(76.67)	(48.69)
Closing fair value of plan assets	**778.14**	**664.83**
iii. Amount recognised in Balance Sheet		
Present Value of obligations as at year end	(764.86)	(654.58)
Fair Value of Plan assets as at year end	778.14	664.83
Funded Status	(13.28)	(10.25)
Unrecognised Actuarial Gain/(loss)	-	-
Net Asset/(liability) Recognised	**-**	**-**
iv. Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	42.37	45.13
Past Service Cost	-	-
Interest cost	56.90	47.18
Interest on defined benefit obligation	-	-
Expected return on plan assets	(56.90)	(47.18)
Net Actuarial (gain)/loss recognised in the current year	-	-
Total expense recognised in Statement of Profit and Loss	**42.37**	**45.13**
v. Actual Return on Plan Assets		
Expected return on plan assets	56.90	47.18
Actuarial gain/(loss) on plan assets	(3.28)	(2.10)
Actuarial return on plan assets	**53.62**	**45.08**
vi. Asset Information		
Investment in PSU bonds	368.94	320.62
Investment in Government Securities	331.42	278.89
Bank Special Deposit	15.58	15.58
Investment in Other Securities	24.39	30.57
Private Sector Bonds	4.00	7.11

Notes to the Consolidated Financial Statements

₹ in Crore

Particulars	2017 Provident Fund (Funded Plan)	2016 Provident Fund (Funded Plan)
Equity/Insurer Managed Funds/Mutual Funds	32.81	11.45
Cash and Cash Equivalents	1.00	0.61
Total Assets at the end of the year	**778.14**	**664.83**
vii. Principal Actuarial Assumptions used		
Discounted Rate (per annum)	7.64%	8.07%
Expected Rate of Return on Plan Assets (per annum)	8.65%	8.80%
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 employment market.	5.00% p.a.	5.00%
viii. Experience Adjustments		
Defined Benefit Obligation	764.86	654.58
Plan Assets	(778.14)	(664.83)
Deficit/ (Surplus)	**(13.28)**	**(10.25)**
Experience Adjustments on Plan Liabilities- (gain)/loss	-	-
Experience Adjustments on Plan Assets- (gain)/loss	3.28	2.10

Note 49: Employee Stock Option Schemes

A. Parent Company

The Company has implemented "ESOS 2013", "ESOS 2013 - A" and "ESOS 2013 - B" as approved by the Shareholders on 8th April, 2013, 22nd August, 2013 and 22nd August, 2013 respectively. Details of the Options granted during the year under the Scheme(s) are as given below:

Scheme Details	Grant date	No. of Options Granted	Exercise Price (₹) per Option	Vesting period	Exercise Period
ESOS 2013 - A	28-Apr-16	27,702	2.00	2 years	5 years from Vesting date
ESOS 2013 - A	11-Aug-16	20,280	2.00	2 years	5 years from Vesting date
ESOS 2013 - A	09-Nov-16	587,970	2.00	2 years	5 years from Vesting date

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2 each.

Weighted Average Share Price for Options exercised during the year

Particulars	ESOS - 2013	ESOS - 2013 - A	ESOS - 2013 - B
Weighted Average Share price	563.50	530.20	-

Notes to the Consolidated Financial Statements

ESOS 2013

Particulars	No. of options	Weighted Average Exercise Price (₹) per Option	Range of Exercise Price (₹) per Option	Weighted Average remaining Contractual life (Years)
Outstanding at the beginning of the year	1,000,000	197.50	197.50	5.22
Granted during the year	-	-	-	-
Forfeited/Cancelled during the year	400,000	197.50	197.50	-
Exercised during the year	600,000	197.50	197.50	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

ESOS 2013 - A

Particulars	No. of options	Weighted Average Exercise Price (₹) per Option	Range of Exercise Price (₹) per Option	Weighted Average remaining Contractual life (Years)
Outstanding at the beginning of the year	1,978,450	2.00	2.00	5.58
Granted during the year	635,952	2.00	2.00	-
Forfeited/Cancelled during the year	381,981	2.00	2.00	-
Exercised during the year	525,792	2.00	2.00	-
Outstanding at the end of the year	1,706,629	2.00	2.00	5.36
Exercisable at the end of the year	520,475	2.00	2.00	17.57

ESOS 2013 - B

Particulars	No. of options	Weighted Average Exercise Price (₹) per Option	Range of Exercise Price (₹) per Option	Weighted Average remaining Contractual life (Years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited/Cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Notes to the Consolidated Financial Statements

The Black Scholes valuation model has been used for computing weighted average Fair Value considering the following inputs:

Particulars	ESOS - 2013	ESOS - 2013 - A	ESOS - 2013 - B
Expected Dividend yield (%)	No Options Granted during the year	0.37	No Options Granted during the year
Expected Volatility (%)		24.83	
Risk-Free Interest Rate (%)		6.64	
Weighted Average Share Price (₹)		535.07	
Exercise Price (₹)		2.00	
Expected Life of Options Granted in years		4.50	
Weighted Average Fair Value of Options (₹)		524.73	

Effect of share-based payment transactions on the entity's Profit or Loss for the period is given below:

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Employee Option plan expense	22.03	32.41

B. Subsidiary Company

Share-based employee remuneration

The Subsidiary company has instituted Employees' Stock Option Plan under which the stock options have been granted to employees. The scheme was approved by the board of directors at the Board Meeting held on 1st January, 2017. The details of activity under the ESOP scheme are summarized below:

The carrying amount of the liability relating to the stock options at 31st March, 2017 was ₹ 2.66 crore (31st March, 2016 : Nil)

The expense recognised for employee services received during the year is shown in the following table:

₹ in Crore

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Expense arising from equity-settled share-based payment transactions	2.66	-

There were no cancellations or modifications to the awards in FY 2016-17.

Notes to the Consolidated Financial Statements

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number	WAEP	Number	WAEP
Outstanding at 1st April, 2016	-	-	-	-
Granted during the year	73,498	10	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31st March, 2017	73,498	10	-	-
Exercisable at 31st March, 2017	-	-	-	-

The following table lists the inputs to the models used for the years ended 31st March, 2017 and 31st March, 2016, respectively:

Particulars	As at 31st March, 2017	As at 31st March, 2016
Dividend yield (%)	0	-
Expected volatility (%)	25.13	-
Risk–free interest rate (%)	6.62	-
Exercise price at the date of grant (₹)	10	-
Share price at the date of grant (₹)	2,407.64	-
Grant date	1st January, 2017	-
Vesting period	1 to 4 years	-
Exercise period	5 years from the vesting date	-
Model used	Black Scholes	-

Notes to the Consolidated Financial Statements

Note 50: Lease Accounting

Where Group is Lessee

The Group has obtained certain premises for its business operations (including furniture and fixtures, therein as applicable) under cancellable and non cancellable operating lease or leave and license agreements ranging from 11 months to 5 years or longer which are subject to renewal at mutual consent. The cancellable lease arrangements can be terminated by either party after giving due notice. Lease payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 40.

The details of non-cancellable operating leases contracted by subsidiaries/step down subsidiaries, but not recognised in the financial statements are as below:

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Minimum Lease Payment		
Not Later than one year	44.90	20.87
Later than one year but not later than five years	116.99	83.16
Later than five years	62.38	53.21
Total	**224.27**	**157.24**

Where Company is Lessor

The Group has given certain premises under operating lease or leave and license agreement. The Group retains substantially all risks and benefits of ownership of the leased asset and hence classified as Operating lease. Lease income on such operating lease is recognised in statement of Profit and Loss under 'Rent Income' in Note 34.

Note 51: Related Party Disclosures

As per Ind AS 24 ' Related party disclosures', the related party where control exists or where significant influence exists and with whom transactions have taken place are as below:

A. Associates

Stempeutics Research Pvt. Ltd.

Biomab Holding Ltd. (Divested on 22nd January, 2016)

B. Key Management Personnel

Ms. Samina Vaziralli - Executive Vice-Chairperson *

Mr. Umang Vohra – Managing Director and Global Chief Executive Officer **

Mr. S. Radhakrishnan – Whole-time Director

Mr. Kedar Upadhye - Global Chief Financial Officer (w.e.f. 1st August, 2016)

Mr. Subhanu Saxena - Managing Director and Global Chief Executive Officer (resigned w.e.f. close of business hours on 31st August, 2016)

Mr. Rajesh Garg - Executive Director and Global Chief Financial Officer (Demitted office w.e.f. close of business hours on 12th June, 2015)

* appointed as Executive Directors (w.e.f. 10th July,2015) and as Executive Vice-Chairperson (w.e.f. 1st September, 2016)

** Global Chief Operating Officer and Global Chief Financial Officer up to 31st July, 2016; Global Chief Operating Officer from 1st August, 2016 to 31st August 2016 and Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016

Notes to the Consolidated Financial Statements

C. Non Executive Chairman & Non Executive Vice-Chairman

Dr. Y. K. Hamied, Chairman

Mr. M. K. Hamied, Vice-Chairman

D. Non Executive Directors

Mr. Ashok Sinha

Mr. Adil Zainulbhai

Ms. Punita Lal

Ms. Naina Lal Kidwai (w.e.f. 6th November, 2015)

Dr. Nachiket Mor (resigned w.e.f. 7th August, 2015)

Ms. Ireena Vittal (w.e.f. 1st December, 2016)

Mr. Peter Lankau (w.e.f. 10th January, 2017)

Dr. Peter Mugyenyi

E. Entities over which Key Management Personnel are able to exercise significant influence

Cipla Foundation

Hamied Foundation (w.e.f. 3rd February, 2016)

F. Trust over which Entity has control/significant influence

Cipla Employees Stock Option Trust

Cipla Health Employees Stock Option Trust

Transactions during the year with Related Parties as at 31st March:

₹ in Crore

Particulars	Associates			Key Management Personnel including transactions with relatives of Key Management Personnel			Entities over which Key Management Personnel exercise significant influence			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Investment in Equity	2.57	13.23	19.60	-		-	-		-	2.57	13.23	19.60
Loan Repaid			2.94	-		-	-		-	-	-	2.94
Outstanding Payables	-	1.00	0.02	-		-				-	1.00	0.02

Transactions during the year with related parties for the year ended 31st March:

₹ in Crore

Particulars	Associates		Key Management Personnel including transactions with relatives of Key Management Personnel and Non executive Director		Entities over which Key Management Personnel exercise significant influence		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Remuneration		-	56.61	37.12	-		56.61	37.12
Purchase of Goods	0.57	2.01	-		-		0.57	2.01
Donations Given					18.14	12.44	18.14	12.44
Service charges paid					2.49	1.76	2.49	1.76

Notes to the Consolidated Financial Statements

Transactions during the year with Related Parties as at 31st March:

₹ in Crore

Particulars	2017	2016	2015
A. Investment - Equity			
Stempeutics Research Pvt. Ltd	2.57	13.23	19.60
B. Loan Repaid			
Stempeutics Research Pvt. Ltd	-	-	2.94
C. Outstanding Payables			
Stempeutics Research Pvt. Ltd	-	1.00	0.02

Transactions during the year with related parties for the year ended 31st March:

₹ in Crore

Particulars	2017	2016
D. Remuneration		
Dr. Y. K. Hamied	2.02	0.03
Mr. M. K. Hamied	2.09	0.11
Ms. Samina Vaziralli	3.90	2.47
Mr. Umang Vohra	13.66	4.74
Mr. S. Radhakrishnan	4.06	3.37
Mr. Kedar Upadhye	3.13	-
Mr. Ashok Sinha	0.51	0.54
Mr. Adil Zainulbhai	0.42	0.50
Ms. Punita Lal	0.38	0.41
Ms. Naina Lal Kidwai	0.43	0.17
Dr. Nachiket Mor	-	0.14
Ms. Ireena Vittal	0.14	-
Mr. Peter Lankau	0.11	-
Dr. Peter Mugyenyi	0.42	0.46
Mr. Kamil Hamied	-	0.38
Mr. Subhanu Saxena	25.34	12.36
Mr. Rajesh Garg	-	11.44
	56.61	**37.12**
E. Purchase of Goods		
Stempeutics Research Pvt. Ltd	0.57	2.01
	0.57	**2.01**
F. Donations Given		
Cipla Foundation	16.50	12.08
Hamied Foundation	1.64	0.36
	18.14	**12.44**
G. Service Charges Paid		
Hamied Foundation	2.49	1.76
	2.49	**1.76**

Notes to the Consolidated Financial Statements

Note 52: Corporate Social Responsibility (CSR) expenditure

The Group has incurred a total expenditure of ₹ 29.53 crore, which is being debited to the Statement of Profit and Loss for the year ended 31st March, 2017

₹ in Crore

Nature of expenses	Schedule in the financial statements	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Donation to the trusts set for CSR purposes	Others expenses (Note 40)	28.15	19.68
Administrative expenses incurred in connection with supervising the projects handled by the trusts	Others expenses (Note 40)	1.38	0.98
Total		**29.53**	**20.66**

The CSR committee constituted by the board of directors of the Group under Section 135 of the Act supervises all the expenditure incurred for CSR purposes. The Group makes contribution to 2 trusts being set up to execute and manage the projects being undertaken as directed and monitored by the CSR committee.

Following is the information regarding projects undertaken and expenses incurred on CSR activities during the year ended 31st March, 2017:

i. Gross amount required to be spent by the Group during the year - ₹ 35.77 crore (31st March, 2016 ₹ 36.87 crore)

ii. Amount spent during the year on: (by way of contribution to the trusts and projects undertaken)

₹ in Crore

Particulars	For the year ended 31st March, 2017			For the year ended 31st March,2016		
	Amount paid in cash	Amount yet to be paid in cash	Total amount	Amount paid in cash	Amount yet to be paid in cash	Total amount
Construction of Asset	5.07	-	5.07	2.20	-	2.20
Other Projects	23.08	-	23.08	17.34	-	17.34
Administrative Expenses	1.38	-	1.38	1.12	-	1.12
Total	**29.53**	**-**	**29.53**	**20.66**	**-**	**20.66**

Notes to the Consolidated Financial Statements

Note 53: First Time Adoption of Indian Accounting Standards

The Group has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2016,with a transition date of 1st April, 2015. Ind AS 101-First-time Adoption of Indian Accounting Standards requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2017 for the company, be applied retrospectively and consistently for all financial years presented.

Consequently, in preparing these Ind AS financial statements, the Group has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference of ₹ 341.20 crore in 31st March, 2016 (₹ 143.97 crore in 1st April, 2015), in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in other equity.

A. Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

(i) Business Combinations

Business Combinations that occurred before 15th July, 2013, were not restated retrospectively in accordance with Ind AS 103, Business Combinations. The carrying amounts of assets acquired and liabilities assumed as part of past business combinations as well as the amounts of goodwill that arose from such transactions as they were determined under the Previous GAAP are considered their deemed cost under Ind AS at the date of transition.

(ii) Cumulative translation differences

The Group has deemed the cumulative translation differences for foreign operations at the date of transition to be zero. Adjustments to give effect to this are recorded against opening equity. After the date of transition, translation differences arising on translation of foreign operations are recognised in other comprehensive income and included in a separate 'Foreign currency translation reserve' within equity.

(iii) Deemed cost

The Group has opted para D7 AA and accordingly considered the carrying value of property, plant and equipments, Intangible assets and investment property as deemed cost as at transition date.

(iv) Leases

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. As per Ind AS 17, this assessment should be carried out at inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

(v) Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Group has elected to apply this exemption for its investment in equity instruments.

(vi) De-recognition of financial assets and liabilities

The Group has elected to apply de-recognition requirements for financial assets and liabilities under Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

(vii) Classification and measurement of financial assets

The Group has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist on the date of transition to Ind AS.

(viii) Estimates

Upon an assessment of the estimates made under Previous GAAP, the Group has concluded that there was no necessity to revise such estimates under Ind AS except as a part of transition where following estimates were required by Ind AS and not required by Previous GAAP Impairment of financial assets based on expected credit loss model.

Notes to the Consolidated Financial Statements

B. Reconciliation between previous GAAP and Ind AS

₹ in Crore

(i) Effect of Ind AS adoption on the Balance Sheet as at 1st April, 2015	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
Assets				
Non-Current Assets				
Property, Plant and Equipment	a	4140.56	(26.13)	4114.43
Capital Work-in-Progress		534.88	0.14	535.02
Investment Properties		1.11	-	1.11
Goodwill	b	2558.46	(1429.08)	1129.38
Other Intangible Assets	b	130.62	1355.31	1485.93
Intangible Assets under Development		46.02	(0.14)	45.88
Investments in Associates		121.45	-	121.45
Financial Assets				
Investments		127.19	-	127.19
Loans		33.96	(0.11)	33.85
Other Financial Assets	a	138.34	(49.52)	88.82
Current Tax Assets (net)		163.95	-	163.95
Deferred Tax Assets (net)	f	47.11	33.33	80.44
Other Non-Current Assets	a	111.35	50.13	161.48
		8155.00	**(66.07)**	**8088.93**
Current Assets				
Inventories		3780.62	-	3780.62
Financial Assets			-	
Investments	d	390.02	0.38	390.40
Trade Receivables		1928.16	-	1928.16
Cash and Cash Equivalents		545.84	-	545.84
Bank Balance other than Cash and Cash Equivalents		18.42	-	18.42
Loans		11.52	-	11.52
Other Financial Assets	e	128.57	(4.75)	123.82
Other Current Assets		759.38	-	759.38
		7562.53	**(4.37)**	**7558.16**
Total Assets		**15717.53**	**(70.44)**	**15647.09**
Equity and Liabilities				
Equity				
Share Capital		160.59	-	160.59
Other Equity	a to g	10628.65	(143.97)	10484.68
Equity Attributable to Owner		**10789.24**	**(143.97)**	**10645.27**
Non-Controlling Interest	g	180.48	151.17	331.65
Total Equity		**10969.72**	**7.20**	**10976.92**
Share Application Money Pending Allotment		12.25	-	12.25
Non-Current Liabilities:				
Financial Liabilities				
Borrowings		309.28	-	309.28
Other Financial Liabilities	b (iii)	90.19	(13.89)	76.30
Provisions	k	122.83	(12.48)	110.35
Deferred Tax Liabilities (net)	f	331.74	(24.48)	307.26

Notes to the Consolidated Financial Statements

₹ in Crore

(i) Effect of Ind AS adoption on the Balance Sheet as at 1st April, 2015	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
Other Non-Current Liabilities	a & j	0.39	92.59	92.98
		854.43	**41.74**	**896.17**
Current Liabilities:				
Financial Liabilities				
Borrowings		1392.48	-	1392.48
Trade Payables		1461.01	0.01	1461.02
Other Current Financial Liabilities	b (iii)	389.96	(45.03)	344.93
Other Current Liabilities	a & j	332.52	8.44	340.95
Provisions	c & k	267.62	(82.79)	184.83
Current Tax Liabilities (net)		37.54	-	37.54
		3881.13	**(119.38)**	**3761.75**
Total Equity and Liabilities		**15717.53**	**(70.44)**	**15647.09**
*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.				

₹ in Crore

(ii) Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2016	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
Assets				
Non-Current Assets				
Property, Plant and Equipment	a	4624.90	(20.05)	4604.85
Capital Work-in-Progress		741.20	(0.19)	741.01
Investment Properties		1.07	-	1.07
Goodwill	b	5511.37	(2805.80)	2705.57
Other Intangible Assets	b	133.06	1924.84	2057.90
Intangible Assets under development	b	68.11	1251.75	1319.86
Investments in Associates		16.82	-	16.82
Financial Assets				
Investments		158.46	-	158.46
Loans		42.17	(0.33)	41.84
Other Financial Assets	a	123.66	(47.38)	76.28
Current Tax Assets (net)		234.74	(0.03)	234.71
Deferred Tax Assets (net)	f	192.29	(113.60)	78.69
Other Non-Current Assets	a	205.04	44.85	249.89
		12052.89	**234.06**	**12286.95**
Current Assets				
Inventories		3808.04	-	3808.05
Financial Assets				
Investments	d	580.56	1.78	582.34
Trade Receivables		2356.27	-	2356.27
Cash and Cash Equivalents		858.15	-	858.15

Notes to the Consolidated Financial Statements

₹ in Crore

(ii) Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2016	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
Bank Balance other than Cash and Cash Equivalents		13.26	-	13.25
Loans		10.92	-	10.92
Other Current Financial Assets	e	137.17	(0.26)	136.91
Other Current Assets		1075.34	-	1075.34
		8839.71	**1.52**	**8841.23**
		20892.60	**235.58**	**21128.18**
Equity and Liabilities				
Equity				
Share Capital		160.68	-	160.68
Other Equity	a to g, j & k	11696.74	(341.20)	11355.54
Equity Attributable to Owners		**11857.42**	**(341.20)**	**11516.22**
Non-Controlling Interest	g	269.63	80.46	350.09
Total Equity		**12127.05**	**(260.74)**	**11866.31**
Non-Current Liabilities:				
Financial Liabilities				
Borrowings		221.88	-	221.88
Other Financial Liabilities		40.00	2.11	42.11
Provisions		144.69	(0.01)	144.68
Deferred Tax Liabilities (net)	f	447.30	528.43	975.73
Other Non-Current Liabilities	a & j	2.79	98.63	101.42
		856.66	**629.16**	**1485.82**
Current Liabilities:				
Financial Liabilities				
Borrowings		4969.51	0.16	4969.67
Trade Payables		1476.21	(0.39)	1475.82
Other Current Financial Liabilities	b (iii)	757.61	(19.77)	737.84
Other Current Liabilities	a & j	253.37	14.93	268.30
Provisions	c & k	437.33	(126.48)	310.85
Current Tax Liabilities (net)		14.86	(1.29)	13.57
		7908.89	**(132.84)**	**7776.05**
		20892.60	**235.58**	**21128.18**
*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.				

Notes to the Consolidated Financial Statements

₹ in Crore

(iii) Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2016	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
Revenues from Operations				
Revenue from Sale of Products	i	13372.47	121.73	13494.20
Other Operating Income	j	305.80	(9.90)	295.90
		13678.27	**111.83**	**13790.10**
Other Income	d	208.89	(0.68)	208.21
		13887.16	**111.15**	**13998.31**
Expenses				
Cost of Material Consumed		4178.12	-	4178.12
Purchases of Stock-in-Trade	b (i)	876.71	(28.52)	848.19
Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in Progress		63.55	-	63.55
Employee Benefits Expense	b (i)	2447.06	(13.05)	2434.01
Finance Costs	b (i)	161.34	45.29	206.63
Depreciation, Impairment and Amortisation Expense	b (i)	541.65	212.57	754.22
Other Expenses	b(ii) to (iv)	3611.77	174.79	3786.56
		11880.20	**391.08**	**12271.28**
Profit Before Tax		2006.96	(279.93)	1727.03
Tax Expenses				
Current Tax		470.24		470.24
Deferred Tax Credit	f	(30.65)	(108.00)	(138.65)
Profit/(Loss) After Tax before Share of Associates		**1567.37**	**(171.93)**	**1395.45**
Share of Profit/(Loss) from Associates		**(12.02)**		**(12.02)**
Profit for the year		**1555.35**	**(171.93)**	**1383.43**
Other Comprehensive (Loss)				
A. (i) Items that will not be Reclassified to Statement of Profit and Loss	k	-	(12.59)	(12.59)
(iI) Income Tax Relating to items that will not be Reclassified to Statement of Profit and Loss	f	-	4.38	4.38
		-	**(8.21)**	**(8.21)**
B. (i) Items that will be Reclassified to Statement of Profit and Loss		-	(187.92)	(187.92)
Other Comprehensive Loss for the year		**-**	**(196.13)**	**(196.13)**
Total Comprehensive profit/(Loss) for the year		**1555.35**	**(368.06)**	**1187.29**
Profit for the year attributable to				
Owners		1531.92	(171.93)	1359.99
Non Controlling Interest	g	23.43		23.43
Total Comprehensive Income attributable to				
Owners		1531.92	(395.30)	1136.62
Non Controlling Interest	g	23.43	27.24	50.67

*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to the Consolidated Financial Statements

(iv). Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016

₹ in Crore

Nature of Adjustments	Note	For the year ended 31st March, 2016
Net Profit as per Previous GAAP		1505.92
Actuarial (gain)/loss reclassified to Other Comprehensive Income	k	12.58
Deferment of revenue recognition on customer contracts	j	(9.90)
Unwinding of discounted contingent consideration relating to acquisition	b (iii)	(14.54)
Acquisition-related costs expensed	b (ii)	(59.08)
Amortisation of intangible Assets recognised as per Ind AS 103 - Business Combinations	b (i)	(97.60)
Recognition of Intangible assets not eligible for recognition under previous GAAP	b (i)	(109.71)
Others		(1.63)
Deferred Tax impact of Ind AS adjustment	f	108.00
Share of Non controlling interests in Ind AS Adjustments	g	25.95
Net Profit before OCI as per Ind AS		**1359.99**

(v). Reconciliation of equity as at 31st March, 2016 and 1st April, 2015

₹ in Crore

Nature of Adjustments	Note	As at 1st April, 2015	As at 31st March, 2016
Equity as per previous GAAP		**10789.24**	**11857.42**
Settlement of pre-existing relationship	b (iv)	(411.03)	(411.03)
Dividend and tax thereon	c	193.28	193.28
Net increase in depreciation/amortisation on account of retrospective application of accounting for Business Combination	b	(146.33)	(239.43)
Gain/(Loss) on step up acquisition	b	185.58	69.04
Deferment of revenue recognition on customer contracts	i	(78.90)	(88.80)
Acquisition-related costs expensed	b	(50.53)	(109.61)
Impact of Government Grant accounting	i	29.97	(26.87)
Recognition of Intangible assets not eligible for recognition under previous GAAP	b	(24.97)	(139.18)
Discounting of contingent consideration on acquisition	b (iii)	(9.61)	(23.15)
Difference in measurement of employee share based payments on account of fair value		(0.21)	(0.53)
Others		(73.02)	2.49
Deferred Tax on Ind AS adjustment	f	268.67	376.67
Non controlling interest of above adjustments	g	(26.87)	55.92
Total effect of transition to Ind AS		**(143.97)**	**(341.20)**
Equity as per Ind AS		**10645.27**	**11516.22**

C. Notes to first time adoption of Ind AS.

a. Property, Plant and Equipment

With respect of clari cation dated 17th April 2017 issued by Ind AS Transition Facilitation Group, the Company has recognised the amount of unamortised deferred income as at the date of transition and the carrying amount of the property, plant and equipment as at the date of transition has been increased by the amount of government grant deducted as per previous GAAP (net of cumulative depreciation impact). The di erence between the unamortised deferred income and increase in the carrying amount of PPE has been recognised in retained earnings as at the date of transition.

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group companies

Notes to the Consolidated Financial Statements

will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Pro t and Loss on a straight-line basis over the expected lives of related assets and presented within other income.

On the assessment of lease agreement at the time of transition to Ind AS, the Company has regroup prepaid portion of operating leases from leasehold and to other non-current assets.

b Business Combinations:

The Group has availed the option of restating business combinations occurred after 15th July, 2013. Hence, following major accounting changes has been given effect in the financial statements as per provisions of Ind AS 103, Business Combinations.

(i) Goodwill and intangible Assets:

Intangible assets and deferred tax assets/ liabilities in relation to business combinations which were included within goodwill under IGAAP, have been recognised separately under Ind AS with corresponding adjustments to retained earnings and other comprehensive income for giving effect of amortisation expenses and exchange gains and losses.

(ii) Acquisition-related costs

Pursuant to Para 53 of Ind AS 103, the Group has charged off acquisition-related costs in the periods in which the costs are incurred and the services are received.

(iii) Contingent consideration

During the year 2014-15, Cipla Ltd. has acquired 51% stake in a pharmaceuticals manufacturing and distribution business in Yemen (in turn owned by a UAE based parent company).

The business acquisition was completed by entering into share purchase agreement for cash consideration of USD 21 million and contingent consideration of up to USD 20.3 million. The payment of contingent consideration was dependent upon the achievement of certain revenue targets over a period of two years.

During the year ended 1st April, 2015, an assessment of the probability of Yemen entity achieving the required revenue was conducted by the Cipla. The assessment was based on actual and projected revenue and it was estimated that the liability will become due, hence the provision was created in the books of Cipla for such contingent consideration.

Group has created provision for payables for acquisition of business by debiting the investments. Out of the total amount payable ₹ 50 crore is Non-current provision payable in year 2016-2017 and remaining ₹ 76.88 crore is part of current provision payable in 2015-2016.

(iv) Settlement of a pre-existing relationship

The Parent and acquired subsidiaries had a relationship that existed before contemplating business combination, referred to as a 'pre-existing relationship'.

As prescribed in Ind AS 103, the Group has recognised loss on account of settlement of pre-existing relationship to retained earnings as on transition date i.e. 1st April, 2015.

c. Proposed Dividend:

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend as at 1st April, 2015 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased by an equivalent amount.

d. Investments

Under the previous GAAP, investments in equity instruments and mutual funds were classified as non-current investments or current investments based on the intended holding period and realisability. Non-current investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured

Notes to the Consolidated Financial Statements

at fair value. The resulting fair value changes of these investments have been recognised in retained earnings.

e. Forward Contracts

Under the previous GAAP the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, was amortised as expense or income over the life of the contract. Under the Ind AS 109, Forward Contracts are carried at fair value and the resultant gains and losses are recorded in the statement of Profit and Loss.

f. Deferred Tax

Deferred tax under Ind AS has been recognised for temporary differences between tax base and the book base of the relevant assets and liabilities. Under IGAAP, the deferred tax was accounted based on timing differences impacting the profit or loss for the period. Deferred Tax on aforesaid Ind AS adjustments has been created for both periods - as on 31st March, 2016 and 1st April, 2015.

With respect of clarification dated 15th May, 2017 issued by Ind AS Transition Facilitation Group, Deferred tax liability has been provided by parent company if it is probable that the accumulated undistributed profits will be distributed in foreseeable future from subsidiary company.

Deferred taxes in relation to business combinations have been recognised under Ind AS.

g. Non-controlling Interests:

Under previous GAAP, non-controlling interest were presented in the consolidated balance sheet separately from liabilities and the equity of the parent's shareholders. Under Ind AS, non-controlling interest are presented within total equity, separately from equity attributable to the owners of the parent.

Non-controlling interests have been adjusted to give effect of business combinations and Ind AS adjustments explained above.

h. Effect of Ind AS adoption on Statement of Cashflow for the year ended 31st March, 2016:

The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flow from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2016 as compared with the previous GAAP.

i. Revenue from operations & Excise Duty:

Under previous GAAP, revenue from sale of goods was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as part of other expenses. This has resulted in an increase in the revenue from operations and expenses for the year ended 31st March, 2016. The total comprehensive income for the year ended and equity as at 31st March, 2016 has remained unchanged.

j. Other Operating Income:

Upfront fees received on development and distribution agreement was recognised in previous GAAP. As per Ind AS 18, same has been deferred and recognised over the period of contract.

k. Re-measurements of post employment benefit obligation

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of Statement of Profit and Loss. Under the previous GAAP, these re-measurements were forming part of the Statement of Profit and Loss for the year.

Note 54: Segment Information

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by reportable segments. The Group's reportable segments are as follows:

1 Pharmaceuticals - This segment develops, manufactures, sells and distributes generic or branded generic medicines as well as active pharmaceutical ingredients ("API").

2 New Ventures - This includes the operations of the two wholly-owned subsidiaries, Cipla Health Ltd., a consumer healthcare company and Cipla BioTec Pvt. Ltd, which is into the business of Biosimilars. This segment also includes CipTec (a division within the company) is to establish a strong Specialty business in US with significant focus on business development and evaluating investment opportunities.

Notes to the Consolidated Financial Statements

The CODM reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Segment wise Revenue and Results		
Segment Revenues:		
a) Pharmaceuticals	14537.06	13739.94
b) New Ventures	95.29	50.38
Total	**14632.35**	**13790.32**
Less: Inter Segment Revenue	2.11	0.22
Total Income from Operations	**14630.24**	**13790.10**
Segment Results:		
Profit/(Loss) before Tax and Interest from Each Segment		
a) Pharmaceuticals	1502.47	2054.33
b) New Ventures	(120.92)	(120.67)
Total	**1381.55**	**1933.66**
Less:		
Finance Cost	159.38	206.63
Total Profit Before Tax	**1222.17**	**1727.03**
Less: Tax expense	179.76	331.59
Profit After Tax before share of Associates	**1042.41**	**1395.44**
Share of loss from Associates	(6.99)	(12.02)
Profit for the year	**1035.42**	**1383.42**
Profit for the year Attributable to		
Owners	**1006.39**	**1359.99**
Non-Controlling Interest	**29.03**	**23.43**

Segment Assets and Liabilities

As some of the assets and liabilities are deployed interchangeably across segments, it is not practically possible to allocate those assets and liabilities to each segment. Hence, the details of assets and liabilities have not been disclosed in the above table.

The management also evaluates the Group's revenue performance based on geographical segments. The Group's geographical segments are as follows:

1 India
2 United States of America
3 South Africa
4 Rest of the world

The geographical segments derives their revenues from the sale of pharmaceuticals products (generics, speciality) and milestone payments. The management reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

Analysis of Revenue (by customer location)

₹ in Crore

Year	India	United States of America	South Africa	Rest of the World	Total
2017	5952.90	2675.02	2300.78	3701.54	14630.24
2016	5513.69	2074.04	1593.98	4608.39	13790.10

Analysis of non current assets by (assets location)

₹ in Crore

Year	India	United States of America	South Africa	Rest of the World	Total
2017	5526.90	3371.77	1878.11	672.15	11448.93
2016	5097.05	3993.23	1829.61	760.26	11680.15
2015	4567.74	-	2206.09	699.39	7473.22

Note 55: Provision

Movement of Provisions (Current and Non current)

₹ in Crore

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Provision for Employee Benefits		
Balances at the beginning of the year	277.64	222.46
Additional provision during the year	115.60	183.18
Reduction during the year	(130.50)	(128.00)
Balances at the close of the year	**262.74**	**277.64**
Provision for Chargebacks and Accruals		
Balances at the beginning of the year	19.48	6.72
Additional provision during the year	39.63	19.19
Reduction during the year	(8.61)	(6.43)
Balances at the close of the year	**50.50**	**19.48**
Provision for Right of Return		
Balances at the beginning of the year	158.41	66.00
Additional provision during the year	87.44	92.41
Reduction during the year	(96.67)	-
Balances at the close of the year	**149.18**	**158.41**

Note 56:

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 Is provided in table below:

₹ in Crore

Particulars	SBNs	Other denomination notes	Total
Closing Cash in Hand as on 8th November, 2016	**0.74**	**1.04**	**1.78**
(+) Permitted Receipts	0.01	0.99	1.00
(-) Permitted Payments	0.01	0.83	0.84
(-) Amount Deposited in Banks	0.74	0.01	0.75
Closing cash in hand as on 30th December, 2016	-	**1.19**	**1.19**

Notes to the Consolidated Financial Statements

Note 57: Additional information as required under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/ Associates

₹ in Crore

Name of the Company	Net Assets (Total Assets less Total Liabilities)		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent Company				
Cipla Ltd.	102.20%	12800.51	83.66%	981.87
Subsidiaries				
Indian				
Goldencross Pharma Pvt. Ltd.	2.16%	270.15	1.68%	19.70
Meditab Specialities Pvt. Ltd.	1.48%	185.44	(2.86%)	(33.58)
Jay Precision Pharmaceuticals Pvt. Ltd.	0.78%	97.61	2.23%	26.14
Four M Propack Pvt. Ltd.	-	-	0.09%	1.18
Medispray Laboratories Pvt. Ltd.	1.49%	186.62	2.87%	33.66
Sitec Labs Pvt. Ltd.	0.20%	24.57	0.09%	1.08
Cipla BioTec Pvt. Ltd.	0.83%	104.22	(21.17%)	(248.48)
Cipla Health Ltd.	1.05%	132.09	(2.58%)	(30.28)
Foreign				
Cipla FZE	0.19%	23.98	-	(0.01)
Cipla (Mauritius) Ltd.	1.12%	139.99	(0.01%)	(0.13)
Cipla Medpro South Africa Proprietary Ltd.	(0.03%)	(4.10)	(25.01%)	(293.49)
Cipla Holding B.V.	1.18%	147.92	(0.10%)	(1.13)
Cipla (EU) Ltd.	1.98%	248.32	3.28%	38.47
Saba Investment Ltd.	2.06%	258.46	0.49%	5.74
Cipla (UK) Ltd.	0.01%	1.75	0.01%	0.12
Cipla Australia Pty. Ltd.	0.02%	2.87	0.04%	0.43
Meditab Holdings Ltd.	2.49%	312.27	1.91%	22.40
Meditab Specialities New Zealand Ltd.	-	-	-	(0.03)
Cipla Ilaç Ticaret Anonim Şirketi	-	0.27	0.01%	0.09
Cipla USA Inc.	0.25%	30.81	2.09%	24.49
Cipla Kenya Ltd.	-	0.43	0.02%	0.21
Cipla Malaysia Sdn. Bhd.	0.01%	1.54	0.03%	0.33
Cipla Europe NV	0.45%	56.93	0.17%	2.00
Cipla Quality Chemical Industries Ltd.	1.98%	248.26	6.97%	81.77
Quality Chemicals Ltd.	0.09%	10.92	0.79%	9.28
Cipla Croatia d.o.o.	0.03%	4.18	(0.04%)	(0.45)
Galilee Marketing Proprietary Ltd.	-	-	-	0.01
Inyanga Trading 386 Proprietary Ltd.	0.28%	34.67	0.92%	10.75
Xeragen Laboratories Proprietary Ltd.	0.04%	5.59	-	-
Cipla Medpro Holdings Proprietary Ltd.	-	0.04	23.58%	276.77
Cape to Cairo Exports Proprietary Ltd.	-	-	-	-
Cipla Agrimed Proprietary Ltd.	0.46%	57.30	0.76%	8.95
Cipla Dibcare Proprietary Ltd.	-	0.19	-	-
Cipla Life Sciences Proprietary Ltd.	1.00%	125.88	0.02%	0.18
Cipla-Medpro Proprietary Ltd.	2.20%	275.71	3.17%	37.17

Notes to the Consolidated Financial Statements

₹ in Crore

Name of the Company	Net Assets (Total Assets less Total Liabilities)		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Cipla-Medpro Distribution Centre Proprietary Ltd.	-	(0.33)	(0.03%)	(0.37)
Cipla Medpro Botswana Proprietary Ltd.	-	-	-	-
Cipla Medpro Research and Development Proprietary Ltd.	-	-	-	-
Cipla Nutrition Proprietary Ltd.	(0.20%)	(25.07)	(0.73%)	(8.58)
Cipla Vet Proprietary Limited	0.40%	49.86	0.73%	8.55
Medpro Pharmaceutica Proprietary Ltd.	0.74%	93.03	0.22%	2.61
Breathe Free Lanka (Private) Ltd.	0.03%	3.35	(0.01%)	(0.12)
Cipla Canada Inc.	-	-	(1.54%)	(18.09)
Medica Pharmaceutical Industries Company Ltd.	0.26%	33.19	(0.67%)	(7.88)
Al-Jabal For Drugs and Medical Appliances Company Limited	0.82%	103.23	4.67%	54.76
Cipla Pharma Lanka (Private) Ltd.	(0.04%)	(5.55)	0.04%	0.52
Cipla Pharma Nigeria Ltd.	-	0.20	-	-
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	0.08%	10.32	(0.08%)	(0.91)
Cipla Maroc SA	0.06%	7.61	0.04%	0.46
InvaGen Pharmaceuticals Inc.	18.03%	2258.74	7.12%	83.51
Cipla Middle East Pharmaceuticals FZ - LLC	-	0.12	(0.01%)	(0.14)
Cipla Philippines Inc.	0.01%	1.15	(0.01%)	(0.09)
Cipla Algérie	-	0.06	-	-
Cipla BioTec South Africa Proprietary Ltd.	-	-	-	-
Med Man Care Proprietary Ltd.	-	-	-	-
Exelan Pharmaceuticals Inc.	(0.10%)	(12.12)	0.70%	8.23
Subtotal		**18303.18**		**1097.67**
Inter-company Elimination and Consolidation Adjustments	(42.72%)	(5351.93)	4.60%	54.96
Minority Interest in Subsidiaries	(3.49%)	(438.23)	2.47%	29.03
Share of Profit in Associates	0.11%	12.40	(0.60%)	(7.99)
Grand Total		**12525.42**		**1173.67**

Note: 58

Authorisation of Financial Statements

The financial statements for the year ended 31st March, 2017 were approved by the Board of Directors on 25th May, 2017.

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Reg. No. 001076N/N500013

Umang Vohra
Managing Director and
Global Chief Executive Officer

Samina Vaziralli
Executive Vice-Chairperson

Ashish Gupta
Partner
Membership No. 504662

S. Radhakrishnan
Whole-time Director

Kedar Upadhye
Global Chief Financial Officer

New Delhi, 25th May, 2017

Rajendra Chopra
Company Secretary
Mumbai, 25th May, 2017

Salient Features of Financial Statements of Subsidiaries / Associates

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Subsidiaries and Associate Companies

PART (a) : INFORMATION ON SUBSIDIARIES

₹ in Crore

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate on 31.03.2017	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover#	Profit before Taxation#	Provision for Taxation#	Profit after Taxation#	Proposed Dividend	% of share holding	Country
1	Cipla FZE	AED	17.6550	26.48	(2.50)	24.11	0.13	-	-	(0.01)	-	(0.01)	-	100%	U.A.E.
2	Cipla Australia Pty. Ltd.	AUD	49.5775	1.24	1.63	14.77	11.90	-	14.13	0.62	0.19	0.43	-	100%	Australia
3	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	BRL	20.7620	12.03	(1.71)	10.43	0.11	-	-	(0.91)	-	(0.91)	-	100%	Brazil
4	Cipla Canada Inc.***	CAD	48.5925	-	-	-	-	-	-	(16.13)	1.96	(18.09)	-	0%	Canada
5	CIPLA Algérie	DZD	0.5875	0.06	-	0.06	-	-	-	-	-	-	-	40%	Algeria
6	Cipla Holding B.V.	EUR	69.2925	149.23	(1.31)	152.41	4.49	-	17.14	(0.51)	0.62	(1.13)	-	100%	Netherlands
7	Cipla Europe NV	EUR	69.2925	49.20	7.73	292.96	236.03	-	230.97	8.93	6.93	2.00	-	100%	Belgium
8	Cipla Croatia d.o.o.	EUR	69.2925	0.02	4.16	13.92	9.74	-	14.33	(0.20)	0.25	(0.45)	-	100%	Croatia
9	Cipla (EU) Ltd.	GBP	80.9025	218.44	29.88	1,984.76	1,736.44	-	166.00	41.28	2.81	38.47	-	100%	U.K.
10	Cipla (UK) Ltd.	GBP	80.9025	1.21	0.54	2.14	0.39	-	2.03	0.12	-	0.12	-	100%	U.K.
11	Goldencross Pharma Pvt. Ltd.	INR	1.0000	0.05	270.10	293.51	23.36	47.61	172.18	25.61	5.91	19.70	-	100%	India
12	Medispray Laboratories Pvt. Ltd.	INR	1.0000	0.05	186.57	232.95	46.33	16.51	282.90	53.12	19.46	33.66	-	100%	India
13	Meditab Specialities Pvt. Ltd.	INR	1.0000	0.62	184.82	438.51	253.07	72.56	38.50	(33.16)	0.42	(33.58)	-	100%	India
14	Sitec Labs Pvt. Ltd.	INR	1.0000	0.01	24.56	77.96	53.39	-	76.52	3.56	2.48	1.08	-	100%	India
15	Jay Precision Pharmaceuticals Pvt. Ltd.	INR	1.0000	4.01	93.60	112.17	14.56	-	90.05	40.69	14.55	26.14	-	60%	India
16	Cipla BioTec Pvt. Ltd.	INR	1.0000	246.95	(142.73)	142.58	38.36	25.68	0.25	(223.32)	25.16	(248.48)	-	100%	India
17	Cipla Health Ltd.	INR	1.0000	4.11	127.98	176.19	44.10	106.24	99.94	(44.66)	(14.38)	(30.28)	-	70.20%	India
18	Four M Propack Pvt. Ltd.**	INR	1.0000	-	-	-	-	-	8.42	0.97	(0.21)	1.18	-	0%	India
19	Cipla Kenya Ltd.	KES	0.6299	0.01	0.42	15.82	15.39	-	6.36	0.30	0.09	0.21	-	100%	Kenya
20	Breathe Free Lanka (Private) Ltd.	LKR	0.4251	5.53	(2.18)	66.47	63.12	-	98.86	0.42	0.54	(0.12)	-	100%	Sri Lanka
21	Cipla Pharma Lanka (Private) Ltd.	LKR	0.4251	0.04	(5.59)	58.37	63.92	-	118.01	1.80	1.28	0.52	-	60%	Sri Lanka
22	Cipla Maroc SA	MAD	6.4458	6.77	0.84	35.68	28.07	-	20.43	0.96	0.50	0.46	-	60%	Morocco
23	Cipla Malaysia Sdn. Bhd.	MYR	14.6525	0.85	0.69	2.04	0.50	-	9.16	0.42	0.09	0.33	-	100%	Malaysia
24	Cipla Pharma Nigeria Ltd.	NGN	0.2117	0.17	0.03	0.32	0.12	-	-	-	-	-	-	100%	Nigeria
25	Meditab Specialities New Zealand Ltd.	NZD	45.3075	0.28	(0.28)	-	-	-	-	(0.03)	-	(0.03)	-	100%	New Zealand
26	Cipla Philippines Inc.	PHP	1.2921	1.23	(0.08)	1.23	0.08	-	-	(0.09)	-	(0.09)	-	100%	Philippines
27	Cipla Ilaç Ticaret Anonim Şirketi	TRY	17.8346	0.09	0.18	0.41	0.14	-	0.98	0.11	0.02	0.09	-	100%	Turkey
28	Cipla Quality Chemical Industries Ltd.	UGX	0.0180	82.07	166.19	303.15	54.89	-	410.55	87.72	5.95	81.77	-	62.30%	Uganda
29	Quality Chemicals Ltd.	UGX	0.0180	0.11	10.81	26.01	15.09	-	30.36	13.46	4.18	9.28	-	51.00%	Uganda
30	Cipla (Mauritius) Ltd.	USD	64.8500	139.75	0.24	140.00	0.01	-	-	(0.13)	-	(0.13)	-	100%	Mauritius
31	Cipla USA Inc.	USD	64.8500	15.56	15.25	694.75	663.94	-	1,234.93	38.52	14.03	24.49	-	100%	U.S.A.
32	Meditab Holdings Ltd.	USD	64.8500	289.36	22.91	312.28	0.01	-	-	24.90	2.50	22.40	-	100%	Mauritius
33	Saba Investment Ltd.	USD	64.8500	256.01	2.45	284.63	26.17	-	3.32	5.74	-	5.74	-	51%	U.A.E.

Salient Features of Financial Statements of Subsidiaries / Associates

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Subsidiaries and Associate Companies

PART (a) : INFORMATION ON SUBSIDIARIES

₹ in Crore

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate on 31.03.2017	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover#	Profit before Taxation#	Provision for Taxation#	Profit after Taxation#	Proposed Dividend	% of share holding	Country
34	Medica Pharmaceutical Industries Company Ltd.	USD	64.8500	85.67	(52.48)	159.03	125.84	-	-	(9.85)	(1.97)	(7.88)	-	50.49%	Yemen
35	InvaGen Pharmaceuticals Inc.	USD	64.8500	1,442.26	816.48	4,661.82	2,403.08	-	1,222.11	96.04	12.53	83.51	-	100%	U.S.A.
36	Exelan Pharmaceuticals Inc.	USD	64.8500	3.24	(15.36)	200.63	212.75	-	354.83	10.64	2.41	8.23	-	100%	U.S.A.
37	Cipla Middle East Pharmaceuticals FZ-LLC	USD	64.8500	0.26	(0.14)	0.15	0.03	-	-	(0.14)	-	(0.14)	-	51%	U.A.E.
38	Al Jabal For Drugs And Medical Appliances Company Limited	YR	0.2591	1.30	101.93	229.38	126.15	-	292.91	68.45	13.69	54.76	-	50.49%	Yemen
39	Cipla Medpro South Africa Proprietary Ltd.	ZAR	4.8500	0.22	(4.32)	311.02	315.12	-	715.34	(257.20)	36.29	(293.49)	-	100%	South Africa
40	Cape To Cairo Exports Proprietary Ltd.	ZAR	4.8500	-	-	-	-	-	-	-	-	-	-	100%	South Africa
41	Cipla Agrimed Proprietary Ltd.	ZAR	4.8500	-	57.30	73.11	15.81	-	96.11	14.39	5.44	8.95	-	100%	South Africa
42	Cipla Dibcare Proprietary Ltd.	ZAR	4.8500	-	0.19	0.19	-	-	-	-	-	-	-	100%	South Africa
43	Cipla Life Sciences Proprietary Ltd.	ZAR	4.8500	-	125.88	125.88	-	-	0.19	0.15	(0.03)	0.18	-	100%	South Africa
44	Cipla-Medpro Proprietary Ltd.	ZAR	4.8500	-	275.71	278.20	2.49	-	45.53	39.59	2.42	37.17	-	100%	South Africa
45	Cipla Vet Proprietary Ltd.	ZAR	4.8500	-	49.86	57.15	7.29	26.14	29.71	11.42	2.87	8.55	-	100%	South Africa
46	Cipla-Medpro Distribution Centre Proprietary Ltd.	ZAR	4.8500	-	(0.33)	18.90	19.23	-	44.77	-	0.37	(0.37)	-	100%	South Africa
47	Galilee Marketing Proprietary Ltd.	ZAR	4.8500	-	-	-	-	-	-	0.01	-	0.01	-	100%	South Africa
48	Inyanga Trading 386 Proprietary Ltd.	ZAR	4.8500	-	34.67	37.40	2.73	-	-	10.75	-	10.75	-	100%	South Africa
49	Medpro Pharmaceutica Proprietary Ltd.	ZAR	4.8500	-	93.03	862.51	769.48	-	1,036.35	7.78	5.17	2.61	-	100%	South Africa
50	Cipla Nutrition Proprietary Ltd.	ZAR	4.8500	-	(25.07)	0.46	25.53	-	1.71	(8.58)	-	(8.58)	-	100%	South Africa
51	Med Man Care Proprietary Ltd.	ZAR	4.8500	-	-	-	-	-	-	-	-	-	-	100%	South Africa
52	Xeragen Laboratories Proprietary Ltd.	ZAR	4.8500	-	5.59	5.59	-	-	-	-	-	-	-	100%	South Africa
53	Cipla Medpro Botswana Proprietary Ltd.	ZAR	4.8500	-	-	-	-	-	-	-	-	-	-	100%	South Africa
54	Cipla Medpro Holdings Proprietary Ltd.	ZAR	4.8500	-	0.04	0.15	0.11	-	-	276.77	-	276.77	-	100%	South Africa
55	Cipla BioTec South Africa Proprietary Ltd.	ZAR	4.8500	-	-	-	-	-	-	-	-	-	-	100%	South Africa
56	Cipla Medpro Research and Development Proprietary Ltd.*	ZAR	4.8500	-	-	-	-	-	-	-	-	-	-	0%	South Africa

Note:

i. "-" represents amounts less than 0.01 crore and rounded off.
ii. * De-registered on 6th December, 2016
iii. ** Ceased to be subsidiary w.e.f. 1st February, 2017
iv. *** De-registered on 1st March, 2017
v. # Converted using average rate

Salient Features of Financial Statements of Subsidiaries / Associates

PART (b) : ASSOCIATES

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies

₹ in Crore

Sr. No.	Name of Associate	Shares of Associate held by the company on the year end				Net Worth attributable to Shareholding as per latest audited Balance Sheet (₹ in crore)	Profit/Loss for the year		Description of how there is significant influence	Reason why the associate is not consolidated
		Latest audited Balance Sheet Date	No. of shares	Amount of Investment in Associates (₹ in crore)	Extend of Holding %		Considered in Consolidation (₹ in crore)	Not Considered in Consolidation		
Associate										
1	Stempeutics Research Pvt. Ltd.	31.03.2016	20,502,525	69.97	48.99	27.13	(6.99)	-	Note - i	-

Note:

i. There is significant influence due to percentage(%) of Share Capital.

Umang Vohra
Managing Director and Global Chief Executive Officer

S. Radhakrishnan
Whole-time Director

Samina Vaziralli
Executive Vice-Chairperson

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 25th May, 2017

Glossary of Abbreviations

ACT	Artemisinin-based Combination Therapies
AIDS	Acquired Immunodeficiency Syndrome
ANDA	Abbreviated New Drug Application
ANVISA (Brazil)	Agência Nacional de Vigilância Sanitária
ANZ	Australia and New Zealand
API	Active Pharmaceutical Ingredient
APVMA (Australia)	Australian Pesticides and Veterinary Medicines Authority
ARV	Antiretroviral
B2B	Business to Business
BAI	Breathe Actuated Inhaler
BPH	Benign Prostatic Hyperplasia
Bps	Basis Points
BTL	Below the Line
BR	Business Responsibility
BRR	Business Responsibility Report
CAGR	Compounded Annual Growth Rate
CBT	Cipla BioTec
CFD	Computational Fluid Dynamics
CGA	Cipla Global Access
cGMP	Current Good Manufacturing Practices
CHL	Cipla Health Ltd
CNS	Central Nervous System
COPD	Chronic Obstructive Pulmonary Disease
COD	Chemical Oxygen Demand
CSTR	Continuous Stirred Tank Reactor
CNV	Cipla New Ventures
CSR	Corporate Social Responsibility
DMF	Drug Master File
DPCO	Drug Price Control Orders
DTM	Direct-to-Market
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EHS	Environment, Health & Safety
EIR	Establishment Inspection Report
ETP	Effluent Treatment Plant
FPSM	Salmeterol-Fluticasone
FY16	Financial Year 2015-2016
FY17	Financial Year 2016-2017
GDUFA	Generic Drug User Fee Act
GHG	Greenhouse Gases
HFA	Hydrofluoroalkane
HIV	Human Immunodeficiency Virus
IP	Intellectual Property
IPD	Integrated Product Development
IPM	Indian Pharmaceutical Market

ISO	International Organization for Standardization
LIMS	Laboratory Information Management System
LMIC	Low and Middle Income Countries
MAs	Marketing Authorizations
MAT	Moving Average Total
MCC	Medicines Control Council (South Africa)
MDI	Metered-Dose Inhaler
MHRA (UK)	Medicines and Healthcare products Regulatory Agency
MT	Metric Ton
NCE	New Chemical Entity
NVG	National Voluntary Guidelines
OHSAS	Occupational Health and Safety Assessment series
OOH	Out of Home
pMDI	Pressurised Metered Dose Inhaler
PEPFAR	President's Emergency Plan for AID's Relief
R&D	Research & Development
TDS	Total Dissolved Solids
TGA (Austalia)	Therapeutic Goods Administration
TRx	Total Prescriptions
UCPMP	Uniform Code of Pharmaceutical Marketing Practices
US	United States of America
US FDA	US Food and Drug Administation
WHO	World Health Organization

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Cipla Limited

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