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Cautionary Statement

Certain statements in this annual report may constitute "forward-looking statements". These forward statements are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, our ability to obtain regulatory approvals, technological changes, cash flow projections, our exposure to market risks as well as other risks.

Founder

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

Chairman

Dr. Y. K. Hamied

Vice-Chairman

Mr. M. K. Hamied

Managing Director & Global Chief Executive Officer

Mr. Subhanu Saxena*

Whole-time Director

Mr. S. Radhakrishnan

Executive Director

Ms. Samina Vaziralli**

Independent Directors

Mr. Ashok Sinha
Dr. Peter Mugenyi
Mr. Adil Zainulbhai
Ms. Punita Lal
Ms. Naina Lal Kidwai

Global Chief Operating Officer

Mr. Umang Vohra***

Global Chief Financial Officer

Mr. Kedar Upadhye

Company Secretary

Mr. Mital Sanghvi

Auditors

V. Sankar Aiyar & Co.
R. G. N. Price & Co.

Cost Auditor

Mr. D. H. Zaveri

Secretarial Auditor

BNP & Associates

Registered Office

Cipla House
Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai – 400 013
www.cipla.com
Tel.: (022) 2482 6000

Corporate Identity No.

L24239MH1935PLC002380

Share Transfer Agents

Karvy Computershare
Private Limited
(Unit: Cipla Limited)
Karvy Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad,
Telangana – 500 032
Tel.: (040) 6716 2222

* upto 31st August 2016

** Executive Vice-Chairman w.e.f. 1st September 2016

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



FROM THE CHAIRMAN
Dear Shareholders



DR. Y.K. HAMIED
Chairman



I am addressing you with humility and great pride as we celebrate the 80th anniversary of Cipla. We have completed eight decades of valuable service in healthcare, not only in India, but worldwide. This year also marks my completing over 55 years of active association with Cipla. As long as I can add positive value to the company, whether scientific or business-related, I will continue to do so and be with you.

Our pharma industry looks after the healthcare needs of our nation and that of many other countries. We are a major producer and supplier of affordable drugs worldwide. Many countries are dependent on India for their drugs. Now that our Indian pharma industry is at the forefront of healthcare, the Government should be fully supportive. Any further dilution in the Patents Act will adversely affect not only India but several countries which depend on India for their medicines.

Even though we are setting up manufacturing bases abroad, India will still be our major production base. Thanks to our strong brand equity and the relentless drive of our sales and marketing people, Cipla is the preferred choice of doctors in many key therapeutic areas, whether they are specialists or general practitioners, whether they practice in urban or rural India. To maintain our leadership involves hard and sustained work at all levels.

So how do we stay ahead as a company?

The only way is by investing in R&D, in innovation and in our people. For the past few years, we have put in a great deal of effort, time and money in these critical areas; the results of this will be evident in the near future. Last year, we spent over 6% of our turnover in R&D. The projects taken up are all carefully planned and accountable. We have invested in newer technologies like biotech, stem cells, nano technology, continuous flow chemistry. Collectively, we must build the best-in-class organisational capacity to make our aspired future come to life.



You will appreciate that no company can manufacture everything. We have therefore entered into many licensing agreements with other companies. This is in line with our mission to provide access to affordable essential medicines.

We have a separate Cipla Global Access Program (CGA), which concentrates on four key therapy areas. These are HIV/AIDS, Malaria, Multiple Drug Resistant TB and Reproductive Health. Our aim is to reach out to 80 million patients in these four therapies by 2020.

In keeping with our strategy for the future, we launched a new division called Cipla New Ventures (CNV) to build newer innovation-led businesses. This also involves manufacturing and marketing biotech products for cancer, respiratory, diabetes and auto-immune diseases.

Even as I conclude I must re-emphasize that Cipla will continue to serve patients across the world with the same passion and commitment that we have since our inception some 80 years back. The best is yet to come for your company. I am confident that going forward the journey of Cipla will build on the legacy we have and create a new future of more hope, greater success and deeper purpose. As we see a transformation to the next generation of the Hamied family, I have no doubt that in Samina Vaziralli we have a trustee who will preserve, inspire and enhance the spirit that we call Cipla.

A handwritten signature in black ink, appearing to read 'Y. K. Hamied', with a horizontal line underneath.

Y. K. Hamied

Directors' Report

The Directors take pleasure in presenting the Eightieth Annual Report of the Company along with the audited financial statements for the financial year ended 31st March 2016.

Financial Summary

₹ in crore

Year ended 31 st March 2015			Year ended 31 st March 2016	
Standalone	Consolidated		Standalone	Consolidated
10373	11620	Gross total revenue	12445	14067
1540	1654	Profit before tax	1740	2007
1181	1181	Profit for the year	1398	1506
5330	5412	Surplus brought forward from last balance sheet	6277	6358
-	-	Adjustment of tax on dividend of previous year	13	13
6511	6593	Profit available for appropriation	7688	7877
		Appropriations:		
161	161	Dividend	161	161
33	33	Tax on dividend	33	33
-	-	Transfer to general reserve	-	-
40	41	Adjustment of depreciation	-	-
6277	6358	Surplus carried forward	7494	7683

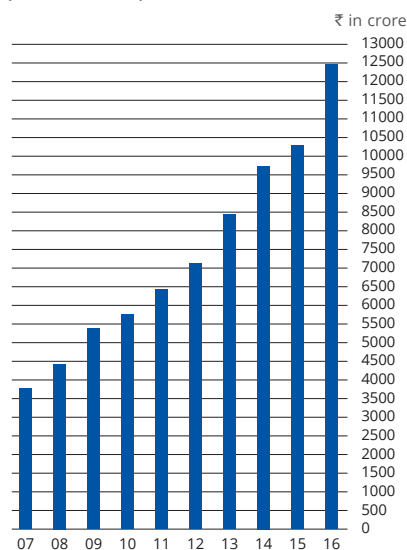
Dividend

The Directors recommend a dividend of ₹2 per equity share (100%) for the year 2015-16. The dividend, if sanctioned at the Annual General Meeting, will be paid to those members whose names appear in the Company's Register of Members on Wednesday, 14th September 2016. In respect of shares held in dematerialised form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

Directors' Report *contd.*

MANAGEMENT DISCUSSION AND ANALYSIS: 2015-16 Global Business Review

Sales and Other Income (Standalone)



With a vibrant presence globally, Cipla is well-poised for growth that advances its goal of ensuring affordable access to healthcare for all.

To build a concrete foundation for sustainable long-term growth, the Company is investing heavily in its pipeline, making choices with respect to its operating model in certain markets and exploring initiatives to simplify the business. The financial year under review has been important for the Company to drive execution of these choices and enhance the resilience of its business model.

The Company's revenue from operations on a consolidated basis during the financial year 2015-16 amounted to ₹13,678 crore against ₹11,345 crore in the previous year, recording a growth of 20.6%. The income from operations for the Company's domestic business increased by 5.9%, from ₹4,825 crore in the previous financial year to ₹5,111 crore in the financial year under review. Total exports increased by 36.4% during the year to ₹8,261 crore. During the year under review, EBIDTA margin reduced by 0.8 percentage points. This was primarily due to the change in product mix, higher investments in research and development, and ongoing complexity reduction initiatives. Profit for the year increased by 27.5% to ₹1,506 crore from ₹1,181 crore in the previous financial year.

India Ratings and Research Private Limited, a Fitch Group Company, assigned a Long-Term Issuer Rating of IND AAA with a stable outlook to the Company. The

rating is the highest assigned in Fitch's rating scale and indicates the highest degree of safety regarding timely servicing of financial obligations and lowest credit risk.

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

India

As one of India's leading pharmaceutical companies, Cipla is in a strong position to fulfill its commitment to provide modern and affordable medicines to patients. This year, despite pricing challenges and the impact of a weak monsoon, Cipla's domestic revenues for its prescription business grew by 16% compared to the industry growth of 14%, as per IMS Health data.

The India business contributed ~40% to overall Company revenues, with new products contributing 4.5% of total India business revenues. The prescription business accounted for 81% of India business revenues and market share for this segment currently stands at 5.3%. The Company grew faster than the market in Anti-infectives, Gastrointestinal and Urology. The respiratory business saw strong uptake with over 20% growth in the COPD portfolio.

Cipla continues to focus on high-value opportunities to build out its specialty portfolio, through a mix of in-licensing and in-house innovation and development. In-licensing gained



momentum in FY 2015-16 with 6 deals executed in oncology, respiratory and dermatology segments. The Company also initiated several high value innovation projects, of which a few are likely to be commercialized in FY 2016-17.

With the successful launch of Sofosbuvir in India for the treatment of Hepatitis-C, Cipla has expanded access to the drug with nearly 10,000 patients being treated under the brand name HepCvir in its first 12 months. Cipla continues to build out its Hepatitis franchise in order to improve access to breakthrough therapies for patients with HepCvir + Ledipasvir / Daclatasvir combinations.

Cipla also entered new areas through a partnership model – Cutisera in cosmetology, Nasovac S in vaccines and Reteplase in the Anti-Thrombolytic segment.

In the coming years, the domestic business will continue to focus on enhancing depth of portfolio in priority therapy areas, and increasing sales

force productivity with the rollout of Customer Relationship Management (CRM) and Sales Force Automation (SFA) systems.

Through this, Cipla aims to grow above market rate of growth and strengthen leadership position in priority therapy areas in the Indian market.

South Africa

Cipla is one of the largest pharmaceutical companies in South Africa, with a private market share of more than 5%. South Africa contributed 11.5% to the overall revenues on a consolidated basis. The business however was impacted due to the depreciation of the South African Rand in FY 2015-16. In local currency terms, South Africa business revenue has grown at ~25% in FY 2015-16 against the previous year. Cipla's private market business has grown at 14% for the same period, with market leadership in the Respiratory, CNS and Oncology segments, and contributes over 60% of South Africa business revenue. The sales

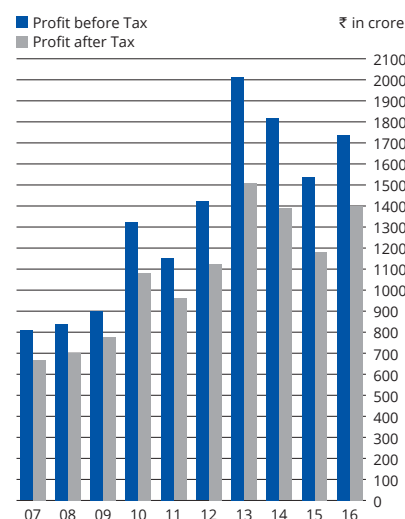
and distribution arrangement with Teva Pharmaceuticals (Pty) Ltd, an affiliate of Teva Pharmaceutical Industries Ltd., has gained traction through FY 2015-16 with strong performance on products such as Copaxone, further cementing the Company's status as a preferred "Partner of Choice". Cipla has also introduced low cost vaccines in the South African market through an exclusive agreement with the Serum Institute of India. This is in line with the Company's goal to advance healthcare for all in South Africa.

Cipla also won Government tenders in antiretrovirals (ARV), respiratory and newer areas such as mental health, cardiovascular and women's health categories, achieving significant growth in the tender business over the previous year. The newly set up state-of-the-art distribution centre facility 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.

Directors' Report *contd.*

Growth in Profits

(Standalone)



Capitalizing on its defined future portfolio, key development and in-licensing projects, and streamlined global organizational structure, Cipla South Africa will continue to leverage synergies from its international family. The Cipla brand inspires trust and has become a household name among consumers, pharmacies, prescribers and key opinion leaders. Going forward, several Sub-Saharan markets will also be covered by the South African organization.

North America

In the last quarter of financial year 2015-16, Cipla successfully completed the acquisition of two US-based entities, InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc. in a transaction valued at US\$ 550 mn. InvaGen Pharmaceuticals is a high volume generics business platform that provides Cipla with a strong US-based manufacturing setup and access to large wholesalers/retailers in the US. The platform includes 42 approved ANDAs and ~30 pipeline products that are expected to be approved over the next 4 years. It also has filed 5 potential first-to-file products which is expected to bring tremendous value in the coming 5-6 years. There are no material overlaps in the business, and the current portfolio and the pipeline is largely complementary to Cipla's products. InvaGen Pharmaceuticals' manufacturing footprint spans ~350,000 sq.ft. of GMP area with 3 units located in Long Island, New York, and a total production capacity of 12 billion tablets.

Exelan Pharmaceuticals is a sales and marketing company with a focus on generic pharmaceuticals for the government and

institutional market. Both companies together had annual revenues of over US\$ 230 mn as of December 2015.

This acquisition is aligned with Cipla's global growth strategy to grow its presence in the US pharmaceutical market and increase its position amongst key pharmaceutical wholesalers and retailers. Having its own manufacturing base and supply chain will further strengthen Cipla's presence in the US and its commitment to make high quality medication accessible to patients in the country. Cipla's strategy in the US is to deliver its complex generics and respiratory portfolio of products.

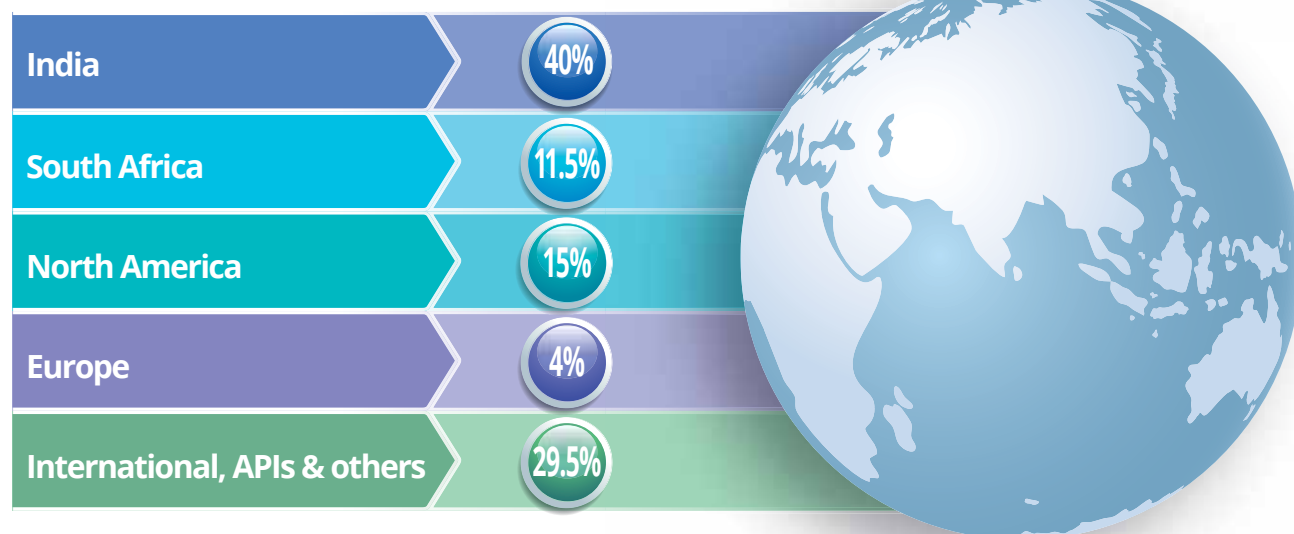
The North American business contributed 15% to overall revenues (including the impact of acquisitions) and recorded 117% growth for the year. Growth was driven primarily by the Company's partnership with Teva Pharmaceutical Industries Ltd. for Esomeprazole and the successful launch of its own label products in the US market.

Cipla currently has over 165 ANDAs filed in the US. Of these, the Company has approval for over 85.

As Cipla scales its US business next year it will target launch of five to seven products from the InvaGen pipeline and eight to ten products from Cipla's pipeline, including some in limited competition areas. In parallel, the Company will continue to build on its successful partnerships for launch of first-to-market and differentiated generics such as Nexium and Pulmicort.

Cipla has already established a strong US team which has been deeply involved in Cipla's launch of its own label products in the

Directors' Report *contd.*



US as well as in the evaluation of inorganic growth opportunities such as InvaGen. This team shall drive the transition and integration work streams along with key InvaGen personnel. Cipla has a full integration plan in place that draws on its experience of a number of successful recent integrations such as in South Africa.

Europe

The European business contributed 4% to the overall revenues, recording a growth of 30% in revenues for the year on the back of its performance in both front-end and B2B markets.

Cipla is focused on adding innovative elements to products, services and information through research and partnerships. The Company's flagship product, the salmeterol-fluticasone MDI, is now in the market in Sweden, Romania, Netherlands, Germany, Croatia, Czech Republic, Slovakia, Belgium and Hungary. The Company has further strengthened

its respiratory platform with the launch of Mometasone, Fluticasone, Ipratropium Salbutamol respules and Ipratropium MDI across multiple European markets in FY 2015-16.

The Company continues to evolve its business model in Europe with the intention of balancing its portfolio with the best commercial options.

International - Rest of the World

International is defined as all export markets for Cipla excluding North America, Europe and South Africa. With a diverse range of more than 1,000 products and over 150 global partners across 100+ countries, Cipla has a presence in Africa, the Middle East, Latin America, Asia Pacific, China, and Russia. International contributes 25% of Company revenues and grew by 14% over the last year.

In recent years, Cipla has implemented a business model

change in 15 countries including Morocco, Algeria, Yemen, Sri Lanka and Uganda, adopting the direct-to-market (DTM) approach. DTM markets had robust growth of ~25% in FY 2015-16, over the previous year. This growth rate has been achieved despite continuing challenges related to the situation in Yemen and currency devaluation in several emerging markets. The Company now holds a leadership position in several markets such as Uganda, Sri Lanka, Yemen and North Africa.

Cipla's business in partnership-led markets (B2B) saw a growth of 8% in FY 2015-16 over the previous year. The Company is proactively simplifying its businesses, rationalising markets where necessary, and focusing only on high-growth markets where it holds a leadership position.

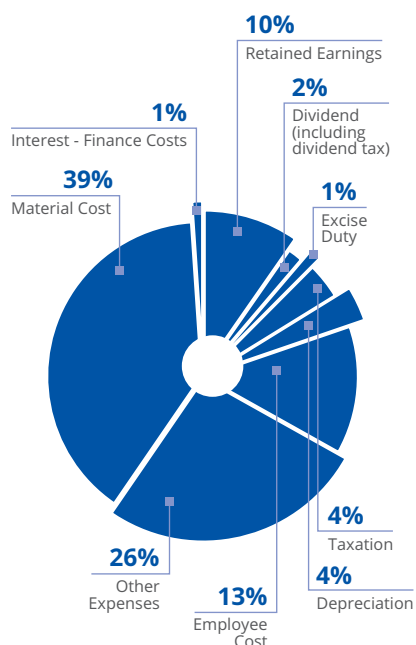
The Cipla Global Access business recorded growth of 12% over the previous year and reflects Cipla's continued commitment to the cause of ensuring access to life-saving medicines for patients worldwide.

Directors' Report *contd.*

STRATEGIC BUSINESS UNITS

Core areas of competence

Distribution of Revenue (Standalone)



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 1000 MT, the Company continues to be one of the significant API players in the industry, supporting internally as well as global customers. A substantial portion of the APIs manufactured by Cipla are consumed internally with a significant increase in consumption due to the new launches and front ending in several markets globally.

Revenue from external customers registered a year-on-year growth of 7%. More than 70% of the total sales were from regulated markets and over one-third of our API sales in FY 2015-16 were to the top generics players in the world. The gastroenterology and antiretroviral segments continue to be 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. Deep 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 23 Drug Master Files (DMF) filed in FY 2015-16 in various countries. Cipla is also ramping up its filings for regulated markets with a robust pipeline of over 40 APIs at various stages of development anticipated to be commercialised starting 2018. The Company is expected to continue the strong pipeline building momentum in the coming years as well.

Respiratory

Cipla Respiratory continues to bring effective and affordable therapy to patients suffering from diseases such as Asthma, COPD, PAH and Allergic Rhinitis. This year, Cipla Respiratory provided patients in 100+ countries, the world's largest portfolio of inhalation products with 28 drug formulations across a range of devices, to suit individual patient needs. In Europe, we launched several inhalation products, including the ICS-LABA, Salmeterol Fluticasone in a pMDI (metered dose inhaler). Cipla's Respiratory Center of Excellence also made significant progress on the development of critical new products for the US and other priority markets.

Over the last 40 years, Cipla has invested significantly in creating three dedicated manufacturing sites for Respiratory. The Company manufactures four major dosage forms i.e. metered dose inhalers (pMDIs), dry powder inhalers (DPIs), nasal sprays and

Directors' Report *contd.*

nebulisers in addition to a range of inhalation devices. This year, the Company was amongst the largest manufacturers of pMDIs with capacity to produce over 100 million inhalers. In addition, the Company has built a team of world-class specialists across Manufacturing, Quality Control, Quality Assurance, Supply-Chain who continue to collaborate seamlessly across functions.

Cipla Respiratory has unique end-to-end capability covering the value chain from API, formulation, device development and manufacturing to doctor and patient initiatives. The Company has played a leading role across countries in patient awareness, acceptance, compliance and usage, physician training, medical camps and counselling. In India, Cipla Respiratory has played a pioneering role in driving the conversion of patients from oral to inhaled therapy for the treatment of Respiratory disease. This year, the Company further strengthened and adapted where necessary its pioneering "BreatheFree" patient awareness and education programs across key markets outside India such as South Africa and Sri Lanka.

Cipla Respiratory has grown to almost ~US\$ 400 mn, accounting for ~25% of the company's revenues. Despite aggressive competition, the Company remains focused to retain leadership in serving patients suffering from Respiratory diseases across the world.

Cipla Global Access

Since its inception, Cipla's ethos has been firmly rooted in the vision "None shall be denied". 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 four key therapy areas: HIV/AIDS, Malaria, Multi drug-resistant tuberculosis, 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 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. Recently a new manufacturing facility has been set up to meet the growing demand for ARV products and expect the plant to start commercial production by June 2016.

Cipla has developed the taste-masked Lopinavir/Ritonavir pellets (FDA approved in June 2015) and is going to be available shortly in 20 countries in the first year of launch in 2016. In parallel with this development, Cipla, in collaboration with DNDi (Drugs for

Neglected Diseases initiative) and with funding support of UNITAID, is working to develop 4-in-1 taste-masked sprinkles formulations of the combination LPV/r (Lopinavir/Ritonavir), 3TC (Lamivudine) and ABC (Abacavir) or AZT (Zidovudine). The clinical trials of the 4-in-1 formulation are run in Uganda and Kenya (Chapas study) to assess the clinical efficacy of the product and combination and the results will be made available in the coming years. However, to respond to the needs of the paediatric population and ensure that LPV/r-based products are on the market before 4-in-1 products become available, the LPV/r pellets are an alternative and a currently available option.

Cipla is also one of the largest suppliers of antimalarial drugs in the world. This portfolio covered treatment for over 80 million malaria patients across all the affected countries. The coverage is increasing every year and thus saving millions of lives. Cipla anti-malarial treatment costs less than a dollar for the entire course. Cipla





has always been at the forefront in initiatives to identify, develop, manufacture and supply low cost treatment with artemisinin-based combination therapies (ACTs). Cipla is endeavouring to expand its portfolio to include more potent and safer anti-malarials, using novel drug delivery systems, such as Rectal Artesunate for which Cipla is submitting dossiers in several emerging markets. Rectal Artesunate is indicated in cases of severe malaria in children between 6 months to 6 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 has a strong second line TB drug portfolio for treating multidrug-resistant TB (MDR TB).

It is also aggressively expanding its MDR TB portfolio to meet the challenges of resistance fast developing among TB patients due to the high rate of dropouts. Till now, Cipla's SLTB (Second Line Tuberculosis) drugs catered to a moderate patient base globally, but this is likely to increase significantly with the use of new diagnostic methods of detection of drug-resistant TB. Future development in the MDR TB therapy area will be focused on newer molecules which can significantly reduce treatment timelines. Currently, Cipla services around 70 countries in this area.

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).

In FY 2015-16, Cipla, as part of its access initiatives signed various

non-exclusive, royalty based/ free licensing agreements with innovator companies such as Gilead, ViiV, BMS and Janssen. It allows for the manufacturing of generic active pharmaceutical ingredient and finished formulations of Anti-retroviral 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 organizations, regulatory bodies, public institutions and funding agencies that work towards this common cause. Additionally, Cipla has partnered with several global scientific research organizations to develop innovative, effective and affordable formulations for these four therapeutic areas.

Directors' Report *contd.*

CIPLA NEW VENTURES

CNV continues to nurture exciting businesses with a high innovation quotient, preparing Cipla for a future beyond generics. It had notable achievements during the year, across its portfolio – a testimony to the care and attention that the company is devoting to its medium to long-term sustainability. In Cipla health, it has sowed the seeds of a FMCG enterprise focused on Good Science, Good Medicine. Cipla BioTec has a disruptive Biosimilar story.

Cipla BioTec

Less than 8% of patients eligible for biopharmaceutical treatment worldwide receive therapy. Access is not just a developing world issue; in the US and Europe less than 30% receive treatment. In many cases, patients are not treated due to the cost of biopharmaceuticals which can approach US\$ 75,000 per year for treating cancer and autoimmune diseases. Biosimilars are now approved in all major world markets, however high prices still limit access.

Cipla BioTec (CBT) is building on Cipla's heritage of affordability and access by developing biosimilars which will be approved in global markets and usher in a new wave of affordable products. CBT goal is to treat a million patients. The first product CBT124 is starting human clinical trials. CBT's second product CBT127 is in development. CBT leverages the latest biopharmaceutical production technology to make its products

affordable. This approach allows CBT to enable local production to make these life changing products. CBT is constructing commercial manufacturing capacity in two countries to implement its "World Class Products at Affordable Prices" and "Be Local" philosophy.

In line with this strategy, the Company in July 2016 announced the signing of a memorandum of understanding (MOU) between Cipla BioTec Pvt Ltd and Dube Tradeport Corporation for setting up South Africa's first state-of-the-art biotech manufacturing facility, for the production of biosimilars, at a cost of a R1.3 bn. The factory, which will be located in the Department of Trade and Industries Special Economic Zone of Dube Tradeport in Durban, will manufacture biosimilar drugs made from living organisms and used in the treatment of cancer and other diseases. Construction is scheduled to start in early 2017, with full operations expected to commence in the third quarter of 2018.

Stempeutics

Regenerative Medicine is one of the new frontiers of treatment. Cipla through its strategic investment in Stempeutics, is making Regenerative Medicine a reality. Stempeutics received Limited Marketing Approval in India for Stempeucel® Stem Cell therapy to treat Buerger's Disease. This is only the 5th Stem Cell Product approved worldwide and the first novel biologic product ever to be completely developed in India. Stempeucel® is covered by an extensive patent estate with issued patents in the US, EU, ANZ, Japan and India among other territories. Cipla in collaboration with Stempeutics has also launched Cutisera™, a novel skin care product using growth factors to help reduce wrinkles and dark spots.

CipTec

CipTec has initiated efforts to build a specialty pharmaceutical business in the US for Cipla. The CipTec team has evaluated several broad therapy areas such as oncology, neurology, dermatology, ophthalmology and gastrointestinal disorders before picking neurology as the therapy area of choice for further exploration.

Another key focus area for CipTec in 2015 was to support and build out Cipla's first US venture investment – Chase Pharmaceuticals. Chase's focus for 2015 was clinical validation of its lead asset CPC-201 for Alzheimer's disease. CPC-201 was in a Phase 2a clinical trial throughout 2015.



Directors' Report *contd.*

This trial will complete in April 2016. The preliminary data shows that the drug has demonstrated vastly better tolerability and dose, and has also demonstrated promising signs regarding cognitive improvement and functional improvement in Alzheimer's patients. CipTec participated in two additional rounds of funding for Chase to support clinical programs as well as key management hires.

Cipla Health – A Cipla initiative towards improving lives of Indian Consumers

The consumer healthcare business was spun-out into a separate company, Cipla Health Ltd (CHL), effective March 2016. CHL also attracted investment from a leading private equity fund, Fidelity (FIL Capital Investments) in April 2016.

Cipla incubated its consumer healthcare business two years ago with a vision to improve the lives of Indian consumers and leverage the trends of shifting focus in health from illness to wellness. A dedicated team was formed with professionals from diverse background of healthcare and FMCG, to lead this business. The first consumer brand Nicotex, a smoking cessation product, was first piloted in South India in January 2015 and was launched nationally in October 2015. The launch has been a great success, with Nicotex helping thousands of consumers towards quitting smoking.

Currently CHL is on a good momentum on business, with the Nicotex marketing campaign winning prestigious awards such as Effie Gold, Goa Fest – a big win for such a young brand. CHL aims to foray into other categories in the consumer healthcare space and offer a series of wellness products to Indian consumers in the coming years.

INTEGRATED PRODUCT DEVELOPMENT (IPD)

Investing for Future

Cipla's Integrated Product Development (IPD) majorly includes development of APIs, formulations development, Analytical, Clinical, Regulatory, Device, Quality by Design and Pharmacovigilance functions.

Cipla's R&D expense increased from 5.6% of total revenue in FY 2014-15 to 6.3% in FY 2015-16. As we invest for the future, our total project R&D spend has been rising steadily.

On the Development portfolio front, we have over 200 formulations development projects underway of which the top 50 projects address a market size of US\$ 30 bn based on innovator sales. Of these top 50 projects, most projects account for the US and also include inhalation and injectable delivery forms including complex & first-to-file opportunities. Our new filings in formulation segment in FY 2015-16 stand at 7 ANDAs for North America, 19 filings (187 MAs) for Europe and over 700 filings for International markets in addition to 1000+ renewals. We expect to file 20 to 25 ANDAs in FY 2016-17 including some respiratory and oncology filings with some potential first to file opportunities.

This year, Cipla has also received approvals of 4 ANDAs including Celecoxib. More than 100 MAs approval in Europe includes key approval of Fluticasone+ Salmeterol-MDI, Fluticasone MDI, Ipra+Sal (Ipratropium Bromide+Salbutamol Sulphate) Respules, Ipratropium in key EU Markets and more than 200 approvals in International (rest of the world) markets.

The Company has enhanced the depth of its respiratory offering this year with new product launches for Fluticasone Salmeterol, Mometasone, Fluticasone, Ipratropium Salbutamol Respules and Ipratropium MDI across multiple markets in Europe.

Cipla has completed expansion of its R&D Centre with new buildings and major laboratory facilities at Vikhroli, Mumbai. IPD has also expanded R&D applications across multiple technology platforms. These includes Implants, Ready to Dilute (RTD) injections, Depot injections, nanotechnology, unit dose nasal sprays, and spray patches. The Company is also investing in various API technologies like Green chemistry, Flow chemistry & Peptide synthesis.

Cipla has consistently enhanced efficiency across all IPD Functions through "Jagruti" transformation programmes, resulting in reduced timelines, development costs and more timely regulatory approvals.

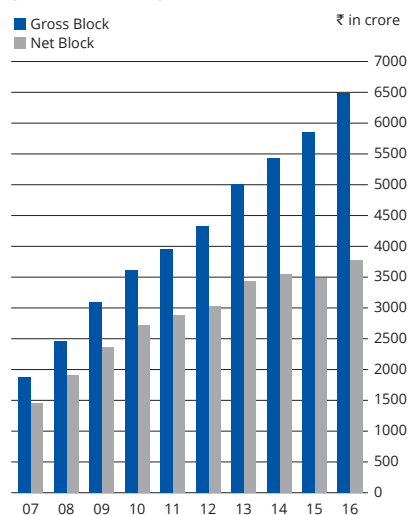
MANUFACTURING

Cipla expanded its manufacturing footprint through the acquisition of InvaGen's facility in the US, adding capacity of 12 billion units of oral solids.

In India, Cipla continued its focus on domestic and international markets through increased capacity of 3.2 billion units, out of which a state-of-the-art modern technology plant with a capacity of 1.2 billion units is dedicated for ARVs (Anti-retroviral) in sync with the organization's vision of "None shall be denied". All manufacturing sites continued to focus on project improvement



Growth in Fixed Assets (Standalone)



across asset and material productivity, energy efficiency and manpower utilization.

Serviceability of formulation products was significantly improved through releasing capacities by network balancing within units. The organization continued its focus on reducing process and product complexities by applying lean tools for business process simplification. Cipla's Uganda plant increased portfolio capability to reduce the turn-around time for the African market.

Cipla commissioned additional API manufacturing capacity of 50 Metric Tonne/year specifically for Hydrogenation Process. The company scaled-up 15 key APIs, with continued focus on yield improvement, cycle time reduction and cost improvement projects. Cipla is continuously working on reduction of Volatile Organic Compounds by reducing solvent losses across Cipla sites.

The Company continues to upgrade its manufacturing facilities in terms of technology, automation, safety, environment and systems as well as procedures for energy and water conservation.

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 Bodies such as US FDA, MHRA, TGA, MCC, APVMA, WHO, etc.

Cipla has all 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.

Directors' Report *contd.*

These agencies include the US FDA, MHRA (UK), TGA (Australia), PIC (Germany), MCC (South Africa), APVMA (Australia), the Department of Health (Canada), ANVISA (Brazil), the Danish Medical Agency, and the WHO.

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

Threats, Risks, Concerns

The pharmaceutical industry has always been under intense scrutiny by various regulatory authorities, both Indian and international. This trend continues resulting in regulatory standards being upgraded all the time.

The Company continues to track all these changes, increase vigilance, and strives to maintain the highest quality standards. Recent changes by the price regulator in India have resulted in significant challenges for the pharma industry. There is a lot of confusion in the interpretation of provisions of the Drugs (Prices Control) Order, 2013 and its implementation and this has affected the availability of some drugs. The Company is very concerned about these developments and is taking steps to resolve the issues through various forums.

Cipla has some pending legal cases related to alleged "overcharging" in respect of certain drugs under the Drugs (Prices Control) Order, 1995. The status of these cases as of the date of approval of

financial statements have been summarised in the Notes to the accounts.

Further, vide Order dated 20th July 2016, the Hon'ble Supreme Court have transferred back the writ petitions to Hon'ble Bombay High Court along with directions that 50% of the alleged "overcharged" amount mentioned in its earlier Order dated 1st August 2003 should be deposited by the Petitioners in the Bombay Petitions, within 6 weeks. Accordingly, the Company will be depositing a sum of ₹175.07 crore on or before 31st August 2016. The Company has been legally advised that on the merits of the cases that there is very little likelihood of these demands crystallising. Hence no provision is considered necessary in respect of notices of demand received by the Company up to date aggregating to ₹1768.51 crore. However, any unfavourable outcome in these proceedings could have an adverse impact on the Company.

The Industry is concerned about the recent actions by the Ministry of Health in banning a large number of Fixed Dose Combinations, and this led to various litigations being filed by the industry associations and several companies in the court. A final judgment is still awaited.

Cipla operates in a number of markets where geo-political risks exist.

No significant or material orders have been passed by the Regulators or Courts or Tribunals which may impact the going concern status of the Company and its future operations.

Health Safety & Environment (HSE)

HSE measures remain a priority for Cipla. The company continues to upgrade HSE standard at all locations. ISO 50001 is implemented at Patalganga, Kurkumbh, Bengaluru, Goa and Indore locations, to benchmark energy conservation threshold levels for a greener environment.

Cipla's manufacturing facilities at Goa, Bengaluru, Baddi, Indore, Kurkumbh, Patalganga and Sikkim are certified for ISO 14001 and OHSAS 18001 standards.

Hazards and risk associated with site activities are identified across all manufacturing locations and risk control and mitigation measures are continuously implemented. Our facilities have been regularly audited and HAZOP studies of new products have been done as part of continuous improvement in HSE systems. Online systems are in place to monitor applicable legal compliances. The Company organised specialised safety training such as process safety, road safety and behavioural safety to increase safety awareness at all working levels.

Safety week and electrical safety day were celebrated and fire service day was observed at the manufacturing units to create awareness among the employees. Fire safety and road safety training is conducted in schools nearby to our manufacturing facilities.

World Environment Earth Day were celebrated by conducting green drive programme of mass tree plantation. The Company continues to maintain modern, well-equipped effluent treatment plants and effluent testing system



at its manufacturing facilities. Treated water from this facilities is recycled and used for utility or gardening.

The Company's various locations have received HSE awards including best environment, health and safety practices, National award for Excellence in Energy Management and Greenco (Silver rating) award for Kurkumbh facility.

Internal Control Systems and their adequacy

The Company's internal control procedures are adequate to ensure compliance with various policies, practices and statutes in keeping with the organization'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, effectiveness through periodic audits by Cipla's independent 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. During the year under review, no fraud was reported by the auditors to the Audit Committee / Board of Directors.

Corporate Social Responsibility (CSR)

The CSR policy is available on the Company's website at http://www.cipla.com/templates/home_tpl/images/Corporate_Social_Responsibility_Policy.pdf.

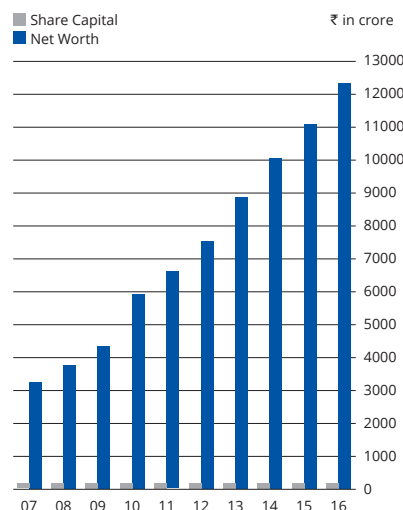
The Annual Report on CSR initiatives as required under section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time forms part of this Report as Annexure I.

Business Responsibility Report

As mandated by the Securities and Exchange Board of India (SEBI), a standalone Business Responsibility Report (BRR) forms part of the Annual Report and is available on the Company's website at www.cipla.com. 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 Union Ministry of Corporate Affairs. Any shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

Directors' Report *contd.*

Growth in Shareholders' Funds (Standalone)



CORPORATE MATTERS

Directors' Responsibility Statement

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

- followed applicable accounting standards in the preparation of the annual accounts and there are no material departures for the same;
- 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 at 31st March 2016 and of the profit of the Company for that period;
- 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;
- prepared the annual accounts on a going concern basis;
- laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Corporate Governance

A report on Corporate Governance along with a certificate from Dr. K. R. Chandratre, Practising Company Secretary, regarding compliance with Clause 49 of the erstwhile Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") forms part of this report.

Conservation of Energy, Technology Absorption, 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, the relevant information and data are annexed to this report as Annexure II.

Disclosure under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, whilst dealing with issues related to sexual harassment at the

Directors' Report *contd.*

workplace towards any employee. All employees (permanent, temporary, contractual and trainees) are covered under this policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological. A total of 14 cases were reported under the Prevention of Sexual Harassment Policy during the financial year 2015-16, out of which 2 cases were under investigation at the end of financial year. Subsequently, all the cases were satisfactorily addressed and appropriate action was taken.

Employee Stock Option Scheme

As required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the applicable disclosures as on 31st March 2016 are available on the Company's website at <http://www.cipla.com/en/investor-information/shareholder-information.html>.

There is no material change in the Employee Stock Option Schemes during the financial year under review and the Employee Stock Option Schemes are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Human Resources

The Human Resources function contributes to Cipla's growth story by working as a strategic partner to the business. The technical and quality demands of pharma combined with our own vision to grow significantly over the next few years are driving

the need for us to build an agile, engaged, and energized work force. While doing this, your Company continues to retain focus on Cipla values and its core philosophy of placing people before profits. Our core objective has been to build organizational capability through skill enhancement across levels, sales force training and enhancing competencies in line with changing business needs.

There has also been a focus on strengthening existing, middle and senior leadership.

The Company has institutionalized a robust performance management process; individual goals and key performance indicators have been aligned to organizational goals and imperatives.

In making "Caring for Life" translate to "Caring for employees", various employee centric interventions like people friendly policies and work-life balance have been launched. While serving global customers, employing people across the globe is an equally important aspect of our vision thereby building a truly global company. Employees are motivated through various skill-development, engagement and voluntary programs. We also ensure that employees are aligned with our organizational culture and values whilst never losing sight of our business objectives.

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 III.

Particulars of employee remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(2) and

(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. Having regard to the provisions of the first proviso to section 136(1) of the Companies Act, 2013, the Annual Report excluding the said information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company. The said information is also available on the Company's website www.cipla.com.

Particulars of loans, guarantees or investments

Particulars of loans, guarantees and investments under section 186 of the Companies Act, 2013 are provided in Notes 13 and 40 to the financial statements.

Extract of Annual Return

As required under section 92(3) of the Companies Act, 2013, the extract of Annual Return in Form No. MGT-9 forms part of this Report as Annexure IV.

Secretarial Audit Report

The Board had appointed M/s. BNP & Associates as the secretarial auditor for the financial year 2015-16. The secretarial audit report for the financial year ended 31st March 2016 is annexed to this report as Annexure V. The report does not contain any qualification, reservation or adverse remark.

Directors' Report *contd.*

Vigil Mechanism

The Company believes in upholding professional integrity and ethical behavior 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 behavior, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal. The details of Vigil Policy is available on the Company's website at http://www.cipla.com/templates/home_tpl/images/Vigil_Policy.pdf.

Contract and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company with related parties during the financial year 2015-16 were in the ordinary course of business and on an arm's length basis. During the year, no material related party transactions were entered into by the Company, the details of which are required to be provided under section 134(3)(h) of the Companies Act, 2013.

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.

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, the safeguarding of its assets, the prevention and detection of frauds and errors, the 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 Organisations (COSO) of the treadway commission. The Internal Control – Integrated Framework (the 2013 framework) 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, some of which are outlined below:

Cipla has a well-defined delegation of power with authority limits for approving revenue as well as expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down.

The Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions

of the Companies Act, 1956, to the extent applicable. These are in accordance with generally accepted accounting principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

Cipla uses a SAP ® (ERP) system to record data for accounting and management information purposes. The ERP system is configured to ensure all transactions are integrated seamlessly with the underlying books of account. It has continued its efforts to align all its processes and controls with global best practices.

The Management periodically reviews the financial performance of the Company against the approved plans across various parameters and takes action, wherever necessary.

Risk Management

The Company has constituted a Risk Management Committee under the Chairmanship of Mr. Subhanu Saxena, Managing Director and Global Chief Executive Officer. There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis which forms part of this Report.

Deposits

During the financial year 2015-16, your Company has not accepted 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.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually and that of its Committees. The manner in which the evaluation has been carried out is stated in the Corporate Governance Report.

Subsidiaries, Associates and Joint Ventures

The Company had 55 subsidiaries/step-down subsidiaries and Associates as on 31st March 2016. The consolidated financial statements presented in this annual report include financial results of the subsidiary

companies. The names of companies which have become or ceased to be Company's subsidiaries or associates or joint ventures during the year under review is attached as Annexure VI.

The policy for determining material subsidiaries is put up on the website at http://www.cipla.com/uploads/investor/1443000071_Policy-for-determining-Material-Subsidiaries.pdf.

A report on the performance and financial position of each of the subsidiaries, associates and joint venture forms part of Consolidated Financial Statement.

The financial statement of the Company including consolidated financial statements, financial statements of subsidiary companies are available on Company's website www.cipla.com. These documents will also be available for inspection by any member at the Registered Office of the Company during

business hours. The copy of the said financial statements will be made available to any member of the Company seeking such information.

Directors and Key Managerial Personnel

During the year under review, the members approved the appointment of Ms. Samina Vaziralli as a Whole-time Director designated as "Executive Director" for a period of five years with effect from 10th July 2015.

Dr. Nachiket Mor resigned from the Board of Directors effective 7th August 2015 due to his other commitments. The Directors place on record their appreciation of the contributions made by him as a member of the Board.

Ms. Naina Lal Kidwai has been appointed as an Additional Director with effect from 6th November 2015 and holds

Directors' Report *contd.*

office up to the date of the ensuing Annual General Meeting.

Mr. S. Radhakrishnan has been re-appointed by the Board of Directors as a Whole-time Director for a period of two years with effect from 12th November 2015, subject to the approval of members at the ensuing Annual General Meeting.

Mr. M. K. Hamied retires by rotation and, being eligible, offers himself for re-appointment.

Mr. Subhanu Saxena is stepping down as the Director, Managing Director and Global Chief Executive Officer of the Company with effect from close of business hours on 31st August 2016.

At the meeting of the Board of the Directors held on 12th August 2016, Mr. Umang Vohra has been appointed as an Additional Director and Managing Director and Global Chief Executive Officer for a period of five years with effect from 1st September 2016, subject to the approval of members at the ensuing Annual General Meeting.

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

Pursuant to the provisions of section 203(1) of the Companies Act, 2013, the Key Managerial Personnel of the Company during the year were as follows:-

- Mr. Subhanu Saxena – Managing Director and Global Chief Executive Officer
- Mr. Rajesh Garg - Director, Whole-time Director and Chief Financial Officer (Demitted office w.e.f. close of business hours on 12th June 2015).

- Mr. Umang Vohra – Global Chief Operating Officer and Global Chief Financial Officer (Appointed w.e.f. 1st October 2015)
- Mr. Mital Sanghvi – Company Secretary

All Independent Directors of the Company have given declarations that they 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 criteria for determining qualifications, positive attributes and independence of a director are attached as Annexure VII.

The salient aspects of Remuneration Policy have been outlined in the Report on Corporate Governance.

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

Number of meetings of the Board

During the year under review, 8 Board Meetings were held. The details of the Board Meetings are stated in the Report on Corporate Governance.

Composition of Audit Committee

The details pertaining to composition of Audit Committee are included in the Report on Corporate Governance.

Cost Auditor

Pursuant to the provisions of section 148 of the Companies Act, 2013, Mr. D. H. Zaveri,

a practising Cost Accountant (Fellow Membership No. 8971) has been appointed to conduct the audit of cost records of pharmaceutical products for the financial year ended 31st March 2016. 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, in Form CRA-4 (in XBRL mode), for the year ended 31st March 2015, under the head 'Drugs and Pharmaceuticals Industry' was filed with the Central Government within the prescribed time.

Auditors

M/s. V. Sankar Aiyar & Co. and M/s. R.G.N. Price & Co., joint statutory auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting (AGM). In accordance with the provisions of section 139 of the Companies Act, 2013 and the mandatory rotation of auditor requirement, it is proposed to appoint Walker Chandiook & Co LLP, Chartered Accountants, as statutory auditors of the Company to hold office from the conclusion of ensuing 80th AGM till the conclusion of 85th AGM.

The Auditors' Report for the financial year 2015-16 does not contain any qualification, reservation or adverse remark.

On behalf of the Board

Y. K. Hamied
Chairman

12th August 2016

Annexure to the Directors' Report

Annexure I

Annual Report on CSR Initiatives

(Particulars required as per the Companies (Corporate Social Responsibility Policy) Rules 2014 as amended from time to time)

I. Overview of Corporate Social Responsibility

a) Philosophy and Policy

'Caring for life' and 'None shall be denied' have been important elements of the business philosophy of Cipla Limited ('Cipla' or 'the Company') and remain the guiding principles for doing business at Cipla. This philosophy is seamlessly integrated into Cipla's people, products and processes. The Company remains committed to its philosophy across its various functions including the Corporate Social Responsibility ('CSR') function. The CSR strategy of the Company is incorporated into, and is an intrinsic part of, its business

strategy. The initiatives taken by the Company as a part of its various CSR programmes, effectively contribute to developing a sustainable and resilient community. The Company and its employees are committed to improving the quality of life of the disadvantaged not only in communities where Cipla maintains a strong business presence, but also across the country.

CSR at Cipla continues to be driven by the principles on which the Company was founded, i.e. to govern itself in an ethical, transparent

and accountable manner. The Company's 'principled approach' is not limited to allocation of funds but also includes monitoring the spending for effective results.

In addition to serving the communities around the manufacturing units/ locations where it has a business presence, the Board, through the CSR committee, is committed to collaborating with various like-minded partner organisations in an effort to work with disadvantaged and marginalized groups. In FY 2015-16, the Company has



Annexure to the Directors' Report *contd.*

expanded the scope of CSR initiatives across the country. It has increased the CSR spend in specific themes and added, Skill Advancement and Disaster Response to its focus areas. The Company intends to expand its support to specific and sustainable long-term projects based on the need, relevance and capability of key partners, enhancing the quality and quantity of CSR spend in the coming years.

Cipla's CSR efforts shall focus on Health, Education, Skill Advancement and Disaster Response for relevant target groups, ensuring diversity of beneficiaries.

Cipla has been undertaking 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 fulfill its commitment to be a socially responsible corporate citizen, the CSR policy has been formulated with the following objective:

- To undertake projects/ 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 ("Rules")

b) Activities Undertaken

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

- Cipla Foundation
- Cipla Cancer & Aids Foundation (CCAF) and
- NGO partners

Cipla has collaborated with various institutions, government agencies, individuals, visionaries and domain experts on multiple projects to ensure social well-being. The Company's CSR spend has increased by 52% in FY 2015-16 over the previous year.

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

- **Health:** In primary healthcare, Cipla aspires to support facilities to marginalised sections of the society by aiding diagnosis and treatments, promoting preventive healthcare, building awareness about sanitation, setting up and managing low cost rehabilitation centres, supporting medical camps, running mobile health



Annexure to the Directors' Report *contd.*

vans, improving the health and nutrition status of children and providing pregnancy care by working with both the public health system and the communities.

The Company also focusses on assisting children with developmental disabilities and counselling their families along with providing support to set up a training centre to build capacity of professionals, parents and community workers to identify children with disability and intervene effectively.

- Education: Cipla contributes to improving and facilitating educational outcomes, by providing support at every stage of the child's learning cycle including, but not limited to, developing infrastructure for schools and educational centres, engaging with students and parents leading to development of a better community, promoting



e-learning, reading initiatives, mobile science vans, sponsorships and merit awards.

- Skill Advancement: Cipla has supported skill building programmes, provided sponsorship to students for employability skill courses and proposes to structure skill development courses in the healthcare industry.
- Disaster Response: Cipla has been active in responding to natural disasters. It

has reached out to the affected communities and supported medical services through health camps, aided child friendly spaces to provide a secure environment for the socio-emotional development and recovery of vulnerable children. The endeavour would be to continue to provide support to disaster stricken areas.

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 work.

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.



Annexure to the Directors' Report *contd.*

II. Composition of CSR Committee

The Composition of the CSR Committee 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. Subhanu Saxena	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): ₹1,789.89 crore

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

₹35.80 crore

V. Details of CSR spent during the financial year 2015-16

- Total amount to be spent for the financial year: ₹35.80 crore
- Amount unspent, if any: ₹15.32 crore
- Manner in which the amount spent during the financial year is detailed below:

₹ in crore							
Sr. 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 2015-16 on the projects or programmes sub heads: (1) Direct expenditure on projects or Programmes (2) Overheads	Cumulative expenditure upto the reporting period 2015-16	Amount spent Direct or through implementing agency
1	Cipla Palliative Care and Training Centre	Health	(1) Warje, Pune (2) Maharashtra	9.33	(1) 3.43 (2) 0.17	9.33	Cipla Cancer & Aids Foundation

Annexure to the Directors' Report *contd.*

₹ in crore							
Sr. 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 2015-16 on the projects or programmes sub heads: (1) Direct expenditure on projects or Programmes (2) Overheads	Cumulative expenditure upto the reporting period 2015-16	Amount spent Direct or through implementing agency
2	Promoting Healthcare including Preventive Healthcare & Sanitation (Construction of Sanitation blocks, Detection and treatment of Developmental Disabilities, Eye Care camps, Healthcare services to the community, Medical support to Individuals, Mobile Health care services, Promoting Healthcare including Preventive Healthcare & Residential care and rehabilitation services)	Health & Sanitation	(1) Baddi, South Goa, Indore, Kurkumbh, Mumbai, Patalganga, Vikhroli & East Sikkim (2) Himachal Pradesh, Goa, Madhya Pradesh, Maharashtra & Sikkim	11.69	(1) 8.06 (2) 0.40	11.53	Cipla Limited & Cipla Foundation
3	Research studies and education on public health	Health	(1) Pune (2) Maharashtra	1.89	(1) 1.80 (2) 0.09	1.89	Chest Research Foundation
Sub Total of Health & Sanitation (A)				22.91	13.95	22.75	
4	Promoting education, including special education (Education of underprivileged children from troubled background, Infrastructural support to School, Meritorious Awards, Promoting Education, Promoting Education in govt. schools, Sponsorship to Economically weaker Students, Sponsorship to Students, e-Learning & pre-school education)	Education	(1) Baddi, Bengaluru, South Goa, Indore, Kurkumbh, Mumbai, Patalganga, Vikhroli & East Sikkim (2) Himachal Pradesh, Karnataka, Goa, Madhya Pradesh, Maharashtra & Sikkim	5.60	(1) 2.80 (2) 0.14	5.43	Cipla Foundation
Sub Total of Education (B)				5.60	2.94	5.43	
5	Skill advancement	Skilling	(1) South Goa, Indore & Mumbai (2) Goa, Madhya Pradesh & Maharashtra	0.61	(1) 0.58 (2) 0.03	0.61	Cipla Foundation
Sub Total of Skilling (C)				0.61	0.61	0.61	
6	Rural development projects (Rural development projects & Setting up old age and community hall for socially and economically backward groups)	Community Development	(1) Bengaluru, Kurkumbh, Patalganga & East Sikkim (2) Karnataka, Maharashtra & Sikkim	0.29	(1) 0.28 (2) 0.01	0.29	Cipla Foundation
Sub Total of Community Development (D)				0.29	0.29	0.29	

Annexure to the Directors' Report *contd.*

₹ in crore

Sr. 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 2015-16 on the projects or programmes sub heads: (1) Direct expenditure on projects or Programmes (2) Overheads	Cumulative expenditure upto the reporting period 2015-16	Amount spent Direct or through implementing agency
7	Disaster response (Medical relief, basic assistance material, medical camps, child friendly spaces)	Disaster response	(1) Kanchipuram, Cuddalore & Chennai (2) Tamil Nadu	1.79	(1) 1.61 (2) 0.09	1.70	Cipla Foundation
	Sub Total of Disaster response (E)			1.79	1.70	1.70	
8	Environmental sustainability, ecological balance and conservation of natural resources	Environment	(1) South Goa, Indore & Patalganga (2) Goa, Madhya Pradesh & Maharashtra	0.26	(1) 0.14 (2) 0.01	0.26	Cipla Foundation
	Sub Total of Environment (F)			0.26	0.15	0.26	
9	Others	Others	(1) Kanchipuram, Cuddalore, Chennai, Baddi, South Goa, Indore, Kurkumbh, Mumbai, Patalganga, Vikhroli, East Sikkim & Bengaluru (2) Tamil Nadu, Himachal Pradesh, Goa, Madhya Pradesh, Maharashtra, Sikkim & Karnataka	0.84	(1) 0.80 (2) 0.04	0.84	Cipla Foundation
	Sub Total of Others (G)			0.84	0.84	0.84	
	Grand Total (A+B+C+D+E+F+G)			32.30	20.48	31.88	

Annexure to the Directors' Report *contd.*

VI. In alignment with its business philosophy, Cipla has been spending on CSR on its focused themes, programmes and various public initiatives for many years. The results of these CSR activities are evident in the number of lives touched through access to education, improved healthcare and creation of livelihood opportunities. The spending has been driven by the 'principled approach' of the Company, guided by the vision of long-term benefit to society. The Company while continuing with the essence of this philosophy, has also consciously made an effort to increase the CSR spend in FY 2014-15 and FY 2015-16.

In the reporting period, under the guidance of the CSR committee, Cipla has strived consistently to integrate aspects of community development, responsible governance and stakeholder inclusion. This dedicated commitment towards inclusive growth is manifested through the Company's CSR initiatives across India, during FY 2015-16. Although the Company has not met the prescribed CSR spend, the CSR expenditure has increased significantly from ₹13.43 crore during FY 2014-15 to ₹20.48 crore during FY 2015-16. Further, the Company has committed to increase expenditure for CSR initiatives in the coming years through structured programmes and projects that are on-going and have a life cycle of three to five years.

For the next year, the Company has a clear road map for achieving the desired results enunciated in its CSR policy and endorsed by the CSR committee.



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/ programs submitted to them on a periodic basis.

Subhanu Saxena
Managing Director and Global
Chief Executive Officer

M. K. Hamied
Chairman – CSR Committee

12th August 2016

Annexure to the Directors' Report *contd.*

ANNEXURE II

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 2016 is given here below and forms part of the Directors' 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 optimize consumption. Some of the specific measures undertaken are:

- i. Renewable energy utilization: Installation of roof top 140 KWp Solar power plant at Patalganga and Solar hot water system for process application at Goa & Kurkumbh. Solar hot water system for Canteen dishwasher at Indore.
- ii. Carbon emission reduction program: IBR boiler installed in place of Non IBR boiler at Goa.
- iii. Energy Monitoring system: Installation of utilities parameters monitoring system at Baddi as well as Energy management system at Kurkumbh as well as Installation of IFC System for Compressed Air at Patalganga.
- iv. Lighting system performance improvement Program: Retrofitting of LED lights in existing light fixture at Baddi, Bommasandra, Goa, Indore, Kurkumbh, Patalganga, Sikkim and Virgonagar.
- v. Pumping system: Installation of new energy efficient Pumps & Motors for various types of utilities

at Baddi, Bommasandra, Goa, Indore, Kurkumbh, Patalganga, Sikkim and Virgonagar.

- vi. VFD system : Installation of Variable frequency drive for various process and Utility equipment like AHU Fan blower, Pumps etc. at Baddi, Goa, Indore, Kurkumbh, Patalganga, Virgonagar and Sikkim.
- vii. Phase out Plan of equipments having life more than 10 years: Replacement of old chillers with new energy efficient chillers in Baddi, Kurkumbh and Patalganga. Replacement of Old motors with new Energy efficient motors at Kurkumbh and Virgonagar.
- viii. Utility Leakages arrest Management program: Implemented well-structured Utility leakages arrest management program at Goa, Kurkumbh, Indore, Patalganga and Virgonagar.
- ix. Energy Efficiency improvement program: Improved energy efficiency of Boiler at Indore and Air Compressor at Virgonagar through servicing / tuning of these equipment.
- x. Use of Natural ventilation instead of Forced ventilation for service floor at Baddi.
- xi. Installation of Energy efficient hand drier at Goa.
- xii. Portable steam generator (Humidifier) has been

installed in storage area at Indore, to minimise AHU operations during non-working days and thereby reduce steam usage.

- xiii. ETP decanter is replaced by Volute at Patalganga and Kurkumbh.
- xiv. Boiler blow down and flash steam recovery at Patalganga.
- xv. Virtualization of Server at Kurkumbh.
- xvi. Installation of online tube cleaning system for water plants in Kurkumbh and Patalganga plants.

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 have 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 the financial year 2015-16.

III. The capital investment on the energy conservation equipments:

The Capital investment on energy conservation equipment is ₹8.47 crore during the financial year 2015-16.

Annexure to the Directors' Report *contd.*

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. The company operationalized pilot plant facility at Patalganga for scaling up of solid dosage forms.
- viii. Development of new innovative technology for the manufacture of existing APIs and their intermediates.
- ix. Development of agro technology, genetics and biotechnology for cultivation of medicinal plants and isolation of active

ingredients from plant materials.

- x. Development of new drug delivery systems for existing and newer active drug substances as also newer medical devices.
- xi. Development of methods to improve safety procedures, effluent control, pollution control, etc.
- xii. Development of products related to the indigenous system of medicines.

(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.
- 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 utilization 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 2013-14, 2014-15 and 2015-16.

(IV) The expenditure incurred on Research & Development:

	₹ in crore
a. Capital	242.74
b. Recurring	792.60
Total	1035.34

The total R&D expenditure as a percentage of total turnover is around 8.50 percent.

C. Foreign Exchange Earnings and Outgo

1. Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans:
Exports sales were ₹6683.67 crore for the financial year 2015-16. Exports constituted more than 50% of total turnover. In addition, the Company earned ₹38.43 crore towards technical know-how & licensing fees and ₹24.03 crore for other services fees. The Company continues to leverage on its strategic marketing alliances and partnerships in more than 100 countries.
2. Total foreign exchange used and earned:
During the year, the foreign exchange outgo was ₹2472.88 crore and the earnings in foreign exchange was ₹6746.13 crore. Details of the same have been given in Notes 22, 32 and 33 in the Notes to the financial statements.

On behalf of the Board,

Y. K. Hamied
Chairman

12th August 2016

Annexure to the Directors' Report *contd.*

Annexure III

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 the financial year 2015-16:

Name	Designation	Ratio to median remuneration
Dr. Y. K. Hamied	Chairman	1:1
Mr. M. K. Hamied	Vice-Chairman	3:1
Mr. Ashok Sinha	Independent Director	17:1
Dr. Peter Mugenyi	Independent Director	15:1
Mr. Adil Zainulbhai ⁽¹⁾	Independent Director	15:1
Ms. Punita Lal ⁽²⁾	Independent Director	13:1
Dr. Nachiket Mor ⁽³⁾	Independent Director	4:1
Ms. Naina Lal Kidwai ⁽⁴⁾	Independent Director	5:1
Mr. Subhanu Saxena	Managing Director and Global Chief Executive Officer	390:1
Mr. S. Radhakrishnan	Whole-time Director	106:1
Mr. Rajesh Garg ⁽⁵⁾	Executive Director and Global Chief Financial Officer	361:1
Ms. Samina Vaziralli ⁽⁶⁾	Executive Director	78:1

- ii. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16:

Name	Designation	% increase in remuneration
Dr. Y. K. Hamied	Chairman	(98.51)
Mr. M. K. Hamied	Vice-Chairman	(94.58)
Mr. Ashok Sinha	Independent Director	18.49
Dr. Peter Mugenyi	Independent Director	12.47
Mr. Adil Zainulbhai ⁽¹⁾	Independent Director	65.26
Ms. Punita Lal ⁽²⁾	Independent Director	222.71
Dr. Nachiket Mor ⁽³⁾	Independent Director	5.69
Ms. Naina Lal Kidwai ⁽⁴⁾	Independent Director	-
Mr. Subhanu Saxena	Managing Director and Global Chief Executive Officer	(7.13)
Mr. S. Radhakrishnan	Whole-time Director	(8.59)
Mr. Rajesh Garg ⁽⁵⁾	Executive Director and Global Chief Financial Officer	129.74
Ms. Samina Vaziralli ⁽⁶⁾	Executive Director	118.37
Mr. Mital Sanghvi	Company Secretary and Chief Internal Auditor	42.80
Mr. Umang Vohra ⁽⁷⁾	Global Chief Operating Officer and Global Chief Financial Officer	-

Notes:

⁽¹⁾ Appointed w.e.f. 23rd July 2014

⁽²⁾ Appointed w.e.f. 13th November 2014

⁽³⁾ Appointed w.e.f. 13th November 2014 and resigned w.e.f. 7th August 2015

⁽⁴⁾ Appointed w.e.f. 6th November 2015

⁽⁵⁾ Demitted office as a Director, Whole-time Director and Chief Financial Officer w.e.f. close of business hours on 12th June 2015

⁽⁶⁾ Appointed w.e.f. 10th July 2015

⁽⁷⁾ Appointed w.e.f. 1st October 2015

- iii. The percentage increase in the median remuneration of employees in the financial year: 3.55%
- iv. Number of permanent employees on the rolls of the Company as on 31st March 2016: 24,093
- v. The average annual increase excluding the managerial personnel in the financial year 2015-16 was 11.88%.
The increase in the average managerial remuneration for the financial year 2015-16 was 1.17%.
- vi. It is affirmed that the remuneration is as per the Remuneration Policy of the Company.

Annexure to the Directors' Report *contd.*

Annexure IV

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2016

[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	17 th 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 - 400 013 Tel: (022) 2482 6000 Fax: (022) 2482 6893 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, Telangana - 500 032 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

Annexure to the Directors' Report *contd.*

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 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)
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 (Pty) Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
6)	Cipla Holding B.V. Schiphol Boulevard 231, 1118BH Schiphol, The Netherlands	NA	Subsidiary	100	2(87)
7)	Cipla BioTec Pvt. Ltd. L-147/B, Verna Industrial Area, Verna, Goa - 403 722, India	U24239GA2008PTC007374	Subsidiary	100	2(87)
8)	Cipla (EU) Ltd. Hillbrow House, Hillbrow Road, Esher, Surrey, KT10 9NW, 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, 7 th Floor, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013, Maharashtra, India	U24100MH2015PLC267880	Subsidiary	100	2(87)
	Subsidiaries (held indirectly)				
12)	Four M Propack Pvt. Ltd. C1-Pooja Apartment, 17, Hariyali Estate, Vikhroli (West), Mumbai - 400 083, Maharashtra, India	U51900MH2008PTC186021	Subsidiary	100	2(87)
13)	Cipla (UK) Ltd. The Old Post House, 91 Heath Road, Weybridge Surrey, KT13 8TS, United Kingdom	NA	Subsidiary	100	2(87)

Annexure to the Directors' Report *contd.*

Sr. No.	Name & Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section of Companies Act, 2013
14)	Cipla Australia Pty. Ltd. BSA Partnership Pty Ltd, Level 15, 461 Bourke Street, Melbourne, VIC, 3000, Australia	NA	Subsidiary	100	2(87)
15)	Medispray Laboratories Pvt. Ltd. Plot No.344/345, Kundaim Industrial Estate, Kundaim, Goa - 403 115, India	U52311GA1992PTC002801	Subsidiary	100	2(87)
16)	Sitec Labs Pvt. Ltd. C1-Pooja Apartment, 17, Hariyali Estate, Vikhroli (West), Mumbai - 400 083, Maharashtra, India	U74999MH2000PTC129210	Subsidiary	100	2(87)
17)	Meditab Holdings Ltd. C/o CIM Corporate Services Ltd., Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	NA	Subsidiary	100	2(87)
18)	Meditab Specialities New Zealand Ltd. C/-DFK Oswin Griffiths Carlton, Level 4, 52 Symonds Street, Auckland, New Zealand	NA	Subsidiary	100	2(87)
19)	Cipla İlaç Ticaret Anonim Şirketi Fulya Hakkı Yeten Cad. Seleniun, Plaza No: 10C Kat:6 Besiktas -Istanbul, Turkey	NA	Subsidiary	100	2(87)
20)	Cipla USA Inc. Corporation Service Company, 2711 Centerville Road, Suite 400, New Castle County, Wilmington, DE 19801, USA	NA	Subsidiary	100	2(87)
21)	Cipla Kenya Ltd. L.R. No. 209/1907, 5 th Floor, Avocado Towers, Muthithi Road, Westlands, P.O. Box 45669-00100, Nairobi, Kenya	NA	Subsidiary	100	2(87)
22)	Cipla Malaysia Sdn. Bhd. Suite 1005, 10 th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, 50100, Kuala Lumpur, Malaysia	NA	Subsidiary	100	2(87)
23)	Cipla Europe NV Uitbreidingstraat 80, 2600 Antwerp, Belgium	NA	Subsidiary	100	2(87)
24)	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)
25)	Cipla Croatia d.o.o. Ulica grada Vukovara 284/C/3, 10 000 Zagreb, Croatia	NA	Subsidiary	100	2(87)
26)	Galilee Marketing Proprietary Ltd. 1474, South Coast Road, Mobeni - 4052, South Africa	NA	Subsidiary	100	2(87)
27)	Inyanga Trading 386 Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)

* Consequent to Quality Chemicals Limited's acquisition, the Company's effective stake in Cipla Quality Chemical Industries Ltd. increased from 51.05% to 62.30%.

Annexure to the Directors' Report *contd.*

Sr. No.	Name & Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section of Companies Act, 2013
28)	Xeragen Laboratories Proprietary Ltd. 1474, South Coast Road, Mobeni-4052, South Africa	NA	Subsidiary	100	2(87)
29)	Cipla Medpro Holdings Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
30)	Cape to Cairo Exports Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
31)	Cipla Agrimed Proprietary Ltd. 67, Nicolson Street, Baileys Muckleneuk Pretoria, 0181, South Africa	NA	Subsidiary	100	2(87)
32)	Cipla Dibcare Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
33)	Cipla Life Sciences Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
34)	Cipla-Medpro Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
35)	Cipla-Medpro Distribution Centre Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
36)	Cipla Medpro Botswana Proprietary Ltd. P.O. Box 40185, Gaborone, South Africa	NA	Subsidiary	100	2(87)
37)	Cipla Medpro Research and Development Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
38)	Cipla Nutrition Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
39)	Cipla Vet Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
40)	Medpro Pharmaceutica Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
41)	Med Man Care Proprietary Ltd. Parc du Cap, Building 9, Mispel Street, Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100	2(87)
42)	Breathe Free Lanka (Private) Ltd. No. 47, Alexandra Place, Colombo 07, Sri Lanka	NA	Subsidiary	100	2(87)

Annexure to the Directors' Report *contd.*

Sr. No.	Name & Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section of Companies Act, 2013
43)	Cipla Canada Inc. Office number- 477, 6500 TransCanada Service Rd, 4 th Floor, Pointe-Claire, H9R 0A5, Quebec, Canada	NA	Subsidiary	100	2(87)
44)	Medica Pharmaceutical Industries Company Ltd. Al-Jabal Group building, Noakshot Street, Behind Canada Dry Factory, Sanaa, Yemen	NA	Subsidiary	50.49	2(87)
45)	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)
46)	Cipla Pharma Lanka (Private) Ltd. No. 345 - 4/1, Galle Roads, Colombo 03	NA	Subsidiary	60	2(87)
47)	Cipla Pharma Nigeria Ltd. Afprint Compound, 122-132, Oshodi-Apapa Expressway, Isolo, Lagos, Nigeria	NA	Subsidiary	100	2(87)
48)	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)
49)	Cipla Maroc SA Casablanca - Bureau n°7-1, 7ème étage, 33 Avenue Hassan Sghir, Morocco	NA	Subsidiary	60	2(87)
50)	Cipla Middle East Pharmaceuticals FZ-LLC Dubai Technology & Media Free Zone, Dubai, U.A.E.	NA	Subsidiary	51	2(87)
51)	Quality Chemicals Limited Quality Chemicals House, Plot 64/65 Katwe Road, P.O. Box 3381, Kampala, Uganda	NA	Subsidiary	51	2(87)
52)	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)
53)	InvaGen Pharmaceuticals Inc. Site B, 7 Oser Avenue, Hauppauge, New York 11788, USA	NA	Subsidiary	100	2(87)
54)	Exelan Pharmaceuticals Inc. 242 Culver Street Suite 208, Lawrenceville, GA 30046, USA	NA	Subsidiary	100	2(87)
	Associate				
55)	Stempeutics Research Pvt. Ltd. Akshay Tech Park, #72 & 73, 2 nd Floor, EPIP Zone, Phase I-Area Whitefield, Bangalore - 560 066, Karnataka, India	U73100KA2006PTC038256	Associate	49	2(6)

Annexure to the Directors' Report *contd.*

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 1 st April 2015)				No. of Shares held at the end of the year (as on 31 st March 2016)				% 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	13.92	111781000	-	111781000	13.91	-0.01
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	6022791	-	6022791	0.75	6022791	-	6022791	0.75	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	117803791	-	117803791	14.67	117803791	-	117803791	14.66	-0.01
2) Foreign									
a) NRIs – Individuals	177682187	-	177682187	22.13	177682187	-	177682187	22.12	-0.01
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	177682187	-	177682187	22.13	177682187	-	177682187	22.12	-0.01
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	295485978	-	295485978	36.80	295485978	-	295485978	36.78	-0.02
B. Public Shareholding									
1) Institutions									
a) Mutual Funds / UTI	30823665	-	30823665	3.84	62223085	-	62223085	7.75	3.91
b) Banks / FI	1554907	16600	1571507	0.20	4297809	7225	4305034	0.54	0.34
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	45950769	-	45950769	5.72	49897428	-	49897428	6.21	0.49
g) Foreign Institutional Investors	161846469	-	161846469	20.16	85993115	-	85993115	10.70	- 9.46
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

Annexure to the Directors' Report *contd.*

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 st April 2015)				No. of Shares held at the end of the year (as on 31 st March 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Others (specify)									
• Foreign Portfolio Investors	42324517	-	42324517	5.27	72066094	-	72066094	8.97	3.70
Sub-total (B)(1)	282500327	16600	282516927	35.19	274477531	7225	274484756	34.17	- 1.02
2) Non-Institutions									
a) Bodies Corporate									
i) Indian	31558192	261057	31819249	3.96	35994464	246812	36241276	4.51	0.55
ii) Overseas	157358	-	157358	0.02	117185	-	117185	0.01	- 0.01
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	46917123	4495034	51412157	6.40	51420003	4215730	55635733	6.93	0.53
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	59416064	34301974	93718038	11.67	58245095	33367524	91612619	11.40	- 0.27
c) Others (specify)									
i) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
ii) Trusts	1395071	-	1395071	0.17	2496126	-	2496126	0.31	0.14
iii) Non Resident Indians / Foreign Nationals / Foreign Bodies	4820324	23017100	27837424	3.47	27829357	397575	28226932	3.51	0.04
iv) Clearing Members	1099418	-	1099418	0.14	3375374	-	3375374	0.42	0.28
v) Overseas Corporate Bodies	375	-	375	0.00	375	-	375	0.00	0.00
vi) NBFCs Registered with RBI*	-	-	-	-	213769	-	213769	0.03	0.03
Sub-total (B)(2)	145363925	62075165	207439090	25.83	179691748	38227641	217919389	27.12	1.29
Total Public Shareholding (B)=(B)(1) + (B)(2)	427864252	62091765	489956017	61.02	454169279	38234866	492404145	61.29	0.27
C. Shares held by Custodian for GDRs & ADRs	17518445	-	17518445	2.18	15494159	-	15494159	1.93	- 0.25
Grand Total (A+B+C)	740868675	62091765	802960440	100	765149416	38234866	803384282	100	-

* NBFCs Registered with RBI is a new category introduced in the shareholding pattern under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Annexure to the Directors' Report *contd.*

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1 st April 2015)			Shareholding at the end of the year (As on 31 st March 2016)			% 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	124827750	15.55	-	166742687	20.76	-	5.21
2)	M. K. Hamied	39690000	4.94	-	39690000	4.94	-	-
3)	Farida Hamied	41914937	5.22	-	0	0	-	- 5.22
4)	Sophie Ahmed	45982000	5.73	-	45982000	5.72	-	- 0.01
5)	Shirin Hamied	6363000	0.79	-	6363000	0.79	-	-
6)	Kamil Hamied	10939500	1.36	-	10939500	1.36	-	-
7)	Samina Vaziralli	9859500	1.23	-	9859500	1.23	-	-
8)	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	-	382	0.00	-	-
Total		295485978	36.80	-	295485978	36.78	-	- 0.02*

* % change in shareholding is due to increase in 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 (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015) / end of the year (31 st March 2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
1)	Dr. Y. K. Hamied	124827750	15.55	01/04/2015		Inter-se transfer between immediate relatives		
				29/01/2016	41914937		166742687	20.76
		166742687	20.76	31/03/2016				
2)	Farida Hamied	41914937	5.22	01/04/2015		Inter-se transfer between immediate relatives		
				29/01/2016	- 41914937		-	-
		-	-	31/03/2016				

Annexure to the Directors' Report *contd.*

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

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1)	Life Insurance Corporation of India [^]	44213904	5.51	01/04/2015				
				10/04/2015	-2123287	Transfer	42090617	5.24
				08/05/2015	558892	Transfer	42649509	5.31
				15/05/2015	490000	Transfer	43139509	5.37
				05/06/2015	37255	Transfer	43176764	5.38
				19/06/2015	155988	Transfer	43332752	5.40
				14/08/2015	-41457	Transfer	43291295	5.39
				21/08/2015	-25000	Transfer	43266295	5.39
				16/10/2015	-68014	Transfer	43198281	5.38
				23/10/2015	-294302	Transfer	42903979	5.34
				30/10/2015	-958260	Transfer	41945719	5.22
				06/11/2015	-507414	Transfer	41438305	5.16
				20/11/2015	-10000	Transfer	41428305	5.16
				27/11/2015	-15000	Transfer	41413305	5.16
				04/12/2015	-10100	Transfer	41403205	5.15
				15/01/2016	1130	Transfer	41404335	5.15
				22/01/2016	105735	Transfer	41510070	5.17
				29/01/2016	302270	Transfer	41812340	5.20
				12/02/2016	1271987	Transfer	43084327	5.36
				19/02/2016	2157068	Transfer	45241395	5.63
				26/02/2016	1555503	Transfer	46796898	5.83
				04/03/2016	860000	Transfer	47656898	5.93
				11/03/2016	364839	Transfer	48021737	5.98
				18/03/2016	88500	Transfer	48110237	5.99
		48110237	5.99	31/03/2016				
2)	Oppenheimer Developing Markets Fund	18613261	2.32	01/04/2015				
				14/08/2015	-1167173	Transfer	17446088	2.17
				21/08/2015	-2013847	Transfer	15432241	1.92
				04/09/2015	-1140827	Transfer	14291414	1.78
				11/09/2015	-456049	Transfer	13835365	1.72
				26/02/2016	-1444586	Transfer	12390779	1.54
				04/03/2016	-3588035	Transfer	8802744	1.10
				11/03/2016	-2645815	Transfer	6156929	0.77
				18/03/2016	-624013	Transfer	5532916	0.69
		5532916	0.69	31/03/2016				

Annexure to the Directors' Report *contd.*

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
3)	Virtus Emerging Markets Opportunities Fund#	13185787	1.64	01/04/2015				
				24/04/2015	-45300	Transfer	13140487	1.64
				18/09/2015	-9866	Transfer	13130621	1.63
				25/09/2015	-253610	Transfer	12877011	1.60
				30/09/2015	-484228	Transfer	12392783	1.54
				02/10/2015	-477729	Transfer	11915054	1.48
				09/10/2015	-991041	Transfer	10924013	1.36
				22/01/2016	-284878	Transfer	10639135	1.32
				29/01/2016	-715222	Transfer	9923913	1.24
				19/02/2016	-616725	Transfer	9307188	1.16
				26/02/2016	-241712	Transfer	9065476	1.13
				04/03/2016	-1395169	Transfer	7670307	0.95
				11/03/2016	-591276	Transfer	7079031	0.88
				18/03/2016	-2486474	Transfer	4592557	0.57
				25/03/2016	-735629	Transfer	3856928	0.48
				31/03/2016	-2045452	Transfer	1811476	0.23
		1811476	0.23	31/03/2016				
4)	HDFC Mutual Fund^	10900566	1.36	01/04/2015				
				17/04/2015	-153000	Transfer	10747566	1.34
				24/04/2015	1344	Transfer	10748910	1.34
				01/05/2015	75368	Transfer	10824278	1.35
				08/05/2015	-449000	Transfer	10375278	1.29
				15/05/2015	-700000	Transfer	9675278	1.20
				22/05/2015	658	Transfer	9675936	1.21
				29/05/2015	1167	Transfer	9677103	1.21
				05/06/2015	-499983	Transfer	9177120	1.14
				12/06/2015	-726463	Transfer	8450657	1.05
				19/06/2015	1208	Transfer	8451865	1.05
				26/06/2015	-86	Transfer	8451779	1.05
				30/06/2015	1500	Transfer	8453279	1.05
				03/07/2015	13861	Transfer	8467140	1.05
				10/07/2015	-550112	Transfer	7917028	0.99
				17/07/2015	-200500	Transfer	7716528	0.96
				24/07/2015	-89573	Transfer	7626955	0.95
				07/08/2015	58	Transfer	7627013	0.95

Annexure to the Directors' Report *contd.*

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				14/08/2015	8500	Transfer	7635513	0.95
				21/08/2015	99500	Transfer	7735013	0.96
				28/08/2015	58720	Transfer	7793733	0.97
				04/09/2015	759	Transfer	7794492	0.97
				11/09/2015	57075	Transfer	7851567	0.98
				18/09/2015	26684	Transfer	7878251	0.98
				25/09/2015	22	Transfer	7878273	0.98
				30/09/2015	4500	Transfer	7882773	0.98
				09/10/2015	47921	Transfer	7930694	0.99
				16/10/2015	-18	Transfer	7930676	0.99
				23/10/2015	36387	Transfer	7967063	0.99
				30/10/2015	-757	Transfer	7966306	0.99
				06/11/2015	47600	Transfer	8013906	1.00
				13/11/2015	895	Transfer	8014801	1.00
				20/11/2015	47150	Transfer	8061951	1.00
				27/11/2015	130383	Transfer	8192334	1.02
				04/12/2015	7956	Transfer	8200290	1.02
				11/12/2015	5662	Transfer	8205952	1.02
				18/12/2015	15450	Transfer	8221402	1.02
				25/12/2015	19889	Transfer	8241291	1.03
				31/12/2015	25669	Transfer	8266960	1.03
				01/01/2016	4000	Transfer	8270960	1.03
				08/01/2016	16514	Transfer	8287474	1.03
				15/01/2016	-260407	Transfer	8027067	1.00
				22/01/2016	211	Transfer	8027278	1.00
				29/01/2016	675	Transfer	8027953	1.00
				05/02/2016	-162259	Transfer	7865694	0.98
				12/02/2016	-157060	Transfer	7708634	0.96
				19/02/2016	5655	Transfer	7714289	0.96
				26/02/2016	1436	Transfer	7715725	0.96
				04/03/2016	28564	Transfer	7744289	0.96
				11/03/2016	1149	Transfer	7745438	0.96
				18/03/2016	2789	Transfer	7748227	0.96
				25/03/2016	-64167	Transfer	7684060	0.96
				31/03/2016	-23941	Transfer	7660119	0.95
		7660119	0.95	31/03/2016				

Annexure to the Directors' Report *contd.*

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
5)	Vontobel India Fund#	10663285	1.33	01/04/2015				
				10/04/2015	-252788	Transfer	10410497	1.30
				24/04/2015	-35616	Transfer	10374881	1.29
				30/09/2015	-382500	Transfer	9992381	1.24
				02/10/2015	-377300	Transfer	9615081	1.20
				09/10/2015	-782800	Transfer	8832281	1.10
				19/02/2016	-116520	Transfer	8715761	1.08
				26/02/2016	-212867	Transfer	8502894	1.06
				04/03/2016	-1242933	Transfer	7259961	0.90
				11/03/2016	-559644	Transfer	6700317	0.83
				18/03/2016	-2353453	Transfer	4346864	0.54
				25/03/2016	-913865	Transfer	3432999	0.43
				31/03/2016	-2625640	Transfer	807359	0.10
		807359	0.10	31/03/2016				
6)	Abu Dhabi Investment Authority^	10441145	1.30	01/04/2015				
				17/04/2015	-288143	Transfer	10153002	1.26
				01/05/2015	182843	Transfer	10335845	1.29
				08/05/2015	148000	Transfer	10483845	1.31
				15/05/2015	245657	Transfer	10729502	1.34
				22/05/2015	-46800	Transfer	10682702	1.33
				29/05/2015	-340814	Transfer	10341888	1.29
				05/06/2015	-323869	Transfer	10018019	1.25
				12/06/2015	-1985	Transfer	10016034	1.25
				26/06/2015	268500	Transfer	10284534	1.28
				31/07/2015	19042	Transfer	10303576	1.28
				14/08/2015	-413418	Transfer	9890158	1.23
				21/08/2015	-1556500	Transfer	8333658	1.04
				28/08/2015	-49967	Transfer	8283691	1.03
				04/09/2015	-104226	Transfer	8179465	1.02
				18/09/2015	-15150	Transfer	8164315	1.02
				25/09/2015	-137221	Transfer	8027094	1.00
				23/10/2015	-187839	Transfer	7839255	0.98
				30/10/2015	478325	Transfer	8317580	1.04
				06/11/2015	189460	Transfer	8507040	1.06
				20/11/2015	-21630	Transfer	8485410	1.06
				27/11/2015	-72330	Transfer	8413080	1.05
				04/12/2015	-196424	Transfer	8216656	1.02

Annexure to the Directors' Report *contd.*

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				22/01/2016	18900	Transfer	8235556	1.03
				05/02/2016	30457	Transfer	8266013	1.03
				26/02/2016	-30322	Transfer	8235691	1.03
				04/03/2016	-42803	Transfer	8192888	1.02
				18/03/2016	330949	Transfer	8523837	1.06
		8523837	1.06	31/03/2016				
7)	Vontobel Fund - Emerging Markets Equity#^	9313044	1.16	01/04/2015				
				10/04/2015	-375600	Transfer	8937444	1.11
				24/04/2015	-26900	Transfer	8910544	1.11
				01/05/2015	-419900	Transfer	8490644	1.06
				04/09/2015	-415100	Transfer	8075544	1.01
				18/09/2015	-5185	Transfer	8070359	1.00
				25/09/2015	-133278	Transfer	7937081	0.99
				30/09/2015	-254474	Transfer	7682607	0.96
				02/10/2015	-251058	Transfer	7431549	0.93
				09/10/2015	-520817	Transfer	6910732	0.86
				18/12/2015	-37900	Transfer	6872832	0.86
				29/01/2016	-253658	Transfer	6619174	0.82
				19/02/2016	-445643	Transfer	6173531	0.77
				26/02/2016	-174661	Transfer	5998870	0.75
				04/03/2016	-987639	Transfer	5011231	0.62
				11/03/2016	-322831	Transfer	4688400	0.58
				18/03/2016	-1357590	Transfer	3330810	0.41
				25/03/2016	-401646	Transfer	2929164	0.36
				31/03/2016	-1116797	Transfer	1812367	0.23
		1812367	0.23	31/03/2016				
8)	ICICI Prudential Mutual Fund^	8696421	1.08	01/04/2015				
				10/04/2015	-531617	Transfer	8164804	1.02
				17/04/2015	-259745	Transfer	7905059	0.98
				24/04/2015	-316529	Transfer	7588530	0.95
				01/05/2015	-149	Transfer	7588381	0.95
				08/05/2015	129	Transfer	7588510	0.95
				15/05/2015	492292	Transfer	8080802	1.01
				22/05/2015	-58349	Transfer	8022453	1.00
				29/05/2015	44062	Transfer	8066515	1.00
				05/06/2015	-45303	Transfer	8021212	1.00
				12/06/2015	536632	Transfer	8557844	1.07

Annexure to the Directors' Report *contd.*

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				19/06/2015	317842	Transfer	8875686	1.11
				26/06/2015	-138461	Transfer	8737225	1.09
				30/06/2015	784468	Transfer	9521693	1.19
				03/07/2015	-47069	Transfer	9474624	1.18
				17/07/2015	239698	Transfer	9714322	1.21
				24/07/2015	1108243	Transfer	10822565	1.35
				31/07/2015	277261	Transfer	11099826	1.38
				14/08/2015	7216	Transfer	11107042	1.38
				21/08/2015	689143	Transfer	11796185	1.47
				28/08/2015	2091551	Transfer	13887736	1.73
				04/09/2015	628190	Transfer	14515926	1.81
				11/09/2015	1221792	Transfer	15737718	1.96
				18/09/2015	71707	Transfer	15809425	1.97
				25/09/2015	603818	Transfer	16413243	2.04
				30/09/2015	801543	Transfer	17214786	2.14
				02/10/2015	87500	Transfer	17302286	2.15
				09/10/2015	1235723	Transfer	18538009	2.31
				16/10/2015	291442	Transfer	18829451	2.34
				23/10/2015	1013516	Transfer	19842967	2.47
				30/10/2015	632706	Transfer	20475673	2.55
				06/11/2015	493013	Transfer	20968686	2.61
				13/11/2015	45300	Transfer	21013986	2.62
				20/11/2015	681066	Transfer	21695052	2.70
				27/11/2015	385857	Transfer	22080909	2.75
				04/12/2015	964996	Transfer	23045905	2.87
				11/12/2015	875400	Transfer	23921305	2.98
				18/12/2015	1484	Transfer	23922789	2.98
				25/12/2015	-18156	Transfer	23904633	2.98
				31/12/2015	156785	Transfer	24061418	3.00
				08/01/2016	52409	Transfer	24113827	3.00
				15/01/2016	1089606	Transfer	25203433	3.14
				22/01/2016	1229395	Transfer	26432828	3.29
				29/01/2016	335244	Transfer	26768072	3.33
				05/02/2016	182196	Transfer	26950268	3.35
				12/02/2016	434950	Transfer	27385218	3.41
				19/02/2016	563990	Transfer	27949208	3.48

Annexure to the Directors' Report *contd.*

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				26/02/2016	629463	Transfer	28578671	3.56
				04/03/2016	1496831	Transfer	30075502	3.74
				11/03/2016	4460	Transfer	30079962	3.74
				18/03/2016	1587891	Transfer	31667853	3.94
				25/03/2016	830920	Transfer	32498773	4.05
				31/03/2016	1910473	Transfer	34409246	4.28
		34409246	4.28	31/03/2016				
9)	Government of Singapore [^]	5712577	0.71	01/04/2015				
				10/04/2015	50110	Transfer	5762687	0.72
				24/04/2015	99818	Transfer	5862505	0.73
				01/05/2015	120019	Transfer	5982524	0.75
				08/05/2015	5983	Transfer	5988507	0.75
				05/06/2015	13452	Transfer	6001959	0.75
				12/06/2015	-7004	Transfer	5994955	0.75
				03/07/2015	127556	Transfer	6122511	0.76
				10/07/2015	82792	Transfer	6205303	0.77
				31/07/2015	50147	Transfer	6255450	0.78
				07/08/2015	124307	Transfer	6379757	0.79
				21/08/2015	-15676	Transfer	6364081	0.79
				28/08/2015	253328	Transfer	6617409	0.82
				04/09/2015	383462	Transfer	7000871	0.87
				11/09/2015	-106877	Transfer	6893994	0.86
				30/09/2015	33250	Transfer	6927244	0.86
				02/10/2015	70840	Transfer	6998084	0.87
				09/10/2015	241204	Transfer	7239288	0.90
				23/10/2015	43367	Transfer	7282655	0.91
				30/10/2015	-76183	Transfer	7206472	0.90
				06/11/2015	-11661	Transfer	7194811	0.90
				13/11/2015	-34064	Transfer	7160747	0.89
				20/11/2015	-8315	Transfer	7152432	0.89
				27/11/2015	-51397	Transfer	7101035	0.88
				04/12/2015	-36422	Transfer	7064613	0.88
				11/12/2015	-2102	Transfer	7062511	0.88
				18/12/2015	-406294	Transfer	6656217	0.83
				25/12/2015	-34499	Transfer	6621718	0.82
				31/12/2015	-27595	Transfer	6594123	0.82
				08/01/2016	86871	Transfer	6680994	0.83

Annexure to the Directors' Report *contd.*

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				15/01/2016	-170183	Transfer	6510811	0.81
				22/01/2016	-18164	Transfer	6492647	0.81
				29/01/2016	172117	Transfer	6664764	0.83
				05/02/2016	367601	Transfer	7032365	0.88
				12/02/2016	86877	Transfer	7119242	0.89
				26/02/2016	-3484	Transfer	7115758	0.89
				04/03/2016	-34470	Transfer	7081288	0.88
				11/03/2016	-6949	Transfer	7074339	0.88
				31/03/2016	-68854	Transfer	7005485	0.87
		7005485	0.87	31/03/2016				
10)	Reliance Capital Trustee Co. Ltd.*^	1361692	0.17	01/04/2015				
				10/04/2015	-38286	Transfer	1323406	0.16
				17/04/2015	466	Transfer	1323872	0.16
				24/04/2015	1288	Transfer	1325160	0.17
				01/05/2015	550	Transfer	1325710	0.17
				08/05/2015	-7509	Transfer	1318201	0.16
				15/05/2015	39	Transfer	1318240	0.16
				22/05/2015	497	Transfer	1318737	0.16
				29/05/2015	-832	Transfer	1317905	0.16
				05/06/2015	521096	Transfer	1839001	0.23
				12/06/2015	176226	Transfer	2015227	0.25
				19/06/2015	188940	Transfer	2204167	0.27
				26/06/2015	190785	Transfer	2394952	0.30
				30/06/2015	3460	Transfer	2398412	0.30
				03/07/2015	205964	Transfer	2604376	0.32
				10/07/2015	477343	Transfer	3081719	0.38
				17/07/2015	319351	Transfer	3401070	0.42
				24/07/2015	200656	Transfer	3601726	0.45
				31/07/2015	170992	Transfer	3772718	0.47
				07/08/2015	140081	Transfer	3912799	0.49
				14/08/2015	1034520	Transfer	4947319	0.62
				21/08/2015	1444018	Transfer	6391337	0.80
				28/08/2015	260336	Transfer	6651673	0.83
				04/09/2015	60625	Transfer	6712298	0.84
				11/09/2015	100644	Transfer	6812942	0.85
				18/09/2015	150386	Transfer	6963328	0.87
				25/09/2015	120478	Transfer	7083806	0.88
				30/09/2015	11240	Transfer	7095046	0.88

Annexure to the Directors' Report *contd.*

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				02/10/2015	4464	Transfer	7099510	0.88
				09/10/2015	207394	Transfer	7306904	0.91
				16/10/2015	-72108	Transfer	7234796	0.90
				23/10/2015	222315	Transfer	7457111	0.93
				30/10/2015	527	Transfer	7457638	0.93
				06/11/2015	15625	Transfer	7473263	0.93
				13/11/2015	-5380	Transfer	7467883	0.93
				20/11/2015	135	Transfer	7468018	0.93
				27/11/2015	-199728	Transfer	7268290	0.91
				04/12/2015	159910	Transfer	7428200	0.92
				11/12/2015	-268	Transfer	7427932	0.92
				18/12/2015	50	Transfer	7427982	0.92
				25/12/2015	-109	Transfer	7427873	0.92
				31/12/2015	-15	Transfer	7427858	0.92
				08/01/2016	76564	Transfer	7504422	0.93
				15/01/2016	151013	Transfer	7655435	0.95
				22/01/2016	310	Transfer	7655745	0.95
				29/01/2016	228800	Transfer	7884545	0.98
				12/02/2016	75	Transfer	7884620	0.98
				19/02/2016	199	Transfer	7884819	0.98
				26/02/2016	-59200	Transfer	7825619	0.97
				04/03/2016	155108	Transfer	7980727	0.99
				11/03/2016	249467	Transfer	8230194	1.02
				18/03/2016	-57	Transfer	8230137	1.02
				25/03/2016	-95268	Transfer	8134869	1.01
				31/03/2016	-445746	Transfer	7689123	0.96
		7689123	0.96	31/03/2016				
11)	ICICI Prudential Life Insurance Company Ltd.^	6780476	0.84	01/04/2015				
				10/04/2015	180788	Transfer	6961264	0.87
				17/04/2015	104783	Transfer	7066047	0.88
				24/04/2015	257781	Transfer	7323828	0.91
				01/05/2015	-52351	Transfer	7271477	0.91
				08/05/2015	89900	Transfer	7361377	0.92
				15/05/2015	495	Transfer	7361872	0.92
				22/05/2015	-5227	Transfer	7356645	0.92
				29/05/2015	-12562	Transfer	7344083	0.91
				05/06/2015	97549	Transfer	7441632	0.93

Annexure to the Directors' Report *contd.*

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				12/06/2015	61094	Transfer	7502726	0.93
				26/06/2015	-6245	Transfer	7496481	0.93
				30/06/2015	3648	Transfer	7500129	0.93
				03/07/2015	-998	Transfer	7499131	0.93
				10/07/2015	1657	Transfer	7500788	0.93
				17/07/2015	-1752	Transfer	7499036	0.93
				24/07/2015	11605	Transfer	7510641	0.94
				31/07/2015	22150	Transfer	7532791	0.94
				07/08/2015	-4041	Transfer	7528750	0.94
				14/08/2015	-5513	Transfer	7523237	0.94
				21/08/2015	19823	Transfer	7543060	0.94
				28/08/2015	-13947	Transfer	7529113	0.94
				04/09/2015	-29219	Transfer	7499894	0.93
				11/09/2015	-6415	Transfer	7493479	0.93
				18/09/2015	-29563	Transfer	7463916	0.93
				25/09/2015	42734	Transfer	7506650	0.93
				30/09/2015	-34701	Transfer	7471949	0.93
				02/10/2015	4831	Transfer	7476780	0.93
				09/10/2015	25444	Transfer	7502224	0.93
				16/10/2015	6776	Transfer	7509000	0.93
				23/10/2015	-170854	Transfer	7338146	0.91
				30/10/2015	4801	Transfer	7342947	0.91
				06/11/2015	-82971	Transfer	7259976	0.90
				13/11/2015	-22183	Transfer	7237793	0.90
				20/11/2015	-10557	Transfer	7227236	0.90
				04/12/2015	23399	Transfer	7250635	0.90
				11/12/2015	-298425	Transfer	6952210	0.87
				18/12/2015	-219645	Transfer	6732565	0.84
				25/12/2015	-998	Transfer	6731567	0.84
				31/12/2015	44186	Transfer	6775753	0.84
				08/01/2016	-42451	Transfer	6733302	0.84
				15/01/2016	-3591	Transfer	6729711	0.84
				22/01/2016	-5212	Transfer	6724499	0.84
				05/02/2016	-3980	Transfer	6720519	0.84
				12/02/2016	-8179	Transfer	6712340	0.84
				19/02/2016	76656	Transfer	6788996	0.85
				26/02/2016	19144	Transfer	6808140	0.85
				04/03/2016	1754	Transfer	6809894	0.85

Annexure to the Directors' Report *contd.*

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				11/03/2016	31806	Transfer	6841700	0.85
				18/03/2016	-5913	Transfer	6835787	0.85
				25/03/2016	-3772	Transfer	6832015	0.85
				31/03/2016	-44348	Transfer	6787667	0.84
		6787667	0.84	31/03/2016				
12)	Fidelity Funds Emerging Markets Fund	6620757	0.82	01/04/2015				
				24/04/2015	-476434	Transfer	6144323	0.77
				01/05/2015	-331756	Transfer	5812567	0.72
				15/05/2015	153716	Transfer	5966283	0.74
				26/06/2015	-327629	Transfer	5638654	0.70
				30/06/2015	-878721	Transfer	4759933	0.59
				03/07/2015	-339397	Transfer	4420536	0.55
				10/07/2015	-212771	Transfer	4207765	0.52
				24/07/2015	-158245	Transfer	4049520	0.50
				31/07/2015	-142168	Transfer	3907352	0.49
				21/08/2015	718563	Transfer	4625915	0.58
				28/08/2015	-244520	Transfer	4381395	0.55
				04/09/2015	-100407	Transfer	4280988	0.53
				25/09/2015	-181932	Transfer	4099056	0.51
				30/09/2015	-162445	Transfer	3936611	0.49
				16/10/2015	-205147	Transfer	3731464	0.46
				23/10/2015	-557523	Transfer	3173941	0.40
				13/11/2015	-221943	Transfer	2951998	0.37
				20/11/2015	-267580	Transfer	2684418	0.33
				04/12/2015	396667	Transfer	3081085	0.38
				11/12/2015	347947	Transfer	3429032	0.43
				18/12/2015	473997	Transfer	3903029	0.49
				25/12/2015	79534	Transfer	3982563	0.50
				22/01/2016	190914	Transfer	4173477	0.52
				29/01/2016	203686	Transfer	4377163	0.54
				05/02/2016	220404	Transfer	4597567	0.57
		4597567	0.57	31/03/2016				

Annexure to the Directors' Report *contd.*

Sr. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015)/ end of the year (31 st March 2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
13)	Vanguard Emerging Markets Stock Index Fund, Aseries of Vanguard International Equity Index Fund	5915268	0.74	01/04/2015				
				01/05/2015	15620	Transfer	5930888	0.74
				08/05/2015	17750	Transfer	5948638	0.74
				26/06/2015	-116090	Transfer	5832548	0.73
				14/08/2015	-17750	Transfer	5814798	0.72
				21/08/2015	-42600	Transfer	5772198	0.72
				28/08/2015	-83070	Transfer	5689128	0.71
				04/09/2015	-113600	Transfer	5575528	0.69
				11/09/2015	-59640	Transfer	5515888	0.69
				25/09/2015	-15620	Transfer	5500268	0.68
				30/09/2015	-46860	Transfer	5453408	0.68
				20/11/2015	-20173	Transfer	5433235	0.68
				27/11/2015	-4707	Transfer	5428528	0.68
				04/12/2015	-17213	Transfer	5411315	0.67
				18/12/2015	-26676	Transfer	5384639	0.67
				25/12/2015	-12636	Transfer	5372003	0.67
				15/01/2016	-34594	Transfer	5337409	0.66
				22/01/2016	-22350	Transfer	5315059	0.66
				29/01/2016	-7023	Transfer	5308036	0.66
				05/02/2016	-64811	Transfer	5243225	0.65
				12/02/2016	-24955	Transfer	5218270	0.65
				26/02/2016	-35435	Transfer	5182835	0.65
				04/03/2016	-38206	Transfer	5144629	0.64
				11/03/2016	14160	Transfer	5158789	0.64
				18/03/2016	-35492	Transfer	5123297	0.64
				25/03/2016	-57601	Transfer	5065696	0.63
		5065696	0.63	31/03/2016				

* Not in the list of Top 10 shareholders as on 1st April 2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31st March 2016.

Ceased to be in the list of Top 10 shareholders as on 31st March 2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 1st April 2015.

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

Annexure to the Directors' Report *contd.*

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (1 st April 2015 to 31 st March 2016)	
		No. of shares at the beginning (1 st April 2015) / end of the year (31 st March 2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
1)	Dr. Y. K. Hamied	124827750	15.55	01/04/2015		Inter-se transfer		
				29/01/2016	41914937		166742687	20.76
		166742687	20.76	31/03/2016				
2)	Mr. M. K. Hamied	39690000	4.94	01/04/2015	-	Nil movement during the year		
		39690000	4.94	31/03/2016			39690000	4.94
3)	Mr. S. Radhakrishnan (as joint holder)	38125	0.00	01/04/2015	-			
		38125	0.00	31/03/2016			38125	0.00
4)	Ms. Samina Vaziralli	9859500	1.23	01/04/2015	-			
		9859500	1.23	31/03/2016			9859500	1.23

Note: During the year, 130548 equity shares of ₹2 each were allotted to Mr. Rajesh Garg pursuant to exercise of stock options under ESOS 2013-B. None of the other Directors or KMP held any shares in the Company at the beginning, during or at the end of the financial year.

V. 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	0.67	1379.95	-	1380.62
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.64	-	0.64
Total (i+ii+iii)	0.67	1380.59	-	1381.26
Change in Indebtedness during the financial year				
• Addition	-	2510.80	-	2510.80
• Reduction	-0.67	-2758.78	-	-2759.45
Net Change	-0.67	-247.98	-	-248.65
Indebtedness at the end of the financial year				
i) Principal Amount	-	1131.82	-	1131.82
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.78	-	0.78
Total (i+ii+iii)	-	1132.60	-	1132.60

The above unsecured loans includes interest free sales tax deferral loans

Annexure to the Directors' Report *contd.*

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
		Mr. Subhanu Saxena (Managing Director and Global Chief Executive Officer)	Mr. S. Radhakrishnan (Whole-time Director)	Ms. Samina Vaziralli (Executive Director)	Mr. Rajesh Garg*	
1)	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.81	2.02	1.72	6.55^	19.10
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	1.10	0.01	0.01	4.86#	5.98
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-	-
2)	Stock Option granted during the year (nos.)	-	-	-	-	-
3)	Sweat Equity	-	-	-	-	-
4)	Commission as % of profit	-	1.20	-	-	1.20
5)	Others					
	- Employer contribution to provident fund and other funds	0.26	0.14	0.11	0.03	0.54
	- Variable Bonus	2.19	-	0.63	-	2.82
	Total (A)	12.36	3.37	2.47	11.44	29.64
	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)					170.20

* Demitted office as a Director, Whole-time Director and Chief Financial Officer w.e.f. close of business hours on 12th June 2015

^ Includes severance fee of ₹3.81 crore as per separation agreement

Includes perquisite value of stock options of ₹4.75 crore

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	0.13	0.41	-	0.54
	Dr. Peter Mugenyi	0.04	0.42	-	0.46
	Mr. Adil Zainulbhai	0.11	0.39	-	0.50
	Ms. Punita Lal	0.10	0.31	-	0.41
	Ms. Naina Lal Kidwai	0.03	0.14	-	0.17
	Dr. Nachiket Mor	0.03	0.11	-	0.14
	Total (1)	0.44	1.78	-	2.22

Annexure to the Directors' Report *contd.*

₹ in crore

Sr. No.	Name of the Director	Fee for attending board / committee meeting	Commission	Others	Total Amount
2)	Other Non-Executive Directors				
	Dr. Y. K. Hamied	0.03	-	-	0.03
	Mr. M. K. Hamied	0.11	-	-	0.11
	Total (2)	0.14	-	-	0.14
	Total (B) = (1+2)	0.58	1.78	-	2.36
	Ceiling as per the Act (being 1% of the net profits of the Company calculated as per section 198 of the Act)				17.02
	Total Managerial Remuneration (A+B)				32.00
	Overall Ceiling as per the Act (being 11% of Net Profits of the Company calculated as per section 198 of the Act)				187.22

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

₹ in crore

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Umang Vohra Global Chief Operating Officer and Global Chief Financial Officer*	Mr. Mital Sanghvi Company Secretary and Chief Internal Auditor
1)	Gross salary (A)		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.04	1.08
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	0.13	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-
2)	Stock Option granted during the year (nos.)	71777	3404
3)	Sweat Equity	-	-
4)	Commission	-	-
5)	Others (B)		
	- Employer contribution to provident fund and other funds	0.08	0.05
	- Variable Bonus	2.16	0.29
	- Gross Remuneration from Cipla USA Inc. as Chief Strategy Officer	0.33 **	-
	Total (A+B)	4.74	1.42

* Appointed w.e.f. 1st October 2015

** Amount paid in USD and converted into INR at an exchange rate as on 31st March 2016 (1 USD = 66.2550 INR)

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

On behalf of the Board,

Y. K. Hamied
Chairman

12th August 2016

Annexure to the Directors' Report *contd.*

Annexure V

Secretarial Audit Report

For the financial year ended 31st March 2016

[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 400013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Cipla Limited** (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March 2016 (hereinafter called 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 authorized representatives during the conduct of Secretarial Audit, and subject to our separate letter attached as Appendix A; we hereby report that in our opinion, the Company has, during the audit period generally 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 2016 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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 (with effect from 1st December 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, 1992 (upto 14th May 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from 15th May 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;

Annexure to the Directors' Report *contd.*

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India related to board and general meetings (with effect from 1st July 2015);
- (ii) Listing Agreement entered into by the Company with the Stock Exchanges (upto 30th November 2015).

During the period under review, the Company has generally 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) Drugs and Cosmetics Act, 1940;
- (ii) The Narcotic Drugs and Psychotropic Substances Act, 1985;
- (iii) 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) Regulations, 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.

The provisions pertaining to sending of notices and agenda of the Board Meetings to the Directors as required under the Act have been complied with 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 out unanimously. There were no dissenting views by any member of the Board of Directors during the period under review.

We further report that-

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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]

Place: Mumbai
Date: 12th August, 2016

B Narasimhan
Partner
FCS 1303 / CP No.10440

Annexure to the Directors' Report *contd.*

Appendix A

To,
The Members,
Cipla Limited
Cipla House
Peninsula Business Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400013

Our secretarial audit report of even date is to be read along with this letter.

1. Maintenance of secretarial records and compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records and compliance based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial Records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.

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

Place: Mumbai
Date: 12th August, 2016

B Narasimhan
Partner
FCS 1303 / CP No.10440

Annexure to the Directors' Report *contd.*

Annexure VI

Companies which became/ceased to be Company's Subsidiaries, Joint Venture or Associate Companies

1. Companies which have become subsidiaries during the financial year 2015-16:

Sr. No.	Name of the Company
1.	Cipla Health Ltd.
2.	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.
3.	Cipla Maroc SA
4.	Cipla Middle East Pharmaceuticals FZ-LLC
5.	Quality Chemicals Ltd.
6.	Cipla Philippines Inc.
7.	InvaGen Pharmaceuticals Inc.
8.	Exelan Pharmaceuticals Inc.
9.	Cipla US Holdings Inc.

2. Companies which have ceased to be subsidiary company during the financial year 2015-16:

Sr. No.	Name of the Company
1.	Meditab Pharmaceuticals South Africa (Pty) Ltd. <i>(De-registered on 14th August 2015)</i>
2.	Cipla Medpro Manufacturing Proprietary Ltd. <i>(De-registered on 16th September 2015)</i>
3.	Cipla Health Care Proprietary Ltd. <i>(De-registered on 28th October 2015)</i>
4.	Cipla Medpro ARV Proprietary Ltd. <i>(De-registered on 20th January 2016)</i>
5.	Cipla Medpro Cardio Respiratory Proprietary Ltd. <i>(De-registered on 16th September 2015)</i>
6.	Cipla Personal Care Proprietary Ltd. <i>(De-registered on 16th September 2015)</i>
7.	Gardian Cipla Proprietary Ltd. <i>(De-registered on 20th January 2016)</i>
8.	Medpro Gen Proprietary Ltd. <i>(De-registered on 16th September 2015)</i>
9.	Medpro Holdings Proprietary Ltd. <i>(De-registered on 16th September 2015)</i>
10.	Medpro Pharmaceutica Africa Proprietary Ltd. <i>(De-registered on 16th September 2015)</i>
11.	Medpro-On-Line Proprietary Ltd. <i>(De-registered on 16th September 2015)</i>
12.	Smith and Couzin Proprietary Ltd. <i>(De-registered on 16th September 2015)</i>
13.	Cipla US Holdings Inc. <i>(Merged with InvaGen Pharmaceuticals Inc. on 17th February 2016)</i>

3. No Company has become joint venture or associate during the financial year 2015-16.

4. Company which ceased to be joint venture or associate during the financial year 2015-16:

Sr. No.	Name of the Company
1.	Biomab Holding Ltd. <i>(Divested on 22nd January 2016)</i>

On behalf of the Board,

Y. K. Hamied
Chairman

12th August 2016

Annexure to the Directors' Report *contd.*

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.

Report on Corporate Governance

a. 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 the long term value to the shareholders of the Company. The Compliance Report on Corporate Governance herein signifies compliance of the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Pursuant to the Listing Regulations, the Company has executed fresh Listing Agreement with the Stock Exchanges.

b. Board of Directors

- The composition of Board as on 31st March 2016 is as follows:

Category	No. of Directors	%
Non-Executive/Non-Independent Directors	2	20
Executive Directors	3	30
Independent Directors	5	50
Total	10	100

- Eight Board Meetings were held during the financial year 2015-16. The dates on which the meetings were held are: 29th May 2015; 9th July 2015; 14th August 2015; 27th August 2015; 5th November 2015; 10th December 2015; 10th February 2016 and 29th March 2016.
- The information about the attendance of Directors at the Board Meetings either in person or through video conference during the financial year 2015-16 and at the last Annual General Meeting is given below:

Name	Category	No. of Board Meetings held and attended during the tenure		Attendance at last AGM held on 27 th August 2015
		Held	Attended	
Dr. Y. K. Hamied	Non-Executive / Non-Independent Directors	8	6	Yes
Mr. M. K. Hamied		8	8	Yes
Mr. Subhanu Saxena	Executive Directors	8	8	Yes
Mr. S. Radhakrishnan ⁽¹⁾		8	8	Yes
Mr. Rajesh Garg ⁽²⁾		1	1	Not Applicable
Ms. Samina Vaziralli ⁽³⁾		6	6	Yes
Mr. Ashok Sinha	Independent Directors	8	8	Yes
Dr. Peter Mugenyi		8	8	Yes
Mr. Adil Zainulbhai		8	6	No
Ms. Punita Lal		8	8	Yes
Ms. Naina Lal Kidwai ⁽⁴⁾		3	3	Not Applicable
Dr. Nachiket Mor ⁽⁵⁾		2	2	Not Applicable

⁽¹⁾ Re-appointed w.e.f 12th November 2015

⁽²⁾ Demitted office as a Director, Whole-time Director and Chief Financial Officer w.e.f. close of business hours on 12th June 2015

⁽³⁾ Appointed w.e.f. 10th July 2015

⁽⁴⁾ Appointed w.e.f. 6th November 2015

⁽⁵⁾ Resigned w.e.f. 7th August 2015

Report on Corporate Governance *contd.*

- The information about 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 2016 is given below:

Name	Inter-se relationship between Directors	No. of Directorships held in other Indian companies	No. of Committee Memberships/Chairmanships held in other Indian public companies [#]	
			Memberships	Chairmanships
Dr. Y. K. Hamied	Brother of Mr. M. K. Hamied and Uncle of Ms. Samina Vaziralli	Nil	Nil	Nil
Mr. M. K. Hamied	Brother of Dr. Y. K. Hamied and Father of Ms. Samina Vaziralli	1	Nil	Nil
Mr. Subhanu Saxena	-	Nil	Nil	Nil
Mr. S. Radhakrishnan	-	Nil	Nil	Nil
Ms. Samina Vaziralli	Daughter of Mr. M. K. Hamied and Niece of Dr. Y. K. Hamied	3	Nil	Nil
Mr. Ashok Sinha	-	6	4	Nil
Dr. Peter Mugenyi	-	Nil	Nil	Nil
Mr. Adil Zainulbhai	-	7	2	5
Ms. Punita Lal	-	2	Nil	Nil
Ms. Naina Lal Kidwai	-	4	Nil	Nil

[#] includes membership/chairmanships in Audit Committee and Stakeholders' Relationship Committee

- Shareholding of Non-Executive Directors as on 31st March 2016:

Name	Number of equity shares of face value ₹2/- each
Dr. Y. K. Hamied	166742687
Mr. M. K. Hamied	39690000

None of the other Non-Executive Directors hold any equity shares or any convertible instruments in the Company.

- The Independent Directors met four times during the financial year 2015-16 i.e. on 29th May 2015, 14th August 2015, 5th November 2015 and 10th February 2016. The Independent Directors, *inter-alia*, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.
- In terms of provisions of the Companies Act, 2013 ("the Act") read with the Rules made thereunder and the Listing Regulations, the annual performance evaluation of the Board as a whole, the Board constituted Committees and Individual Directors was carried out.

The performance of the Board was evaluated based on criteria which, *inter-alia*, included roles and responsibilities, understanding of operations, number of meetings held, time spent at the meetings, governance practices, decision making etc.

Report on Corporate Governance *contd.*

The performance of the committees was evaluated after seeking inputs from the committee members based on criteria which, *inter-alia*, included roles and responsibilities, effective utilisation of time, number of meetings held, time spent at the meetings, recommendations to the Board of Directors and senior management, decision making, etc.

The performance of Individual Directors was evaluated based on criteria which, *inter-alia*, included attendance at meetings, quality and value of contribution, adherence to code of conduct, acquaintance with company and business, etc. Evaluation of the Individual Director was carried out by all other Directors excluding the concerned Director himself/herself.

Structured questionnaires were circulated to the Directors. A report comprising of evaluation results based on the feedback from the Directors was prepared by a consulting firm. On the basis of the report received, the performance evaluation of the Board, its Committees and Individual Directors for the financial year 2015-16 was completed.

The Company has in place a system to familiarise the independent directors about the Company, its products, business and the on-going events relating to the Company. As part of board discussions, presentations on business units are made to the directors. Important announcements for various news related to the Company are also forwarded to the directors from time-to-time. The details of the familiarisation programme for the Independent Directors are put up on the website at <http://www.cipla.com/en/investor-information/shareholder-information.html>.

c. Audit Committee

- The Committee currently comprises of Mr. Ashok Sinha - Chairman, Mr. S. Radhakrishnan – Member and Ms. Naina Lal Kidwai - Member.
- The Managing Director, 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 Audit Committee discharges such duties and functions generally indicated in the Listing Regulations, the Act, Rules made thereunder from time to time and also such other functions as may be specifically delegated to it by the Board from time-to-time.
- Role of the Audit Committee, *inter-alia*, includes the following:
 - Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
 - Reviewing, with the management, the annual financial statement and auditors' report thereon before submission to the Board for approval;
 - Reviewing, with the management, the quarterly financial statement before submission to the Board for approval;
 - Approval or any subsequent modification of transactions of the Company with related parties;
 - Scrutiny of inter-corporate loans and investments;
 - Valuation of undertakings or assets of the Company, wherever it is necessary.
- Seven Audit Committee meetings were held during the financial year. The dates on which the said meetings were held are: 28th May 2015; 9th July 2015; 13th August 2015; 8th September 2015; 4th November 2015; 10th December 2015 and 9th February 2016.

Report on Corporate Governance *contd.*

The attendance of Directors at the Committee meetings are as given below:

Name	Number of meetings held and attended during the tenure	
	Held	Attended
Mr. Ashok Sinha	7	7
Mr. S. Radhakrishnan	7	7
Mr. Adil Zainulbhai ⁽¹⁾	6	6
Ms. Naina Lal Kidwai ⁽²⁾	1	1

⁽¹⁾ Member upto 10th December 2015

⁽²⁾ Member w.e.f 11th December 2015

d. Nomination and Remuneration Committee

- The Committee currently comprises of Mr. Adil Zainulbhai – Chairman, Mr. Ashok Sinha – Member, Mr. M. K. Hamied - Member and Ms. Punita Lal – Member.
- The terms of reference of the Committee, *inter-alia*, includes the following:
 - Implementation, administration and superintendence of the Company's Employee Stock Option Schemes (ESOS) including:
 - The quantum of options to be granted under an ESOS per employee and in aggregate;
 - Allotment of equity shares pursuant to ESOS;
 - Formulate the criteria for determining qualifications, positive attributes and independence of Directors;
 - Recommend to the Board a policy relating to the 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 relative 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 Regulations, the Act and the Rules made thereunder from time-to-time.
- Six meetings of the Committee were held during the financial year. The dates on which the said meetings were held are: 28th April 2015; 9th July 2015; 27th August 2015; 4th November 2015; 6th January 2016 and 9th February 2016. The Attendance of Directors at the Committee meetings are as given below:

Name	Number of meetings held and attended during the tenure	
	Held	Attended
Mr. Adil Zainulbhai	6	5
Mr. Ashok Sinha	6	6
Mr. M. K. Hamied	6	6
Ms. Punita Lal	6	6

Report on Corporate Governance *contd.*

e. Remuneration to Directors

- The details of remuneration to Executive Directors during the financial year 2015-16 are given below:

₹ in crore

Executive Directors	Salary	Commission	Perquisites	Allowances	Variable Bonus	Retiral Benefits and others
Mr. Subhanu Saxena	2.11	-	1.10	6.70	2.19	0.26 ⁽⁶⁾
Mr. S. Radhakrishnan	1.20	1.20	0.01	0.82	-	0.14 ⁽⁶⁾
Mr. Rajesh Garg ⁽¹⁾	0.25	-	4.86 ⁽³⁾	2.30 ⁽⁴⁾	-	4.03 ⁽⁵⁾
Ms. Samina Vaziralli ⁽²⁾	0.88	-	0.01	0.84	0.63	0.11 ⁽⁶⁾

⁽¹⁾ Demitted office as a Director, Whole-time Director and Chief Financial Officer w.e.f. close of business hours on 12th June 2015

⁽²⁾ Appointed w.e.f. 10th July 2015

⁽³⁾ Includes perquisite value of stock options of ₹4.75 crore

⁽⁴⁾ Includes payment in lieu of notice of ₹1.88 crore

⁽⁵⁾ Includes severance fee of ₹3.81 crore as per separation agreement

⁽⁶⁾ Exclusive of provision for leave encashment and contribution to the approved Group Gratuity Fund, which are actuarially determined on an overall basis

- Variable bonus is determined by the Board of Directors on the basis of recommendation of the Nomination and Remuneration Committee.
- No stock options were granted to the Executive Directors during the financial year 2015-16.
- Service Contracts, Notice Period and Severance Fees:

Mr. Subhanu Saxena is stepping down as the Director, Managing Director and Global Chief Executive Officer of the Company with effect from close of business hours on 31st August 2016. He will assist in orderly transition post stepping down as the Director, Managing Director and Global Chief Executive Officer, in accordance with the terms and conditions of the employment agreement entered into with him. No severance fee is payable to him 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 2 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.

The period of appointment of Ms. Samina Vaziralli is for a term of 5 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 or pro-rata fixed salary in lieu of notice. There is no separate provision for payment of severance fees.

- The details of remuneration to Non-Executive Directors during the financial year 2015-16 are given below:

₹ in crore

Name	Sitting Fees*	Commission
Dr. Y. K. Hamied	0.03	-
Mr. M. K. Hamied	0.11	-
Mr. Ashok Sinha	0.13	0.41
Dr. Peter Mugenyi	0.04	0.42**
Mr. Adil Zainulbhai	0.11	0.39
Ms. Punita Lal	0.10	0.31
Ms. Naina Lal Kidwai	0.03	0.14
Dr. Nachiket Mor	0.03	0.11

* The above figures are inclusive of fees paid for attendance of committee meetings.

** USD equivalent to INR amount paid to the Director

Report on Corporate Governance *contd.*

- The Commission payable to Non-Executive Directors is determined each year by the Board of Directors on the basis of 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.
- Apart from sitting fees and commission, there are no pecuniary payments by the Company to Non-Executive Directors during the year.
- **Remuneration Policy**

The Board of Directors approved the Remuneration Policy on the recommendation of the Nomination and Remuneration Committee. The salient aspects of the Remuneration Policy are outlined below:

Objective

The primary objective of the Remuneration 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 the 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 the Nomination and Remuneration Committee and approval of the Board of Directors within the limits approved by the shareholders.

Report on Corporate Governance *contd.*

B. Remuneration to Non-Executive Directors

Non-Executive Directors are 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 the 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 and 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 *inter-alia* include Fixed Salary; Perquisites, Allowances and Retiral benefits; Performance-linked bonus by whatever named called shall be a cumulative outcome of both the individual target achievement level as well as the Company's performance; Grant of stock options as decided by the Nomination and Remuneration Committee and such other benefits in accordance with the market practices.

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

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

III. Remuneration to Senior Management

The appointment and remuneration of Senior Managerial Personnel of the Company shall be decided by the 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 *inter-alia* include Fixed Salary; Perquisites, Allowances and Retiral benefits; Performance-linked bonus by whatever named called shall be a cumulative outcome of both the individual target achievement level as well as the Company's performance; Grant of stock options as decided by the Nomination and Remuneration Committee; Such other benefits in accordance with the market practices.

Report on Corporate Governance *contd.*

Annual increments shall be linked to the Company's performance, individual performance, market environment, future plans and as decided by 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 *inter-alia* include Fixed Salary; Perquisites, Allowances and Retiral benefits; Performance-linked bonus, by whatever named called, where deemed fit; Grant of stock options as decided by Nomination and Remuneration Committee; 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.

f. Stakeholders Relationship Committee

- The Committee currently comprises of Mr. M. K. Hamied – Chairman, Mr. S. Radhakrishnan – Member and Ms. Naina Lal Kidwai – Member.
- The Committee oversees redressal of shareholders grievances and inter-alia approves the transfer/transmission of shares, issue of duplicate share certificates and allied matters.
- The Executive Directors and the Company Secretary, under the authority of the Board, are severally authorised to approve transfer, transmission, transposition requests etc., upto a specified limit, 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 Listing Regulations, periodic certificates issued by a Practising Company Secretary are filed with the Stock Exchanges.
- Four meetings of the Stakeholders Relationship Committee were held during the year. The dates on which the said meetings were held are: 29th May 2015; 14th August 2015; 5th November 2015 and 8th February 2016. The attendance of Directors at the Committee meetings are as given below:

Name	Number of meetings held and attended during the tenure	
	Held	Attended
Mr. M. K. Hamied	4	4
Mr. S. Radhakrishnan	4	4
Ms. Naina Lal Kidwai ⁽¹⁾	1	1
Ms. Punita Lal ⁽²⁾	1	1
Dr. Nachiket Mor ⁽³⁾	1	1

⁽¹⁾ Member w.e.f. 11th December 2015

⁽²⁾ Member w.e.f. 14th August 2015 and upto 11th December 2015

⁽³⁾ Resigned as Director w.e.f. 7th August 2015

- Mr. Mital Sanghvi, Company Secretary acts as the Company's Compliance Officer.
- During the financial year under review, 25 investor grievances were received. As of 31st March 2016, all grievances except one have been resolved. The documents sought from the complainant were received after the financial year end and subsequently the said case was addressed.

Report on Corporate Governance *contd.*

g. Risk Management Committee

- The composition of the Committee is as under:

Name	Category
Mr. Subhanu Saxena	Chairman
Mr. S. Radhakrishnan	Member
Ms. Samina Vaziralli ⁽¹⁾	Member
Mr. Adil Zainulbhai ⁽²⁾	Member

⁽¹⁾ Member w.e.f. 14th August 2015

⁽²⁾ Member w.e.f. 18th December 2015

- The Committee's prime responsibility is to monitor and review the risk management plan and to discharge such other functions as may be delegated to the Committee by the Board from time-to-time.
- One meeting of the Committee was held during the financial year on 9th February 2016 whereat all members were present.

h. Corporate Social Responsibility Committee

- The Committee currently comprises of Mr. M. K. Hamied – Chairman, Mr. S. Radhakrishnan – Member, Mr. Adil Zainulbhai – Member, Ms. Punita Lal – Member, Mr. Subhanu Saxena – Member.
- The terms of reference of the Committee, *inter-alia*, include the following :
 - 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 Act 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.
 - To settle any question or difficulty or doubts that may arise with regards to Corporate Social Responsibility activities/Policy of the Company.
- Four meetings of the Committee were held during the financial year. The dates on which the said meetings were held are: 29th May 2015; 9th July 2015; 5th November 2015 and 9th February 2016. The attendance of directors at the Committee meetings are given below:

Name	Number of meetings held and attended during the tenure	
	Held	Attended
Mr. M. K. Hamied	4	4
Mr. S. Radhakrishnan	4	4
Ms. Punita Lal	4	4
Mr. Adil Zainulbhai	4	3
Mr. Subhanu Saxena ⁽¹⁾	2	2
Dr. Nachiket Mor ⁽²⁾	2	2

⁽¹⁾ Member w.e.f. 9th July 2015

⁽²⁾ Resigned as Director w.e.f 7th August 2015

i. Mergers & Acquisitions Committee

- The Committee currently comprises of Mr. Subhanu Saxena – Chairman, Mr. S. Radhakrishnan – Member, Mr. Ashok Sinha – Member, Ms. Samina Vaziralli – Member and Ms. Naina Lal Kidwai – Member.
- The terms of reference of the Committee *inter-alia* includes granting of in-principle approval for acquisitions/divestment to be made by the Company/subsidiary companies upto a certain limit, approval for setting up

Report on Corporate Governance *contd.*

of branch/representative office, monitoring short term and long term strategic priorities and discharge such other duties/functions as may be delegated to the Committee by the Board.

- Four meetings of the Committee were held during the financial year. The dates on which the said meetings were held are: 24th June 2015; 16th October 2015; 10th December 2015 and 8th February 2016. The attendance of Directors at the Committee meetings are given below:

Name	Number of meetings held and attended during the tenure	
	Held	Attended
Mr. Subhanu Saxena	4	4
Mr. S. Radhakrishnan	4	4
Mr. Ashok Sinha	4	4
Ms. Samina Vaziralli ⁽¹⁾	3	3
Ms. Naina Lal Kidwai ⁽²⁾	1	1

⁽¹⁾ Member w.e.f. 14th August 2015

⁽²⁾ Member w.e.f. 11th December 2015

j. General Body Meetings

- The details of last three Annual General Meetings are as under:

Financial Year	Date	Venue	Time
2012-13	22 nd August 2013	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai - 400021	3.00 p.m.
2013-14	3 rd September 2014		
2014-15	27 th August 2015		

- The following Special Resolutions were passed at the Annual General Meeting of the Company held on 22nd August 2013:-
 - Appointment of Mr. Subhanu Saxena as Managing Director of the Company designated as "Managing Director and Global Chief Executive Officer" for a period of five years commencing from 16th July 2013 and concluding on 15th July 2018.
 - Appointment of Mr. M. K. Hamied as Whole-time Director of the Company designated as "Executive Vice-Chairman" for a period of two years commencing from 16th July 2013 and concluding on 15th July 2015.
 - Revision in terms of remuneration of Mr. Kamil Hamied, a relative of Mr. M. K. Hamied, Director.
 - Revision in terms of remuneration of Ms. Samina Vaziralli, a relative of Mr. M. K. Hamied, Director.
 - Issuance of upto 84,44,528 stock options to the employees of the Company under Employee Stock Option Scheme 2013-A ("ESOS 2013-A").
 - Issuance of stock options to the employees of Subsidiary Companies under Employee Stock Option Scheme 2013-A ("ESOS 2013-A").
 - Issuance of 5,22,194 stock options to Mr. Rajesh Garg under Employee Stock Option Scheme 2013-B ("ESOS 2013-B").
 - Payment of Commission not exceeding in aggregate, 1% per annum of Company's Net Profits, to Non-Executive Directors of the Company for a period of five financial years commencing from 1st April 2013.
- No Special Resolution was passed at the Annual General Meeting of the Company held on 3rd September 2014 and 27th August 2015.
- No resolution was passed through postal ballot during the financial year ended 31st March 2016.
- None of the business proposed to be transacted at the ensuing Annual General Meeting require passing of resolution through Postal Ballot.

Report on Corporate Governance *contd.*

k. Disclosures

- During the financial year 2015-16, there was no materially significant transaction entered into between the Company and its Promoters, Directors or the Management, subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Further details of related party transactions are presented in Notes to the financial statements.
- 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. In absence of any non-compliance by the Company, there were neither any penalties imposed nor any strictures passed 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 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. 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.
- 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.
- The Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The Company's approach to managing currency risks is to leave no material residual risks. 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 2016 are disclosed in Note 35 in Notes to Accounts in the standalone financial statements.
- The Company procures raw materials like Active Pharmaceutical Ingredient (API), excipients, intermediates etc. and other materials that are consumed and used in the manufacturing operations from overseas as well as domestic suppliers. Majority of these raw materials and packing materials are sourced from the local market. The Company has effective Risk Management/mitigation strategy in place to pro-actively address any impact through measures like cost reduction measures, portfolio rationalization, long term procurement contracts subject to renegotiation based on actual market condition etc. The Company also develops on an ongoing basis alternate supply sources for key products subject to economic justification and market viability. The Company has historically not entered into any material derivative contract to hedge exposure to fluctuations in commodity prices.
- The Company is in compliance with the requirements stipulated under Clause 49 of the erstwhile Listing Agreement and Regulations 17 to 27 read with Schedule V and Clauses (b) to (i) of Regulation 46(2) of the Listing Regulations, as applicable, with regard to corporate governance.
- The Company has fulfilled the following discretionary requirements under the Listing Regulations:
 - The Company is in the regime of financial statements with unmodified audit opinion.
 - The Company complies with the requirement of having separate persons to the post of Chairman and Managing Director/CEO.
 - Internal audit function reports directly to the Audit Committee.

l. Code of Conduct

The Code of Conduct for the Directors and Senior Management of the Company has been laid down by the Board and the same is posted on the website of the Company – www.cipla.com. The members of the Board of Directors and Senior Management personnel have affirmed their compliance with the Code of Conduct for the financial year 2015-16. A declaration to this effect signed by Mr. Subhanu Saxena, Managing Director and Global Chief Executive Officer forms part of the Report.

Report on Corporate Governance *contd.*

m. 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 Listing Regulations.

n. Means of Communication

- The half yearly/quarterly results are published in the newspapers (Mumbai edition) and are not being sent to each household of shareholders.
- The results are usually published in the following newspapers: The Economic Times; Navbharat Times; The Financial Express; Business Standard; The Hindu Business Line and Sakaal.
- The annual/half yearly/quarterly results and other official news releases are displayed on the website of the Company – www.cipla.com
- Presentations made to institutional investors and financial analysts on the Company's financial results are uploaded on the Company's website.
- The Management Discussion and Analysis Report forms part of the Directors' Report.

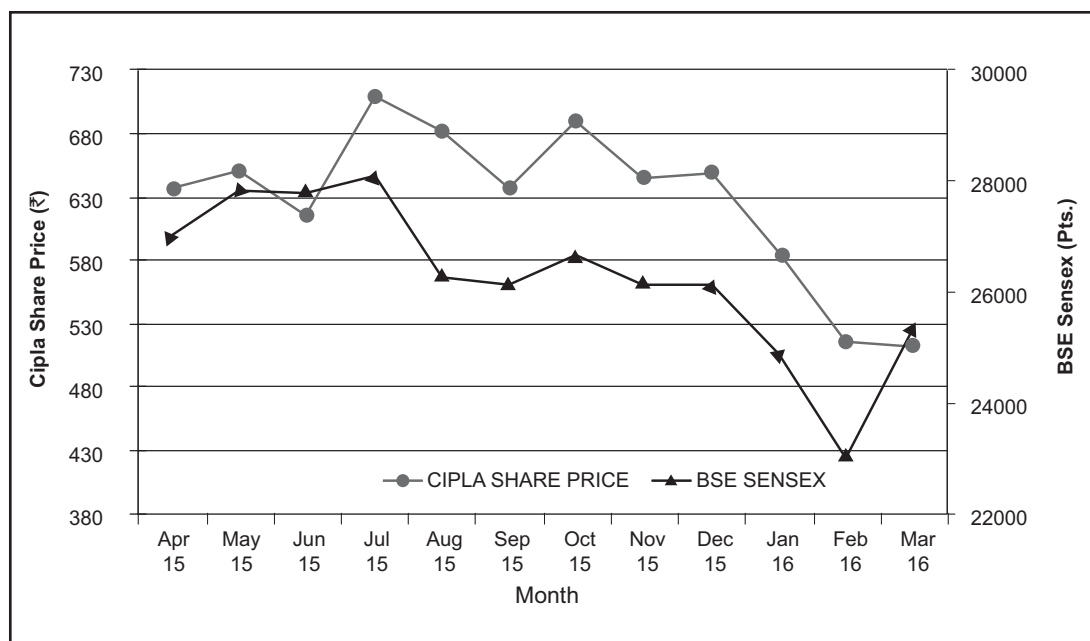
o. General Shareholder Information

- Date, Time and Venue of the AGM : Wednesday, 28th September 2016 at 3.00 p.m.
Y. B. Chavan Auditorium,
General Jagannath Bhosale Marg,
Mumbai - 400 021
- Financial Calendar : 1st day of April to 31st day of March in the next calendar year
- Adoption of Financial Results (tentative) : 1st week of November 2016
- For the quarter and half year ending 30th September 2016
- For the quarter and nine months ending 31st December 2016 : 1st week of February 2017
- For the financial year ending 31st March 2017 : 3rd / 4th week of May 2017
- Date of Book Closure : 15th September 2016 to 28th September 2016 (both days inclusive)
- Dividend Payment Date : Will be dispatched / credited on or after 3rd October 2016
- 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, 5th Floor, 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 the financial year 2016-17.
- Stock Code : 500087 on BSE Limited
CIPLA EQ on National Stock Exchange of India Limited
- ISIN Number for NSDL & CDSL : INE059A01026
- Market Price Data : The high and low prices of every month during the financial year 2015-16 are given below. The Company's market capitalisation is included in the computation of BSE Sensex and S&P CNX NIFTY Index.

Report on Corporate Governance *contd.*

Financial year (2015-16)	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Number of Shares Traded	High (₹)	Low (₹)	Number of Shares Traded
April	745.55	619.30	3994108	746.10	618.75	36939572
May	696.15	621.00	3651013	695.95	620.40	39476666
June	672.60	572.00	4294666	672.75	571.25	39078369
July	724.75	617.00	2435649	724.00	616.75	29702566
August	748.00	606.00	5267550	745.00	605.70	55935660
September	688.75	624.20	3035147	688.40	623.50	38471585
October	704.75	633.00	2776414	704.90	631.45	41566487
November	690.50	613.55	1957792	688.95	613.15	22360547
December	660.00	620.10	1284987	661.40	620.00	19495129
January	658.00	574.00	1830079	658.45	572.30	21609947
February	606.35	505.55	4052847	606.05	505.00	41564583
March	549.50	495.20	4956430	549.70	494.55	59126789

- Performance in comparison to BSE SENSEX – Financial year 2015-16



- Address for Correspondence

All communications with regard to transfer, transmission, National Electronic Clearing Service (NECS), dividend, dematerialisation, etc. should be addressed to the Share Transfer Agents viz. Karvy Computershare Private Limited.

Report on Corporate Governance *contd.*

Share Transfer Agents

Karvy Computershare Private Limited
(Unit: Cipla Limited)
Karvy Selenium Tower B, Plot No.: 31 & 32,
Gachibowli, Financial District, Nanakramguda,
Serilingampally, Hyderabad,
Telangana - 500 032
Tel: (040) 6716 2222 / 6716 1511
Fax: (040) 2300 1153
E-mail: einward.ris@karvy.com
Website: www.karvy.com

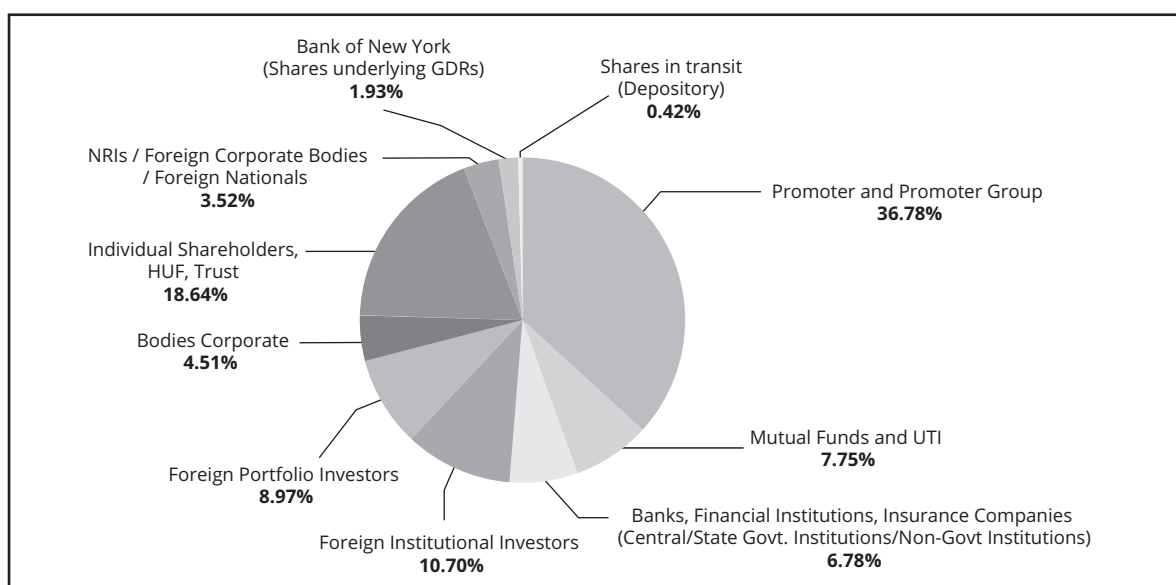
Company

Shares Department
Cipla House,
Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai - 400 013
Tel: (022) 2482 6000 / 2482 6951
Fax: (022) 2482 6893
E-mail: cosecretary@cipla.com
Website: www.cipla.com

- Distribution of shareholding as on 31st March 2016 (Class-wise distribution of Equity Shares)

Shareholding	No. of Folios	% of Total	No. of Shares	% of Total
1-2500	211982	97.76	26956352	3.36
2501-5000	1619	0.75	5989564	0.75
5001-10000	986	0.46	7251146	0.90
10001-15000	452	0.21	5585418	0.69
15001-20000	240	0.11	4268014	0.53
20001-25000	200	0.09	4535552	0.56
25001-50000	433	0.20	15629149	1.95
Above 50000	917	0.42	733169087	91.26
Total	216829	100.00	803384282	100.00
Physical mode	1291	0.60	38234866	4.76
Electronic mode	215538	99.40	765149416	95.24

- Shareholding Pattern as on 31st March 2016



Report on Corporate Governance *contd.*

- Dematerialisation of Shares and Liquidity

As on 31st March 2016, 95.24 percent of the share capital was held in dematerialised form.

As to the liquidity, equity shares of the Company 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 2016, 1,54,94,159 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 respective Employee Stock Option Scheme(s).

- Plant locations as on 31st March 2016

- i. Virgonagar, Old Madras Road, Bengaluru - 560049, Karnataka
- ii. Bommasandra-Jigani Link Road, Industrial Area, KIADB 4th Phase, Bengaluru - 560099, Karnataka
- iii. MIDC, Patalganga - 410220, District: Raigad, Maharashtra
- iv. MIDC Industrial Area, Kurkumbh - 413802, Daund, District: Pune, Maharashtra
- v. Verna Industrial Estate, Verna - 403722, Salcete, Goa
- vi. Village Malpur Upper, P.O. Bhud, Nalagarh, Baddi - 173205, District: Solan, Himachal Pradesh
- vii. Village Kumrek, Rangpo - 737132, District : East Sikkim, Sikkim
- viii. Indore SEZ, Phase II, Sector III, Pharma Zone, P.O. Pithampur - 454774, District: Dhar, Madhya Pradesh

On behalf of the Board,

Y. K. Hamied
Chairman

12th August 2016

Report on Corporate Governance *contd.*

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(s) that they have complied with the Code of Conduct laid down by the Company in respect of the financial year ended 31st March 2016.

For Cipla Limited

Subhanu Saxena

Managing Director and Global Chief Executive Officer

12th August 2016

Certificate on Compliance with Clause 49 of the erstwhile Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Cipla Limited

I have examined compliance by Cipla Limited ("the Company") with the requirements under Clause 49 of the erstwhile Listing Agreement entered into by the Company with the Stock Exchanges and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") relating to corporate governance requirements for the year ended on 31 March 2016.

In my opinion and to the best of my information and according to the explanations given to me and the representation by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the erstwhile Listing Agreement and the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures adopted and implementation thereof, by the Company for ensuring the compliance of the conditions of Corporate Governance under Clause 49 of erstwhile Listing Agreement and under the Listing Regulations. The examination is neither an audit nor an expression of opinion on the financial statements of the Company or the Corporate Governance Report of the Company.

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

Dr. K R Chandratre

Practising Company Secretary

FCS No. 1370

Certificate of Practice No. 5144

Date: 4 August, 2016

Place: Pune

Independent Auditors' 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 comprises the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of 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 sub-section (5) of section 134 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 financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company, preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

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 there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
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 judgement, 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 control 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 the 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, of the state of affairs of the Company as at 31st March 2016, and its profits and its cash flows for the year ended on that date.

Independent Auditors' Report *contd.*

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in Annexure 1, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
10. Further to our comments in Annexure 1, as required by sub-section (3) of section 143 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 purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. on the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of sub-section (2) of section 164 of the Act;
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure 2';
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes 37, 38 and 39 to the financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Reg No. 109208W

V. Mohan
Partner
Membership No. 17748

Mumbai, 24th May 2016

For R.G.N. Price & Co.
Chartered Accountants
Firm Reg No. 002785S

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 24th May 2016

Annexure 1 to the Independent Auditors' Report

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 in our opinion, we report that:

1.
 - a. The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets, other than situation of furniture and fixtures and office equipments where the situation recorded is the location of the Company's different establishments.
 - b. The Company has a policy of physically verifying its fixed assets in a phased manner to cover all the assets of the Company in a block of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its business. During the year, some of the fixed assets have been physically verified by the Management and discrepancies noticed during the physical verification, which were not material, have been appropriately dealt with in the books of account.
 - c. The title deeds of the immovable properties are held in the name of the Company.
2. The inventory has been physically verified by the Management at reasonable intervals during the year. The verification was done on the basis of the perpetual inventory system operated by the Company. The discrepancies noticed on physical verification of inventory, as compared with the book records, were not material and have been properly dealt with in the books of account. In case of materials lying with third parties, certificates confirming such inventory have been obtained by the Company from most of the third parties.
3. The Company has granted interest free unsecured loan to one company, and interest bearing unsecured loans to two companies, which are covered in the Register maintained under section 189 of the Companies Act, 2013. With respect to these loans:
 - a. The terms and conditions on which the loans had been granted were not, *prima facie*, prejudicial to the Company's interest.
 - b. The schedule of repayment of principal, in case of interest free loan and schedule of repayment of principal and interest, in case of interest bearing loans are stipulated. The borrowers have been regular in the payment of the principal and interest as stipulated.
 - c. There are no overdue loans in respect of loans granted.
4. The Company has complied with provisions of sections 185 and 186 of the Act, with respect to loans given, investments made, or any guarantees or securities given.
5. The Company has not accepted any deposits from public. Accordingly, this clause is not applicable.
6. 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 its products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records with a view to determine whether these are accurate or complete.
7.
 - a. The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues applicable to it with the appropriate authorities. There were no undisputed arrears that were outstanding as at 31st March 2016 for a period of more than six months from the date they became payable.

Annexure 1 to the Independent Auditors' Report *contd.*

- b. There were no dues in respect of Wealth Tax, Income Tax, Service Tax, Customs Duty, and Cess that have not been deposited with the appropriate authorities on account of dispute.

The particulars of dues towards Excise Duty, Sales Tax and Service Tax that have not been deposited on account of dispute as at 31st March 2016 and the forum where these disputes are pending are as follows:

Name of the statute	Nature of dues	Financial years to which the matter pertains	Forum where the dispute is pending	Amount ₹ in crore
The Central Excise Act, 1944	Excise Duty	2000-01 to 2014-15	CESTAT/High Court/Commissioner	136.66
Finance Act, 1994	Service Tax	2003-04 to 2012-13	Commissioner	25.09
State Sales Tax Acts	Sales Tax	2001-02 to 2013-14	State Sales Tax Tribunal/Joint Commissioner	2.34

8. The Company has not defaulted in repayment of dues to any financial institutions or banks.
9. The Company did not raise any money by way of initial public offer (including debt instruments) or further public offer and term loans during the year. Accordingly, this clause is not applicable.
10. No material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals as mandated by the provisions of section 197 read with Schedule V of the Act.
12. The Company is not a Nidhi Company. Accordingly, this clause is not applicable.
13. All transactions with related parties are in compliance with section 177 and section 188 of the Companies Act, 2013 where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, this clause is not applicable.
15. The Company has not entered into any non-cash transactions with directors or persons connected with them.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Reg No. 109208W

V. Mohan
Partner
Membership No. 17748

Mumbai, 24th May 2016

For R.G.N. Price & Co.
Chartered Accountants
Firm Reg No. 002785S

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 24th May 2016

Annexure 2 to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting of Cipla Limited ("the Company") as of 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under sub-section (10) of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

5. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:
 - a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
 - b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

Annexure 2 to the Independent Auditor's Report *contd.*

- c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

6. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management, override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

7. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, 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 V. Sankar Aiyar & Co.
Chartered Accountants
Firm Reg No. 109208W

V. Mohan
Partner
Membership No. 17748

Mumbai, 24th May 2016

For R.G.N. Price & Co.
Chartered Accountants
Firm Reg No. 002785S

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 24th May 2016

Balance Sheet

₹ in crore

As at 31 st March 2016	Notes	2016	2015
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	160.68	160.59
Reserves and Surplus	3	12178.61	10929.56
Non-Current Liabilities			
Long Term Borrowings	4	0.13	0.41
Deferred Tax Liabilities	5	426.84	330.59
Other Long Term Liabilities	6	40.00	40.00
Long Term Provisions	7	132.00	164.41
Current Liabilities			
Short Term Borrowings	8	1131.68	1380.20
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	9	7.30	2.72
Total outstanding dues of creditors other than micro enterprises and small enterprises	9	983.54	1368.70
Other Current Liabilities	10	529.08	483.02
Short Term Provisions	11	429.60	331.62
		16019.46	15191.82
Assets			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	3724.44	3468.33
Intangible Assets	12	121.78	125.29
Capital Work-in-Progress		512.81	339.00
Intangible Assets under Development		37.91	21.71
Non-Current Investments	13	4317.81	4036.99
Long Term Loans and Advances	14	772.61	576.71
Other Non-Current Assets	15	68.20	65.29
Current Assets			
Current Investments	16	539.00	384.11
Inventories	17	2918.47	3289.20
Trade Receivables	18	1898.74	2052.38
Cash and Bank Balances	19	53.01	82.76
Short Term Loans and Advances	20	785.77	596.33
Other Current Assets	21	268.91	153.72
		16019.46	15191.82
Notes to the Accounts	1 to 45		
As per our report of even date			
For V. Sankar Aiyar & Co., Chartered Accountants Firm Reg. No. 109208W	For R.G.N. Price & Co., Chartered Accountants Firm Reg. No. 0027855	Subhanu Saxena Managing Director and Global Chief Executive Officer	S. Radhakrishnan Whole-time Director
V. Mohan Partner Membership No. 17748	R. Rangarajan Partner Membership No. 41883	Samina Vaziralli Executive Director	Umang Vohra Global Chief Operating Officer and Global Chief Financial Officer
Mumbai, 24 th May 2016		Mital Sanghvi Company Secretary	Mumbai, 24 th May 2016

Statement of Profit and Loss

₹ in crore

For the year ended 31 st March 2016	Notes	2016	2015
Income			
Revenue from Operations (Gross)	22	12186.23	10224.72
Less: Excise Duty		152.17	92.94
Revenue from Operations (Net)		12034.06	10131.78
Other Income	23	259.14	147.91
		<u>12293.20</u>	<u>10279.69</u>
Expenditure			
Cost of Materials Consumed	24a	3633.34	3426.74
Purchases of Stock-in-Trade	24b	1037.56	903.41
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	24c	228.35	(349.05)
Employee Benefits Expense	25	1789.65	1499.63
Finance Costs	26	132.52	136.05
Depreciation and Amortisation Expense	27	440.81	433.20
Other Expenses	28	3291.44	2689.74
		<u>10553.67</u>	<u>8739.72</u>
Profit Before Tax		1739.53	1539.97
Tax Expense			
Net Current Tax	29	245.26	318.78
Deferred Tax		96.24	40.10
Profit for the Year		<u>1398.03</u>	<u>1181.09</u>
Earnings per share of face value of ₹2 each			
Basic	42	₹17.41	₹14.71
Diluted	42	₹17.35	₹14.66
Notes to the Accounts	1 to 45		
As per our report of even date			
For V. Sankar Aiyar & Co., Chartered Accountants Firm Reg. No. 109208W	For R.G.N. Price & Co., Chartered Accountants Firm Reg. No. 002785S	Subhanu Saxena Managing Director and Global Chief Executive Officer	S. Radhakrishnan Whole-time Director
V. Mohan Partner Membership No. 17748	R. Rangarajan Partner Membership No. 41883	Samina Vaziralli Executive Director	Umang Vohra Global Chief Operating Officer and Global Chief Financial Officer
		Mital Sanghvi Company Secretary	
Mumbai, 24 th May 2016			Mumbai, 24 th May 2016

Cash Flow Statement

₹ in crore

For the year ended 31 st March 2016		2016	2015
A	Cash Flow from Operating Activities		
	Net profit before tax	1739.53	1539.97
	Adjustments for:		
	Depreciation and amortisation expense	440.81	433.20
	Finance costs	132.52	136.05
	Unrealised foreign exchange gains (Net)	(14.53)	(0.76)
	Expense on Employees Stock Option Schemes (ESOSs)	32.80	39.44
	Bad debts and provision for doubtful debts and advances (Net)	47.08	10.23
	Interest income	(10.96)	(5.98)
	Dividend income	(60.92)	(21.00)
	Profit on sale of non-current investments (Net)	(55.71)	-
	Profit on sale of current investments (Net)	(25.78)	(45.07)
	(Profit)/Loss on sale/discard of fixed assets (Net)	(6.27)	8.01
	Rent income	(1.41)	(3.07)
		477.63	551.05
	Operating profit before working capital changes	2217.16	2091.02
	Adjustments for:		
	(Decrease)/Increase in trade payables and other liabilities	(270.28)	590.25
	Decrease/(Increase) in inventories	370.73	(778.05)
	Increase in trade and other receivables	(198.56)	(503.40)
		(98.11)	(691.20)
	Cash generated from operations	2119.05	1399.82
	Direct taxes paid (Net of refunds)	(390.63)	(348.41)
	Net cash from operating activities	(A) 1728.42	1051.41
B	Cash Flow from Investing Activities		
	Purchase of fixed assets/capital work-in-progress and intangibles	(887.18)	(532.63)
	Sale of fixed assets	15.55	8.05
	Investment in subsidiaries	(462.82)	(581.85)
	Sale of investment in associate company	170.48	-
	Share application monies paid	-	(12.70)
	Purchase of current investments	(15655.58)	(20357.91)
	Sale of current investments	15526.47	20277.72
	Interest received	10.99	5.97
	Dividend received	60.92	21.00
	Rent received	1.41	3.07
	Inter-corporate deposits repaid	0.80	-
	Loans given to/repaid by subsidiaries (Net)	9.50	(25.00)
	Net cash used in investing activities	(B) (1209.46)	(1194.28)

Cash Flow Statement *contd.*

₹ in crore

For the year ended 31 st March 2016		2016	2015
Cash Flow from Financing Activities			
Proceeds from issue of equity shares (ESOSs)		2.94	0.01
Proceeds from/(Repayment of) short term borrowings (Net)		(237.74)	502.90
Repayment of long term borrowings		(0.28)	(0.01)
Finance costs paid		(132.38)	(135.43)
Dividend paid		(160.62)	(160.58)
Tax paid on dividend		(20.30)	(27.29)
Net cash from/(used in) financing activities	(C)	(548.38)	179.60
Net increase/(decrease) in cash and cash equivalents	(A)+(B)+(C)	(29.42)	36.73
Cash and Cash Equivalents as at the beginning of the year		82.76	46.04
Exchange difference on translation of foreign currency cash and cash equivalents		(0.33)	(0.01)
Cash and Cash Equivalents as at the end of the year		53.01	82.76

- Notes:**
- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in AS-3, "Cash Flow Statement".
 - Cash and Cash Equivalents represent cash and bank balances and fixed deposits with banks.
 - Cash and Cash Equivalents include ₹11.91 crore (Previous year ₹13.29 crore) on account of unclaimed dividend, which are not available for use by the Company.
 - For details on CSR expenditure, Refer Note 44.

As per our report of even date			
For V. Sankar Aiyar & Co., Chartered Accountants Firm Reg. No. 109208W	For R.G.N. Price & Co., Chartered Accountants Firm Reg. No. 002785S	Subhanu Saxena Managing Director and Global Chief Executive Officer	S. Radhakrishnan Whole-time Director
V. Mohan Partner Membership No. 17748	R. Rangarajan Partner Membership No. 41883	Samina Vaziralli Executive Director	Umang Vohra Global Chief Operating Officer and Global Chief Financial Officer
Mumbai, 24 th May 2016		Mital Sanghvi Company Secretary	Mumbai, 24 th May 2016

Notes to the accounts

1 Significant Accounting Policies

A. Basis of Preparation

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013, ("Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India and guidelines issued by Securities and Exchange Board of India (SEBI).

B. Use of Estimates

The preparation of financial statements requires the Management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. The 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, assessment of recoverable amounts of deferred tax assets and cash generating units, provision for sales returns, provision for obligations relating to employees, provisions against litigations and contingencies. Actual results could differ from these estimates. Any revision of accounting estimates is recognised prospectively in the current and future periods.

C. Operating Cycle

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

D. Fixed Assets

Tangible assets are stated at the cost of acquisition and includes amount added on revaluation, less accumulated depreciation, Government grants, other subsidies and impairment losses, if any. Cost of tangible assets comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Where several fixed assets are acquired for a consolidated price, the consideration is apportioned to fixed assets on fair value basis.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use.

Intangible assets are stated at the cost of acquisition less accumulated amortisation and impairment losses, if any. Cost of intangible assets comprises purchase price, non-refundable taxes, levies and any directly attributable cost of making the asset ready for its intended use.

E. 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.

Notes to the accounts *contd.*

F. Depreciation and Amortisation

Depreciation on tangible fixed assets is provided on the Straight Line Method over the useful life of assets as prescribed under part C of Schedule II of the Companies Act, 2013 ("Act").

In case of assets whose useful life is already exhausted as on 1st April 2014, the carrying value, net of residual value and deferred tax has been adjusted in retained earnings in accordance with the requirements of Schedule II of the Act.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Cost of leasehold land including premium is amortised over the primary period of lease.

Intangible assets are amortised on a systematic basis over the best estimate of their useful lives, commencing from the date the asset is available to the Company for its use.

The Management estimates the useful lives for the various intangible assets as follows:

Category	Years
Software	3 to 6
Goodwill, Marketing Intangibles, Trademarks, Technical Know-how and Brands - Acquired	5

G. 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.

H. Investments

Investments are classified into current and non-current investments. Non-current investments are carried at cost, less provision for diminution (other than temporary) in value.

Current investments are carried at lower of cost and fair value.

Investment property is carried at cost, less depreciation computed in a manner prescribed for Fixed Assets.

I. Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Foreign currency monetary assets and liabilities and forward contracts are restated at year end exchange rates. Exchange differences arising on the settlement of foreign currency monetary items or on reporting Company's foreign currency monetary items at rates different from those at which they were initially recorded during the year or reported in the previous financial statements, are recognised as income or expense in the year in which they arise.

Notes to the accounts *contd.*

Non-monetary foreign currency items are carried at the rates prevailing on the date of the transaction.

In respect of forward contracts, the premium or discount on these contracts is recognised as income or expenditure over the period of the contract. Any profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense of the year.

Foreign branches are identified as integral foreign operations. All transactions are translated at rates prevailing on the date of transaction. Monetary assets and liabilities of the branch are restated at the year end rates.

J. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

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 a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets are neither recognised nor disclosed in the financial statements.

K. Revenue Recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer, which ordinarily coincides with despatch of goods to customers. Revenues are recorded at invoice value net of excise duty, sales tax, returns and trade discounts.

Revenue from rendering of services are recognised on completion of services.

Benefits on account of entitlement of export incentives are recognised as and when the right to receive is established.

Technical Know-how and Licensing Fees are recognised as and when the right to receive such income is established as per terms and conditions of relevant agreement.

Interest income is recognised using the time proportionate method, based on rates implicit in the transaction.

Dividend income is recognised when the right to receive is established.

Excise Duty/Service Tax

Excise Duty/Service Tax is accounted on the basis of both, payments made in respect of goods cleared/ services provided and provisions made for goods lying in bonded warehouses.

L. 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 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, leave encashment and provident fund are determined on the basis of actuarial valuation made by an independent actuary as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Notes to the accounts *contd.*

Periodic contributions towards post retirement defined benefit plan such as provident fund administered through an Employees' Provident Fund Trust are charged to the Statement of Profit and Loss.

Termination benefits

Termination benefits arising from restructuring are recognised in the Statement of Profit and Loss when:

- a. the Company has a present obligation as a result of a past event;
- b. a reliable estimate can be made of the amount of the obligation; and
- c. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

M. Employee Stock Option Scheme

In accordance with the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India, the compensation cost of stock options granted to employees is calculated based on intrinsic value method, i.e. the excess of the market price of shares immediately prior to date of grant over the exercise price to be paid by the option holders. The compensation cost is amortised to the Statement of Profit and Loss over the vesting period of the stock option.

N. Income Tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of local Income Tax Laws as applicable to the financial year.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the Balance Sheet date.

The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

O. Impairment of Assets

At each Balance Sheet date, the Company assesses whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit and Loss. If, at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

P. Research and Development

Revenue expenditure on Research and Development is recognised as expense in the year in which it is incurred.

Capital expenditure on Research and Development is shown as addition to Fixed Assets.

Notes to the accounts *contd.*

Q. Expenditure on Regulatory Approvals

Expenditure incurred for obtaining regulatory approvals and registration of products for overseas markets is charged to the Statement of Profit and Loss.

R. Government Grants and Subsidies

Capital subsidy/Government grants are recognised when there is a reasonable assurance that all relevant conditions will be complied with and it is reasonably certain that the ultimate collection will be made.

Capital subsidy/Government grants related to specific fixed assets are shown as deduction from the gross value of the asset concerned in arriving at its book value. The grant/subsidy is thus recognised in the Statement of Profit and Loss over the useful life of such fixed assets by way of a reduced depreciation charge.

S. Leases

Where the Company is a Lessee

Lease rentals on assets taken on operating lease are recognised as expense in the Statement of Profit and Loss on straight line basis over the lease term in accordance with the lease agreement.

Where the Company is a Lessor

Lease rentals on assets given on operating lease are recognised as income in the Statement of Profit and Loss on straight line basis in accordance with the lease agreement.

T. 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 on the conversion of all the dilutive potential equity shares into equity shares.

Notes to the accounts *contd.*

₹ in crore

	2016	2015
2 Share Capital		
Authorised		
87,50,00,000 Equity Shares of ₹2 each (Previous year 87,50,00,000 Equity Shares of ₹2 each)	175.00	175.00
	175.00	175.00
Issued		
80,43,87,677 Equity Shares of ₹2 each (Previous year 80,39,63,835 Equity Shares of ₹2 each)	160.88	160.79
	160.88	160.79
Subscribed & Paid-up		
80,33,84,282 Equity Shares of ₹2 each fully paid (Previous year 80,29,60,440 Equity Shares of ₹2 each fully paid)	160.68	160.59
	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	2016		2015	
	Number of shares	Amount (₹ in crore)	Number of shares	Amount (₹ in crore)
Equity Shares at the beginning of the year	80,29,60,440	160.59	80,29,21,357	160.58
Add: Equity Shares issued on exercise of employee stock options	4,23,842	0.09	39,083	0.01
Equity Shares at the end of the year	80,33,84,282	160.68	80,29,60,440	160.59

- Details of Shareholders holding more than 5 percent shares in the Company**

	2016		2015	
	Number of shares	% Holding	Number of shares	% Holding
Dr. Y. K. Hamied	16,67,42,687	20.76	12,48,27,750	15.55
Mrs. Farida Hamied	-	-	4,19,14,937	5.22
Mrs. Sophie Ahmed	4,59,82,000	5.72	4,59,82,000	5.73
Life Insurance Corporation of India	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 at 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 43 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 scheme(s).

Notes to the accounts *contd.*

		₹ in crore	
		2016	2015
3	Reserves and Surplus		
	Capital Reserve	0.08	0.08
	Securities Premium Reserve		
	As per last Balance Sheet	1430.59	1428.96
	Add: Additions during the year on ESOS exercised	17.93	1.63
	Balance at the end of the year	1448.52	1430.59
	Revaluation Reserve	8.97	8.97
	Employee Stock Options Outstanding		
	Employee Stock Options Outstanding		
	As per last Balance Sheet	146.99	92.05
	Add: Options granted during the year (net of cancellations)	5.40	56.57
	Less: Exercised during the year	15.08	1.63
	Balance at the end of the year (a)	137.31	146.99
	Deferred Employee Stock Option Cost		
	As per last Balance Sheet	76.09	70.40
	Add: Options granted during the year	5.40	56.57
	Less: Amortisations during the year (net of cancellations)	29.19	50.88
	Balance at the end of the year (b)	52.30	76.09
	Net Balance at the end of the year (a-b)	85.01	70.90
	General Reserve	3141.43	3141.43
	Surplus in the Statement of Profit and Loss		
	As per last Balance Sheet	6277.59	5329.97
	Add: Profit for the year	1398.03	1181.09
	Add: Adjustment due to tax on dividend of previous year	12.40	-
	Less: Adjustment of Depreciation [Refer Note 1(F)]	-	40.19
		7688.02	6470.87
	Less: Appropriations		
	Proposed Dividend		
	[₹2 per share (Previous year ₹2 per share)]	160.68	160.59
	Tax on Dividend	32.70	32.69
	Dividend and Tax on Dividend pertaining to previous year	0.04	-
	Balance at the end of the year	7494.60	6277.59
		12178.61	10929.56

Notes to the accounts *contd.*

	₹ in crore	
	2016	2015
4 Long Term Borrowings		
Unsecured		
Deferred Payment Liability - Sales Tax Deferral Loan	0.13	0.41
	<u>0.13</u>	<u>0.41</u>
Sales tax deferral loan is interest free and repayable by 2017-18		

	₹ in crore	
	2016	2015
5 Deferred Tax Liabilities		
Deferred Tax Liabilities arising on account of		
Excess of depreciation/amortisation on fixed assets under Income-tax law over depreciation/amortisation provided in accounts	426.84	330.59
	<u>426.84</u>	<u>330.59</u>

	₹ in crore	
	2016	2015
6 Other Long Term Liabilities		
Security Deposits	40.00	40.00
	<u>40.00</u>	<u>40.00</u>

	₹ in crore	
	2016	2015
7 Long Term Provisions		
Provision for Employee Benefits		
Leave Encashment (Note 25)	132.00	101.93
Gratuity (Note 25)	-	12.48
Others		
Payable for Acquisition of Business	-	50.00
	<u>132.00</u>	<u>164.41</u>

Notes to the accounts *contd.*

₹ in crore		
	2016	2015
8 Short Term Borrowings		
Loans Repayable on demand		
From Banks		
Secured		
Cash Credit (Secured by hypothecation of trade receivables and inventories)	-	0.67
Unsecured		
Packing Credit	917.63	1156.25
Bank Overdraft	9.05	-
Buyers' Credit	205.00	223.28
	1131.68	1380.20

₹ in crore		
	2016	2015
9 Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	7.30	2.72
Total outstanding dues of creditors other than micro enterprises and small enterprises	983.54	1368.70
	990.84	1371.42

The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

₹ in crore		
Particulars	2016	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	-	-

Notes to the accounts *contd.*

9 Trade Payables *contd.*

₹ in crore		
Particulars	2016	2015
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	-	-

₹ in crore		
	2016	2015
10 Other Current Liabilities		
Current maturities of Long Term Debt - Sales Tax Deferral Loan	0.07	0.01
Unclaimed Dividend*	11.91	13.29
Statutory Dues	57.18	40.18
Dues to Employees	120.01	88.78
Creditors for Capital Expenditure	135.69	72.74
Unclaimed Preference Share Capital	0.01	0.01
Security Deposits	1.86	2.20
Book Overdraft	6.64	46.89
Advance from Customers	25.61	103.89
Interest Payable	0.81	0.67
Other Payables#	169.29	114.36
	529.08	483.02
* There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.		
# Includes creditors for expenses		

₹ in crore		
	2016	2015
11 Short Term Provisions		
Provision for Employee Benefits		
Leave Encashment (Note 25)	22.43	16.36
Gratuity (Note 25)	37.23	45.10
Others		
Provision for Employee Dues	31.15	-
Proposed Dividend	160.68	160.59
Tax on Proposed Dividend	32.70	32.69
Others*	145.41	76.88
	429.60	331.62
* Includes provision for acquisition of business, sales returns provision etc.		

Notes to the accounts *contd.*

12 Fixed Assets

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK		
	As at 01.04.2015	Additions	Deletions/ Adjustments	As at 31.03.2016	Upto 31.03.2015	Adjustment in retained earnings	For the year 2015-16	Deletions/ Adjustments	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
Tangible Assets											
Freehold Land	32.73	-	-	32.73	-	-	-	-	-	32.73	32.73
Leasehold Land	76.40	1.20	-	77.60	14.77	-	1.71	-	16.48	61.12	61.63
Plant and Equipments	3748.65	407.66	32.65	4123.66	1920.37	-	330.38	24.11	2226.64	1897.02	1828.28
Office Equipments	95.30	14.30	1.05	108.55	53.01	-	16.77	0.72	69.06	39.49	42.29
Furniture and Fixtures	135.73	10.40	1.12	145.01	69.55	-	14.43	0.87	83.11	61.90	66.18
Buildings and Flats	1712.42	242.27	0.03	1954.66	279.12	-	47.41	0.03	326.50	1628.16	1433.30
Vehicles	9.11	1.14	0.58	9.67	5.19	-	0.93	0.47	5.65	4.02	3.92
Total	5810.34	676.97	35.43	6451.88	2342.01	-	411.63	26.20	2727.44	3724.44	3468.33
Previous year	5389.76	448.88	28.30	5810.34	1870.17	60.86	424.07	13.09	2342.01		
Intangible Assets	As at 01.04.2015	Additions	Deletions/ Adjustments	As at 31.03.2016	Upto 31.03.2015	Adjustment in retained earnings	For the year 2015-16	Deletions/ Adjustments	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
Goodwill	8.83	-	-	8.83	0.29	-	1.77	-	2.06	6.77	8.54
Marketing Intangibles	25.10	-	-	25.10	0.83	-	5.02	-	5.85	19.25	24.27
Software	100.81	9.49	0.04	110.26	8.33	-	21.15	0.01	29.47	80.79	92.48
Technical Know-how	-	4.66	-	4.66	-	-	0.52	-	0.52	4.14	-
Trademarks	-	10.45	-	10.45	-	-	0.58	-	0.58	9.87	-
Brands	-	1.08	-	1.08	-	-	0.12	-	0.12	0.96	-
Total	134.74	25.68	0.04	160.38	9.45	-	29.16	0.01	38.60	121.78	125.29
Previous year	4.96	130.66	0.88	134.74	0.36	-	9.13	0.04	9.45		

- Notes:
- The gross value of Buildings and Flats includes the cost of shares in Co-operative Housing Societies.
 - The above additions to fixed assets during the year includes ₹242.88 crore (Previous year ₹131.94 crore) used for Research and Development.
 - Freehold Land at Mumbai Central and Vikhroli, were revalued on 16th March 1985 and was again revalued on 21st March 1990 along with Freehold Land at Bengaluru which stood at ₹9.07 crore on the basis of valuation report of approved valuers resulting in increase in book value by ₹8.97 crore.

Notes to the accounts *contd.*

		₹ in crore	
		2016	2015
13	Non-Current Investments		
	Trade Investments		
	Investments in Equity Instruments (Unquoted)		
	Investment in Subsidiaries		
	15 (Previous year 15) Equity Shares of Cipla FZE of AED 10,00,000 each, fully paid	18.69	18.69
	45,966 (Previous year 45,966) Equity Shares of Goldencross Pharma Pvt. Ltd. of ₹10 each, fully paid	191.12	191.12
	61,72,237 (Previous year 61,53,382) Equity shares of Meditab Specialities Pvt. Ltd. of ₹1 each, fully paid	158.42	155.72
	2,15,50,001 (Previous year 2,15,50,001) Ordinary Shares of Cipla (Mauritius) Ltd. of USD 1 each, fully paid	129.42	129.42
	2,33,70,000 (Previous year 35,30,000) Shares of Cipla (EU) Ltd. of GBP 1 each, fully paid	233.51	37.76
	45,07,40,684 (Previous year 45,07,40,684) Ordinary Shares of Cipla Medpro South Africa (Proprietary) Ltd. of 0.1 Cent each, fully paid	2756.74	2756.74
	2,15,367 (Previous year 2,15,367) Shares of Cipla Holding B.V. of EUR 100 each, fully paid	172.69	172.69
	15,77,30,000 (Previous year 10,00,00,000) Equity Shares of Cipla BioTec Pvt. Ltd. (formerly known as Mabpharm Pvt. Ltd.) of ₹10 each, fully paid	203.95	105.81
	2,01,33,633 (Previous year 1,35,15,000) Shares of Saba Investment Ltd. of USD 1 each, fully paid	299.70	257.69
	24,06,000 (Previous year 24,06,000) Equity Shares of Jay Precision Pharmaceuticals Pvt. Ltd. of ₹10 each, fully paid	96.24	96.24
	14,40,208 (Previous year Nil) Equity Shares of Cipla Health Ltd. of ₹10 each, fully paid	57.00	-
	Investment in Associates		
	Nil (Previous year 87,33,333) Ordinary Shares of Biomab Holding Ltd. of USD 1 each, fully paid*	-	114.78
	Other Investments		
	Investments in Equity Instruments (Unquoted)		
	1,000 (Previous year 1,000) Equity Shares of The Saraswat Co-operative Bank Ltd. of ₹10 each, fully paid ₹10000 (Previous year ₹10000)	0.00	0.00
	Investments in Government and Trust securities		
	National Savings Certificates ₹41000 (Previous year ₹41000)	0.00	0.00
	Investment property (at cost less accumulated depreciation)		
	Cost of Building given on Operating Lease	0.52	0.52
	Less: Accumulated Depreciation	0.19	0.19
	Net Block	0.33	0.33
		4317.81	4036.99
	Aggregate amount of unquoted investments	4317.48	4036.66
	* Divested on 22 nd January 2016		
	Mode of valuation - Refer Note 1(H)		

Notes to the accounts *contd.*

₹ in crore		
	2016	2015
14 Long Term Loans and Advances		
Secured, Considered Good		
Capital Advances [#]	6.46	4.74
Unsecured, Considered Good		
Capital Advances [*]	153.83	98.12
Security Deposits	32.98	31.00
Loans to Subsidiaries (Includes amount referred to in Note 40)	249.15	259.15
MAT Credit Entitlement	111.38	-
Advance Taxes and TDS (Net of Provision for Tax ₹1739.28 crore; Previous year ₹1610.34 crore)	172.03	138.04
VAT Receivable	44.56	45.51
Other Loans and Advances ^{**}	2.22	0.15
	772.61	576.71
[#] Secured against Bank Guarantees		
[*] Includes ₹55.74 crore (Previous year ₹55.74 crore) paid to wholly owned subsidiary - Meditab Specialities Pvt. Ltd.		
^{**} Represents prepaid expenses		

₹ in crore		
	2016	2015
15 Other Non-Current Assets		
Fixed Deposits as Margin Money (with maturity more than 12 months)	6.85	3.89
Interest accrued on Fixed Deposits	0.11	0.16
Capital Subsidy Receivable	61.24	61.24
	68.20	65.29

Notes to the accounts *contd.*

₹ in crore				
	No. of units	2016	No. of units	2015
16 Current Investments				
Investment in Mutual Funds (Unquoted)				
Axis Mutual Fund "Axis Liquid Fund" - Direct - Growth	2,68,158	45.00	-	-
Baroda Pioneer Mutual Fund "Baroda Pioneer Liquid Fund" - Plan B - Growth	-	-	2,80,546	45.00
Birla Sun Life Mutual Fund "Birla Sun Life Cash Plus" - Growth - Direct Plan	18,92,389	46.00	20,05,213	45.00
Franklin Templeton Mutual Fund "Templeton India Treasury Management Account" - Super Institutional Plan - Direct - Growth	-	-	2,39,539	50.00
HDFC Mutual Fund "HDFC Cash Management Fund" - Savings Plan - Direct Plan - Growth Option	1,39,164	44.00	85,62,289	25.00
ICICI Prudential Mutual Fund "ICICI Prudential Money Market Fund" - Direct Plan - Growth	21,49,063	45.00	-	-
Indiabulls Mutual Fund "Indiabulls Liquid Fund" - Direct Plan Growth	3,04,951	45.00	-	-
JM Financial Mutual Fund "JM High Liquidity Fund" - Direct - Growth	1,08,71,272	45.00	-	-
Kotak Mutual Fund "Kotak Floater Short Term" - Direct Plan - Growth	12,077	3.00	-	-
Principal Mutual Fund "Principal Cash Management Fund" - Direct Plan - Growth Option	-	-	3,30,868	45.00
Reliance Mutual Fund "Reliance Liquidity Fund" - Direct Growth Plan	1,79,683	41.00	2,11,177	44.50
Reliance Mutual Fund "Reliance Liquid Fund" - Cash Plan - Direct Growth	1,84,267	45.00	-	-
Reliance Mutual Fund "Reliance Liquid Fund" - Treasury Plan - Direct Growth	1,21,898	45.00	-	-
SBI Mutual Fund "SBI Magnum Insta Cash Fund" - Direct Plan - Growth	-	-	92,339	28.51
SBI Mutual Fund "SBI Premier Liquid Fund" - Direct Plan - Growth	1,89,247	45.00	-	-
Sundaram BNP Paribas Mutual Fund "Sundaram Money Fund" - Direct Plan - Growth	-	-	1,73,22,750	51.10
Taurus Mutual Fund "Taurus Liquid Fund" - Direct Plan - Super Institutional Growth	2,74,216	45.00	3,30,391	50.00
UTI Mutual Fund "UTI Money Market Fund" - Institutional Plan - Direct Growth	2,65,152	45.00	-	-
		539.00		384.11
Aggregate amount of unquoted investments		539.00		384.11
Mode of valuation - Refer Note 1(H)				

Notes to the accounts *contd.*

		₹ in crore	
		2016	2015
17 Inventories (Refer Note - 24c)			
(At lower of cost and net realisable value)			
Raw Materials and Packing Materials		1302.59	1470.28
Work-in-Process		762.20	874.31
Finished Goods		602.57	668.41
Stock-in-Trade		198.58	248.98
Stores, Spares and Consumables		52.53	27.22
		2918.47	3289.20
Included above, Stock-in-transit			
Raw Materials and Packing Materials		35.12	109.54
Work-in-Process		7.86	20.66
Finished Goods		65.14	65.34
Stock-in-Trade		4.03	6.71
		112.15	202.25
Mode of valuation - Refer Note 1 (G)			

		₹ in crore	
		2016	2015
18 Trade Receivables			
Unsecured, Considered Good			
Outstanding over six months from date they were due for payment		190.97	163.53
Others		1707.77	1888.85
Unsecured, Considered Doubtful			
Outstanding over six months from date they were due for payment	97.40		64.13
Less: Allowance for Doubtful Debts	97.40		64.13
		1898.74	2052.38

Notes to the accounts *contd.*

	₹ in crore	
	2016	2015
19 Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks (including money in transit)	38.62	63.14
Cash on Hand	1.14	1.20
Other Bank Balances		
Balance earmarked for Unclaimed Dividend	11.91	13.29
Fixed Deposits as Margin Money (maturity less than 12 months)	1.34	5.13
	53.01	82.76

	₹ in crore	
	2016	2015
20 Short Term Loans and Advances		
Unsecured (Considered good unless otherwise stated)		
Inter Corporate Loans		
Considered Good	0.50	0.80
Considered Doubtful	2.25	2.25
	2.75	3.05
Less: Allowance for Doubtful Loans	2.25	2.25
	0.50	0.80
Interest Accrued on Inter Corporate Loans		
Considered Good	0.18	0.20
Considered Doubtful	0.46	0.46
	0.64	0.66
Less: Allowance for Doubtful Interest	0.46	0.46
	0.18	0.20
Share Application Money - Pending Allotment	-	12.69
Balances with Statutory/Revenue Authorities	525.98	366.73
Others*		
Considered Good	259.11	215.91
Considered Doubtful	-	-
	259.11	215.91
Less: Allowance for Doubtful Advances	-	-
	259.11	215.91
	785.77	596.33
* Includes advances to sundry creditors, employee loans and prepaid expenses		

Notes to the accounts *contd.*

	₹ in crore	
	2016	2015
21 Other Current Assets		
Export Incentives Receivable	258.93	144.79
Other Current Assets*	9.98	8.93
	<u>268.91</u>	<u>153.72</u>
* Pertains to receivables from subsidiaries		

	₹ in crore	
	2016	2015
22 Revenue from Operations		
Sale of Products	11887.35	9776.23
Rendering of Services	44.72	55.65
Other Operating Revenue		
Export Incentives	150.16	159.48
Technical Know-how and Licensing Fees	40.48	163.81
Scrap Sales	37.49	46.90
Others	26.03	22.65
	<u>12186.23</u>	<u>10224.72</u>

• Details of Products sold

	₹ in crore	
	2016	2015
Manufactured Goods		
Bulk Drugs	1005.72	844.33
Tablets and Capsules	6797.74	5130.41
Liquids	197.02	273.54
Creams	194.98	168.91
Aerosols/Inhalation Devices	1031.03	1033.56
Injections/Sterile Solutions	1184.60	957.51
Others	73.70	85.79
	<u>10484.79</u>	<u>8494.05</u>
Stock-in-Trade		
Bulk Drugs	83.32	96.95
Tablets and Capsules	700.12	626.06
Liquids	251.06	233.53
Creams	84.86	67.24
Aerosols/Inhalation Devices	73.42	63.57
Injections/Sterile Solutions	154.40	162.41
Others	55.38	32.42
	<u>1402.56</u>	<u>1282.18</u>
	<u>11887.35</u>	<u>9776.23</u>

Notes to the accounts *contd.*

22 Revenue from Operations *contd.*

• Earnings in Foreign Exchange

	₹ in crore	
	2016	2015
F.O.B. Value of Exports	6683.67	4736.33
Technical Know-how and Licensing Fees	38.43	156.82
Others - Service fees, etc.	24.03	17.25
	<u>6746.13</u>	<u>4910.40</u>

	₹ in crore	
	2016	2015
23 Other Income		
Interest		
Bank Deposits	0.58	0.50
Others	10.38	5.48
Dividend*	60.92	21.00
Net Gain on Sale of Investment [#]	81.49	45.07
Insurance Claims	10.74	6.48
Rent	1.41	3.07
Sundry Balances Written Back	10.47	6.83
Miscellaneous Receipts	13.71	19.65
Profit on Sale of Fixed Assets	6.27	-
Net Gain on Foreign Currency Transaction and Translation	63.17	39.83
	<u>259.14</u>	<u>147.91</u>

* Current year includes ₹60.92 crore received from Meditab Specialities Pvt. Ltd.

[#] Current year includes ₹55.71 crore gain on sale of investment in associate (Biomab Holding Ltd.)

	₹ in crore	
	2016	2015
24a Cost of Materials Consumed		
Consumption of Raw and Packing Materials		
Opening Stock	1470.28	1068.51
Add: Purchases	3465.65	3828.51
	<u>4935.93</u>	<u>4897.02</u>
Less: Closing Stock	1302.59	1470.28
	<u>3633.34</u>	<u>3426.74</u>
	<u>3633.34</u>	<u>3426.74</u>

Notes to the accounts *contd.*

24a Cost of Materials Consumed *contd.*

• Break-up of Materials Consumed

	₹ in crore	
Class of Goods	2016	2015
Semi Finished goods	1409.10	1548.37
Raw Material	1190.19	910.66
Packing Material	956.03	865.89
Others	78.02	101.82
Total Consumption (Net of Cenvat)	3633.34	3426.74

• Consumption of Raw and Packing Materials/Spares and Components

	₹ in crore			
Class of Goods	2016		2015	
	Value	%	Value	%
Purchased Indigenously	2039.15	56	1946.52	57
Imported	1594.19	44	1480.22	43
Total Consumption (Net of Cenvat)	3633.34	100	3426.74	100

	₹ in crore	
	2016	2015
24b Purchases of Stock-in-Trade		
Bulk Drugs	115.08	72.65
Tablets and Capsules	459.28	405.08
Liquids	170.42	166.31
Creams	58.33	48.06
Aerosols/Inhalation Devices	77.66	51.79
Injections/Sterile Solutions	107.31	144.13
Others	49.48	15.39
	1037.56	903.41

Notes to the accounts *contd.*

		₹ in crore	
		2016	2015
24c	Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade		
Opening Stock			
Work-in-Process	874.31		641.69
Finished Goods	668.41		571.21
Stock-in-Trade	248.98		229.75
		1791.70	1442.65
Less: Closing 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
		228.35	(349.05)

• Break-up of Inventories

		₹ in crore	
		2016	2015
Work-in-Process			
Formulations		208.74	320.97
Bulk Drugs		553.46	553.34
		762.20	874.31
Finished Goods			
Bulk Drugs		22.72	25.21
Tablets and Capsules		369.64	419.73
Liquids		19.23	18.28
Creams		19.04	21.41
Aerosols/Inhalation Devices		58.40	64.79
Injections/Sterile Solutions		109.57	115.21
Others		3.97	3.78
		602.57	668.41
Stock-in-Trade			
Bulk Drugs		7.18	10.45
Tablets and Capsules		96.74	118.91
Liquids		30.82	36.60
Creams		11.16	11.37
Aerosols/Inhalation Devices		13.45	9.49
Injections/Sterile Solutions		34.90	57.35
Others		4.33	4.81
		198.58	248.98

Notes to the accounts *contd.*

₹ in crore

	2016	2015
25 Employee Benefits Expense		
Salaries and Wages	1519.34	1253.06
Contribution to Provident and Other Funds	74.49	63.74
Staff Gratuity	35.82	25.80
Expense on Employee Stock Option Scheme (Note 43)	32.80	39.44
Staff Welfare Expenses	127.20	117.59
	1789.65	1499.63

- 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 the revised AS-15 are as under:

- 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**

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, which is recognised by the Income tax authorities and administered through trustees/ appropriate authorities. The Guidance Note on implementing the revised AS-15, "Employee Benefits (revised 2005)" issued by Accounting Standards Board (ASB) states benefit involving employer established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Accordingly, the Company has considered the provident fund as defined benefit plan.
- 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.
- 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.

Notes to the accounts *contd.*

25 Employee Benefits Expense *contd.*

b. Charge to the Statement of Profit and Loss

		₹ in crore
i. Based on contribution		
	2016	2015
Employees' Pension Scheme	27.84	21.21
Provident Fund	45.13	41.05
	<u>72.97</u>	<u>62.26</u>

ii. Charge towards leave encashment to the Statement of Profit and Loss amounts to ₹71.33 crore (Previous year ₹57.28 crore).

c. Disclosures for defined benefit plans based on actuarial reports as on 31st March 2016

		₹ in crore
	2016 Gratuity (Funded Plan)	2015 Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	99.36	74.43
Interest cost	7.96	6.92
Current service cost	20.33	16.23
Actuarial (gain)/loss on obligations	13.65	6.42
Benefits paid	(7.24)	(4.64)
Liability at the end of the year	<u>134.06</u>	<u>99.36</u>
ii. Change in fair value of assets		
Opening fair value of plan assets	41.78	41.23
Expected return on plan assets	3.35	3.83
Actuarial gain/(loss)	2.94	(0.16)
Contributions by employer	56.00	5.00
Transfer of plan assets	-	-
Assets Transferred out/divestments	-	(3.48)
Benefits paid	(7.24)	(4.64)
Closing fair value of plan assets	<u>96.83</u>	<u>41.78</u>
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	(134.06)	(99.36)
Fair value of plan assets as at year end	96.83	41.78
Net asset/(liability) recognised	<u>(37.23)</u>	<u>(57.58)</u>
iv. Expenses recognised in Statement of Profit and Loss		
Current service cost	20.33	16.23
Interest on defined benefit obligation	7.96	6.92
Expected return on plan assets	(3.35)	(3.83)
Net actuarial (gain)/loss recognised in the current year	10.71	6.58
Direct Payments	0.17	-
Transfer of plan assets	-	-
Total expense recognised in Statement of Profit and Loss	<u>35.82</u>	<u>25.90</u>

Notes to the accounts *contd.*

25 Employee Benefits Expense *contd.*

	2016 Gratuity (Funded Plan)	2015 Gratuity (Funded Plan)
₹ in crore		
v. Actual return on plan assets		
Expected return on plan assets	3.35	3.83
Actuarial gain/(loss) on plan assets	2.94	(0.16)
Actual return on plan assets	6.29	3.67
vi. Asset information		
Insurer managed funds	100%	100%
vii. Experience adjustments		
Defined benefit obligation	134.06	99.36
Plan assets	(96.83)	(41.78)
Deficit/(Surplus)	37.23	57.58
Experience adjustment on plan liabilities - (gain)/loss	(2.64)	(0.53)
Experience adjustment on plan assets - (gain)/loss	(2.94)	0.16
viii. Expected employer's contribution for the next year	51.24	45.10

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	2016	2015
Discounted rate (per annum)	8.07%	8.01%
Expected rate of return on plan assets (per annum)	8.07%	8.01%
Expected rate of future salary increase	5.00% p.a.	5.00% p.a.*
* for the next 5 years & 4.00% p.a. thereafter		

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.

- Amount for current and previous four periods are as follows:

	2016	2015	2014	2013	2012
₹ in crore					
Gratuity					
Defined benefit obligation	134.06	99.36	74.43	59.39	46.52
Plan assets	(96.83)	(41.78)	(41.23)	(33.74)	(29.03)
(Surplus)/Deficit	37.23	57.58	33.20	25.65	17.49
Experience adjustment on plan liabilities - (gain)/loss	(2.64)	(0.53)	3.95	0.20	11.22
Experience adjustment on plan assets - (gain)/loss	(2.94)	0.16	1.77	(1.23)	(0.21)

Notes to the accounts *contd.*

25 Employee Benefits Expense *contd.*

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 2016

	₹ in crore	
	2016 Provident Fund (Funded Plan)	2015 Provident Fund (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	516.37	392.12
Interest cost	47.18	36.65
Current service cost	45.13	40.89
Past service cost	-	-
Employee Contribution	83.59	71.22
Liability transferred in	11.00	8.44
Actuarial (gain)/loss on obligations	-	-
Benefits paid	(48.69)	(32.95)
Liability at the end of the year	654.58	516.37
ii. Change in fair value of assets		
Opening fair value of plan assets	524.51	397.84
Expected return on plan assets	47.18	36.65
Actuarial gain/(loss)	2.10	2.33
Contributions by employer	128.73	112.20
Transfer of plan assets	11.00	8.44
Benefits paid	(48.69)	(32.95)
Closing fair value of plan assets	664.83	524.51
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	(654.58)	(516.37)
Fair value of plan assets as at year end	664.83	524.51
Funded status	(10.25)	(8.14)
Unrecognised actuarial gain/(loss)	-	-
Net asset/(liability) recognised	-	-
iv. Expenses recognised in Statement of Profit and Loss		
Current service cost	45.13	40.89
Past service cost	-	-
Interest cost	47.18	36.65
Interest on defined benefit obligation	-	-
Expected return on plan assets	(47.18)	(36.65)
Net actuarial (gain)/loss recognised in the current year	-	-
Transfer of plan assets	-	-
Total expense recognised in Statement of Profit and Loss	45.13	40.89
v. Actual return on plan assets		
Expected return on plan assets	47.18	36.65
Actuarial (gain)/loss on plan assets	(2.10)	(2.33)
Actual return on plan assets	45.08	34.32

Notes to the accounts *contd.*

25 Employee Benefits Expense *contd.*

	₹ in crore	
	2016 Provident Fund (Funded Plan)	2015 Provident Fund (Funded Plan)
vi. Asset information		
Investment in PSU bonds	320.62	259.39
Investment in Government Securities	278.89	210.89
Bank Special deposit	15.58	15.58
Investment in other securities	30.57	27.05
Private Sector Bonds	7.11	11.10
Equity/Insurer Managed Funds/Mutual Funds	11.45	0.50
Cash and Cash Equivalents	0.61	-
Total Assets at the end of the year	664.83	524.51
vii. Principal Actuarial assumptions used		
Discounted rate (per annum)	8.07%	8.01%
Expected rate of return on plan assets (per annum)	8.80%	8.75%
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	654.58	516.37
Plan assets	(664.83)	(524.51)
Deficit/(Surplus)	(10.25)	(8.14)
Experience adjustment on plan liabilities - (gain)/loss	-	-
Experience adjustment on plan assets - gain/(loss)	2.10	2.33
* for the next 5 years & 4.00% p.a. thereafter		

	₹ in crore	
	2016	2015
26 Finance Costs		
Interest Expense	41.93	39.32
Other Borrowing Costs	0.22	1.04
Applicable Loss on Foreign Currency Transaction and Translation	90.37	95.69
	132.52	136.05

	₹ in crore	
	2016	2015
27 Depreciation and Amortisation Expense		
Depreciation on Tangible Assets	411.65	424.07
Amortisation of Intangible Assets	27.39	8.84
Amortisation of Goodwill on Acquisition	1.77	0.29
	440.81	433.20

Notes to the accounts *contd.*

		₹ in crore	
		2016	2015
28	Other Expenses		
	Manufacturing Expenses	422.63	349.64
	Stores and Spares	112.28	84.22
	Power and Fuel	207.56	198.19
	Repairs and Maintenance		
	Machinery	56.03	51.01
	Buildings	32.09	28.50
	Travelling Expenses	286.37	278.25
	Sales Promotion Expenses	255.59	229.90
	Commission on Sales	192.37	214.21
	Rates and Taxes (excluding taxes on income)	40.44	35.04
	Freight and Forwarding	194.04	197.46
	Rent	50.12	46.78
	Insurance	18.94	19.81
	Payment to Auditors		
	Audit Fees	0.74	0.67
	Taxation Matters	0.06	0.22
	For Other Services	0.59	0.21
	Professional Fees	594.61	330.53
	Postage and Telephone Expenses	26.82	22.08
	Non-Executive Directors' Remuneration	2.33	6.09
	Contractual Services	162.27	120.91
	Corporate Social Responsibility Expenditure (Note 44)	20.48	12.79
	Charitable Donations	0.07	0.09
	Bad Debts, provision for doubtful debts and advances (Net)	47.08	10.23
	Loss on sale/discard of fixed assets (Net)	-	8.01
	Research - Clinical Trials, Samples and Grants	245.11	128.06
	Excise Duty*	14.86	80.93
	Miscellaneous Expenses	307.96	235.91
		3291.44	2689.74
* Excise duty shown under expenditure represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stock of finished goods			

		₹ in crore	
		2016	2015
29	Net Current Tax		
	Current Tax	356.64	318.78
	MAT Credit entitlement	(111.38)	-
		245.26	318.78

Notes to the accounts *contd.*

		₹ in crore	
		2016	2015
30	Research and Development Expenditure		
The amount of expenditure as shown in the respective heads of account is as under:			
R&D Capital Expenditure			
Building	141.96		90.17
Assets other than Building	100.92		41.77
		242.88	131.94
Less: Realisation on Sale of R&D Assets			
Building	-		-
Assets other than Building	0.14		1.84
		0.14	1.84
		242.74	130.10
R&D Revenue Expenditure charged to the Statement of Profit and Loss			
Materials Consumed	222.22		127.61
Employee Benefits Expenses	170.39		197.64
Power and Fuel	16.60		27.70
Repairs and Maintenance	21.37		28.70
Manufacturing Expenses	18.47		23.95
Professional Fees	45.98		74.09
Depreciation	44.24		76.48
Research - Clinical Trials, Samples and Grants	123.23		74.95
Printing and Stationery	0.46		1.92
Travelling Expenses	12.75		13.58
Other Research and Development Expenses	77.66		67.42
Allocated Manufacturing Expenses for R&D Batches	39.23		-
		792.60	714.04
		1035.34	844.14
Amount eligible for weighted deduction under section 35(2AB) of the Income-tax Act, 1961			
R&D Capital Expenditure (Gross)	100.92		41.77
R&D Revenue Expenditure	640.54		490.01
		741.46	531.78
Less: Realisation on Sale of R&D Assets		0.14	1.84
		741.32	529.94
Sales for the year		12186.23	10224.72
Total R&D Expenditure/Sales		8.50%	8.26%
Total Eligible R&D Expenditure/Sales		6.08%	5.18%

Notes to the accounts *contd.*

	₹ in crore	
	2016	2015
31 Net Difference in foreign exchange debited to the Statement of Profit and Loss		
	(27.20)	(55.86)
	<u>(27.20)</u>	<u>(55.86)</u>

	₹ in crore	
	2016	2015
32 Value of Imports on C.I.F. basis		
Raw Materials and Packing Materials	1453.01	1515.43
Components and Spare Parts	27.00	23.73
Capital Goods	247.00	123.75
	<u>1727.01</u>	<u>1662.91</u>

	₹ in crore	
	2016	2015
33 Expenditure in Foreign Currency		
Legal and Professional charges	485.30	397.01
Royalties	2.34	-
Interest	2.07	0.74
Commission	66.56	75.51
Director Travel and Sitting Fees	0.04	0.01
Other Matters – Travelling, Registration fees etc.	189.56	112.16
	<u>745.87</u>	<u>585.43</u>

34 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 28.

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 23.

Notes to the accounts *contd.*

35 Foreign Exchange Derivatives and Exposures outstanding at the year end

₹ in crore

Nature of Instrument	Currency	Cross Currency	2016	2015
Forward contracts - Sold	USD	INR	238.52	799.43
Forward contracts - Sold	ZAR	INR	233.81	225.99
Forward contracts - Bought	USD	INR	205.00	535.78
Unhedged foreign exchange exposures				
Receivables			1354.91	782.52
Payables			634.55	548.06
Short Term Borrowings			917.63	843.75
Note: The Company uses forward contracts/derivatives for hedging purposes and/or reducing interest costs.				

36 Segment Information

In accordance with AS-17 "Segment Reporting", 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.

₹ in crore

	2016	2015
37 Contingent Liabilities and Commitments (to the extent not provided for)		
Contingent Liabilities		
Claims against the Company not acknowledged as debt	17.36	15.85
Guarantees*	3754.60	126.95
Letters of Credit	43.37	49.30
Income Tax on account of disallowances/additions	137.69	108.42
Excise Duty/Service Tax on account of valuation/cenvat credit	161.74	108.47
Sales Tax on account of credit/classification	2.34	5.66
	4117.10	414.65
Commitments		
Estimated amount of contracts unexecuted on Capital Account	617.92	367.10
	4735.02	781.75
* The Company has given guarantees in favour of various banks for ₹3644.03 crore (previous year Nil) against the loan granted to Cipla (EU) Ltd.		

Notes to the accounts *contd.*

38 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.

39 In 2003, the Company received notice of demand from the National Pharmaceutical Pricing Authority, Government of India on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Order, 1995. This was contested before the jurisdictional High Courts in Mumbai, Karnataka and Allahabad wherein it was held in favour of the Company. The orders of Hon'ble High Court of Allahabad and Bombay were challenged before the Hon'ble Supreme Court of India by the Government. Although in the challenge to the decision of the Hon'ble Bombay High Court, the Hon'ble Supreme Court of India restored the matter to the Hon'ble Bombay High Court in August 2003 for interpreting the Drug Policy on the basis of directions and principles laid down by them and the same was pending, in the challenge to the Hon'ble High Court of Allahabad's order, in February 2013, the Hon'ble Supreme Court of India transferred the Bombay High Court petition also before itself for a final hearing on both the matters. In an earlier order, the Hon'ble Supreme Court has already restrained the Government from taking any coercive action against the Company. The Company has been legally advised that on the basis of these orders there is no probability of demand crystallising. Hence no provision is considered necessary in respect of notice of demand received by the company up to date aggregating to ₹1768.51 crore.

40 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 31 st March 2016	Maximum balance during the year	As at 31 st March 2015
1.	Meditab Specialities Pvt. Ltd.	Subsidiary	224.15	224.15	224.15
2.	Cipla BioTec Pvt. Ltd.*	Subsidiary	-	-	-
3.	Jay Precision Pharmaceuticals Pvt. Ltd.	Subsidiary	25.00	35.00	35.00
4.	Cipla Health Ltd.	Subsidiary	0.50	0.50	-
* formerly known as Mabpharm Pvt. Ltd.					

b) Loans given to Other Body Corporates

₹ in crore		
Sr. No.	Name of the Company	As at 31 st March 2016
1.	Bakul Pharma Pvt. Ltd.	-
2.	U&I System Design Ltd.*	2.25
* The loan is considered doubtful and has been fully provided for		

- Notes:**
- All the above loans have been given for business purposes
 - The loans and advances shown above, fall under the category of 'Long Term Loans and Advances' and are repayable within 3 to 6 years except Short Term Loans and Advances to Bakul Pharma Pvt. Ltd. and Cipla Health Ltd.
 - All the above Loans and Advances are interest bearing except for an amount of ₹224.15 crore given to Meditab Specialities Pvt. Ltd.
 - Loans given to employees as per the Company's policy are not considered.

Notes to the accounts *contd.*

40 Details of Loans given, Investments made and Guarantees given covered under section 186(4) of the Companies Act, 2013 *contd.*

c) Investments made are given under the respective heads.

d) Corporate Guarantees given by the Company in respect of loans as at 31st March 2016

		₹ in crore
Name of the Company	2016	2015
Cipla (EU) Ltd.	3644 .03	-

		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.		2,01,64,367
Meditab Holdings Ltd. has made the following investments in its subsidiaries		
a. Cipla Quality Chemical Industries Ltd.		46,60,749

* Loan outstanding ₹41 crore (Previous year ₹41 crore) and interest free. Maximum loan outstanding ₹41 crore (Previous year ₹41 crore)

41 Related Party Disclosures

- i. As per AS-18, "Related Party Disclosures", the related parties where control exists or where significant influence exists and with whom transactions have taken place are as below:
- a. Subsidiary Companies including step-down subsidiaries and associate companies:

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 Ltd. ¹

Notes to the accounts *contd.*

41 Related Party Disclosures *contd.*

Sr. No.	Name of the Company
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 Pharmaceuticals South Africa Proprietary Ltd. ²
19.	Meditab Specialities New Zealand Ltd.
20.	Cipla İlaç Ticaret Anonim Şirketi
21.	Cipla USA Inc.
22.	Cipla Kenya Ltd.
23.	Cipla Malaysia Sdn. Bhd.
24.	Cipla Europe NV
25.	Cipla Quality Chemical Industries Ltd.
26.	Cipla Croatia d.o.o.
27.	Cipla Medpro Manufacturing Proprietary Ltd. ³
28.	Galilee Marketing Proprietary Ltd.
29.	Inyanga Trading 386 Proprietary Ltd.
30.	Xeragen Laboratories Proprietary Ltd.
31.	Cipla Medpro Holdings Proprietary Ltd.
32.	Cape to Cairo Exports Proprietary Ltd.
33.	Cipla Agrimed Proprietary Ltd.
34.	Cipla Dibcare Proprietary Ltd.
35.	Cipla Health Care Proprietary Ltd. ⁴
36.	Cipla Life Sciences Proprietary Ltd.
37.	Cipla-Medpro Proprietary Ltd.
38.	Cipla-Medpro Distribution Centre Proprietary Ltd.
39.	Cipla Medpro ARV Proprietary Ltd. ⁵
40.	Cipla Medpro Botswana Proprietary Ltd.
41.	Cipla Medpro Cardio Respiratory Proprietary Ltd. ³
42.	Cipla Medpro Research and Development Proprietary Ltd.
43.	Cipla Nutrition Proprietary Ltd. ⁶
44.	Cipla Personal Care Proprietary Ltd. ³
45.	Cipla Vet Proprietary Ltd.
46.	Gardian Cipla Proprietary Ltd. ⁵
47.	Medpro Gen Proprietary Ltd. ³
48.	Medpro Holdings Proprietary Ltd. ³
49.	Medpro Pharmaceutica Proprietary Ltd.
50.	Medpro Pharmaceutica Africa Proprietary Ltd. ³
51.	Medpro-On-Line Proprietary Ltd. ³
52.	Med Man Care Proprietary Ltd.

Notes to the accounts *contd.*

41 Related Party Disclosures *contd.*

Sr. No.	Name of the Company	
53.	Smith and Couzin Proprietary Ltd. ³	
54.	Breathe Free Lanka (Private) Ltd.	
55.	Cipla Canada Inc.	
56.	Medica Pharmaceutical Industries Company Ltd.	
57.	Al Jabal For Drugs and Medical Appliances Company Ltd.	
58.	Cipla Pharma Lanka (Private) Ltd.	
59.	Cipla Pharma Nigeria Ltd.	
60.	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda. ⁷	
61.	Cipla Maroc SA ⁸	
62.	Cipla Middle East Pharmaceuticals FZ-LLC ⁹	
63.	Quality Chemicals Ltd. ¹⁰	
64.	Cipla Philippines Inc. ¹¹	
65.	Cipla US Holdings Inc. ¹²	
66.	InvaGen Pharmaceuticals Inc. ¹³	
67.	Exelan Pharmaceuticals Inc. ¹⁴	
	Associates	
68.	Stempeutics Research Pvt. Ltd.	
69.	Biomab Holding Ltd. ¹⁵	
1	w.e.f. 27 th August 2015	9 w.e.f. 31 st May 2015
2	De-registered on 14 th August 2015	10 w.e.f. 6 th August 2015
3	De-registered on 16 th September 2015	11 w.e.f. 6 th January 2016
4	De-registered on 28 th October 2015	12 Merged with InvaGen Pharmaceuticals Inc. w.e.f. 17 th February 2016
5	De-registered on 20 th January 2016	13 w.e.f. 17 th February 2016
6	Buy back of shares on 1 st October 2015	14 w.e.f. 17 th February 2016
7	w.e.f. 11 th May 2015	15 Divested on 22 nd January 2016
8	w.e.f. 8 th May 2015	
b.	Key Management Personnel	
1.	Mr. Subhanu Saxena - Managing Director and Global Chief Executive Officer	
2.	Mr. S. Radhakrishnan - Whole-time Director	
3.	Ms. Samina Vaziralli - Executive Director (w.e.f. 10 th July 2015)	
4.	Mr. Rajesh Garg - Executive Director and Global Chief Financial Officer (Demitted office w.e.f. close of business hours on 12 th June 2015)	
5.	Mr. Umang Vohra - Global Chief Operating Officer and Global Chief Financial Officer (w.e.f. 1 st October 2015)	
c.	Relatives of Key Management Personnel	
1.	Mr. M. K. Hamied	
d.	Entity over which Key Management Personnel are able to exercise significant influence	
1.	Cipla Foundation	
2.	Hamied Foundation (w.e.f. 3 rd February 2016)	

Notes to the accounts *contd.*

41 Related Party Disclosures *contd.*

- e. Trusts over which Company has control/significant influence
 1. Cipla Employees Stock Option Trust
 2. Cipla Health Employees Stock Option Trust
- ii. Transactions during the year with related parties

										₹ in crore
Particulars	Subsidiaries		Associates		Key Management Personnel including transactions with relatives of Key Management Personnel		Entities over which Key Management Personnel exercise significant influence		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Interest received	6.60	0.34	-	-	-	-	-	-	6.60	0.34
Loans repaid	10.00	30.67	-	-	-	-	-	-	10.00	30.67
Investment in Equity	395.61	708.72	-	-	-	-	-	-	395.61	708.72
Loans given	0.50	55.67	-	-	-	-	-	-	0.50	55.67
Remuneration	-	-	-	-	34.15	21.98	-	-	34.15	21.98
Purchase of Goods	469.90	303.50	2.01	-	-	-	-	-	471.91	303.50
Processing charges paid	88.97	65.42	-	-	-	-	-	-	88.97	65.42
Testing and Analysis charges paid	84.33	62.45	-	-	-	-	-	-	84.33	62.45
Freight charges paid	0.66	0.99	-	-	-	-	-	-	0.66	0.99
Sale of Goods	1046.16	830.54	-	-	-	-	-	-	1046.16	830.54
Sale of Assets	17.02	1.42	-	-	-	-	-	-	17.02	1.42
Purchase of Assets	-	0.06	-	-	-	-	-	-	-	0.06
Processing charges received	6.78	3.64	-	-	-	-	-	-	6.78	3.64
Service charges paid	435.09	158.60	-	-	1.76	-	-	-	436.85	158.60
Service charges received	19.65	14.34	-	-	-	-	-	-	19.65	14.34
Donations given	-	-	-	-	-	-	12.44	9.28	12.44	9.28
Rent received	1.52	3.00	-	-	-	-	-	-	1.52	3.00
Reimbursement of operating/ other expenses	1.04	0.46	-	-	-	-	-	-	1.04	0.46
Reimbursement received of operating/other expenses	41.89	13.22	-	-	-	-	-	-	41.89	13.22
Royalty received	0.10	-	-	-	-	-	-	-	0.10	-
Dividend received	60.92	-	-	-	-	-	-	-	60.92	-
Guarantee given on behalf of subsidiary company	3644.03	-	-	-	-	-	-	-	3644.03	-
Balances at end of the year										
Outstanding payables	125.05	46.21	1.00	0.02	-	-	-	-	126.05	46.23
Outstanding receivables	785.67	874.82	-	-	-	-	-	-	785.67	874.82

Notes to the accounts *contd.*

41 Related Party Disclosures *contd.*

Disclosures in respect of related party transactions during the year:

	₹ in crore	
	2016	2015
A. Interest received		
Jay Precision Pharmaceuticals Pvt. Ltd.	3.73	0.02
Meditab Specialities Pvt. Ltd.	-	0.19
Cipla Health Ltd.	0.01	-
Cipla (EU) Ltd.	2.86	-
Cipla BioTec Pvt. Ltd.	-	0.13
	6.60	0.34
B. Loans repaid		
Meditab Specialities Pvt. Ltd.	-	18.45
Jay Precision Pharmaceuticals Pvt. Ltd.	10.00	-
Cipla BioTec Pvt. Ltd.	-	12.22
	10.00	30.67
C. Investment in Equity		
Cipla (Mauritius) Ltd.	-	121.34
Cipla Holding B.V.	-	119.62
Cipla (EU) Ltd.	195.75	37.76
Saba Investment Ltd.	42.01	257.69
Meditab Specialities Pvt. Ltd.	2.71	22.00
Cipla BioTec Pvt. Ltd.	98.14	54.07
Cipla Health Ltd.	57.00	-
Jay Precision Pharmaceuticals Pvt. Ltd.	-	96.24
	395.61	708.72
D. Loans given		
Jay Precision Pharmaceuticals Pvt. Ltd.	-	35.00
Meditab Specialities Pvt. Ltd.	-	8.45
Cipla Health Ltd.	0.50	-
Cipla BioTec Pvt. Ltd.	-	12.22
	0.50	55.67
E. Remuneration		
Mr. M. K. Hamied ¹	0.11	-
Mr. Subhanu Saxena	12.36	13.31
Mr. S. Radhakrishnan	3.37	3.69
Ms. Samina Vaziralli	2.47	-
Mr. Rajesh Garg	11.44	4.98
Mr. Umang Vohra	4.40	-
	34.15	21.98

Notes to the accounts *contd.*

41 Related Party Disclosures *contd.*

	₹ in crore	
	2016	2015
F. Purchase of Goods		
Goldencross Pharma Pvt. Ltd.	158.81	237.18
Medispray Laboratories Pvt. Ltd.	147.62	33.49
Meditab Specialities Pvt. Ltd.	1.05	0.24
Four M Propack Pvt. Ltd.	8.12	10.41
Cipla Medpro South Africa Proprietary Ltd.	-	0.42
Sitec Labs Pvt. Ltd.	3.33	0.31
Jay Precision Pharmaceuticals Pvt. Ltd.	103.29	9.59
Cipla Quality Chemical Industries Ltd.	47.68	11.86
Stempeutics Research Pvt. Ltd.	2.01	-
	471.91	303.50
G. Processing charges paid		
Goldencross Pharma Pvt. Ltd.	11.29	9.11
Medispray Laboratories Pvt. Ltd.	45.53	19.51
Meditab Specialities Pvt. Ltd.	32.15	36.80
	88.97	65.42
H. Testing and Analysis charges paid		
Sitec Labs Pvt. Ltd.	84.33	62.45
	84.33	62.45
I. Freight charges paid		
Medispray Laboratories Pvt. Ltd.	0.01	-
Meditab Specialities Pvt. Ltd.	0.41	0.49
Goldencross Pharma Pvt. Ltd.	0.24	0.50
	0.66	0.99
J. Sale of Goods		
Goldencross Pharma Pvt. Ltd.	3.19	2.16
Meditab Specialities Pvt. Ltd.	4.61	6.62
Medispray Laboratories Pvt. Ltd.	39.47	16.31
Cipla Quality Chemical Industries Ltd.	24.08	11.21
Cipla Health Ltd.	0.10	-
Sitec Labs Pvt. Ltd.	0.61	0.02
Cipla (EU) Ltd.	15.48	95.34
Cipla Europe NV	26.73	-
Cipla Agrimed Proprietary Ltd.	0.95	5.57
Cipla Life Sciences Proprietary Ltd.	43.76	41.68
Cipla Vet Proprietary Ltd.	5.68	5.33
Cipla Medpro South Africa Proprietary Ltd.	595.06	511.95

Notes to the accounts *contd.*

41 Related Party Disclosures *contd.*

	₹ in crore	
	2016	2015
Medpro Pharmaceutica Proprietary Ltd.	-	7.76
Cipla Australia Pty Ltd.	1.14	0.85
Cipla USA Inc.	15.53	36.60
Saba Investment Ltd.	-	31.77
Al Jabal For Drugs and Medical Appliances Company Ltd.	146.95	-
Quality Chemicals Ltd.	8.51	-
Breathe Free Lanka (Private) Ltd.	114.31	57.37
	1046.16	830.54
K. Sale of Assets		
Meditab Specialities Pvt. Ltd.	-	0.08
Goldencross Pharma Pvt. Ltd.	0.51	-
Medispray Laboratories Pvt. Ltd.	0.03	0.01
Cipla Health Ltd.	16.14	-
Cipla Medpro South Africa Proprietary Ltd.	0.34	-
Sitec Labs Pvt. Ltd.	-	1.33
	17.02	1.42
L. Purchase of Assets		
Meditab Specialities Pvt. Ltd.	-	0.05
Medispray Laboratories Pvt. Ltd.	-	0.01
	-	0.06
M. Processing charges received		
Meditab Specialities Pvt. Ltd.	1.23	0.91
Medispray Laboratories Pvt. Ltd.	5.55	2.73
	6.78	3.64
N. Service charges paid		
Cipla BioTec Pvt. Ltd.	1.37	0.65
Cipla (EU) Ltd.	62.77	40.23
Cipla (UK) Ltd.	3.23	8.76
Cipla Australia Pty Ltd.	11.64	10.56
Cipla İlaç Ticaret Anonim Şirketi	0.86	0.82
Cipla USA Inc.	81.53	33.99
Cipla Kenya Ltd.	6.67	4.68
Cipla Malaysia Sdn. Bhd.	5.47	3.80
Cipla Europe NV	258.22	52.24
Cipla Canada Inc.	1.64	2.87
Cipla Pharma Nigeria Ltd.	1.69	-
Hamied Foundation ²	1.76	-
	436.85	158.60

Notes to the accounts *contd.*

41 Related Party Disclosures *contd.*

	₹ in crore	
	2016	2015
O. Service charges received		
Cipla BioTec Pvt. Ltd.	2.55	1.70
Cipla Health Ltd.	0.80	-
Cipla Quality Chemical Industries Ltd.	16.30	12.64
	<u>19.65</u>	<u>14.34</u>
P. Donations given		
Cipla Foundation ²	12.08	9.28
Hamied Foundation ²	0.36	-
	<u>12.44</u>	<u>9.28</u>
Q. Rent received		
Cipla BioTec Pvt. Ltd.	1.52	3.00
	<u>1.52</u>	<u>3.00</u>
R. Reimbursement of operating/other expenses		
Meditab Specialities Pvt. Ltd.	0.77	0.28
Cipla BioTec Pvt. Ltd.	0.10	-
Medispray Laboratories Pvt. Ltd.	0.17	0.18
	<u>1.04</u>	<u>0.46</u>
S. Reimbursement received of operating/other expenses		
Goldencross Pharma Pvt. Ltd.	0.01	0.01
Meditab Specialities Pvt. Ltd.	0.00 ³	0.01
Jay Precision Pharmaceuticals Pvt. Ltd.	0.30	-
Cipla Health Ltd.	38.09	-
Meditab Pharmaceuticals South Africa Proprietary Ltd.	-	0.28
Cipla (EU) Ltd.	5.69	0.39
Cipla (UK) Ltd.	0.65	-
Cipla Medpro South Africa Proprietary Ltd.	(0.53)	2.12
Cipla Quality Chemical Industries Ltd.	1.29	1.07
Cipla USA Inc.	(0.88)	4.91
Medispray Laboratories Pvt. Ltd.	0.00 ⁴	0.01
Cipla BioTec Pvt. Ltd.	0.13	0.04
Sitec Labs Pvt. Ltd.	0.10	0.01
Cipla Europe NV	(3.24)	4.21
Cipla Holding B.V.	0.28	0.16
	<u>41.89</u>	<u>13.22</u>

Notes to the accounts *contd.*

41 Related Party Disclosures *Contd.*

	₹ in crore	
	2016	2015
T. Royalty received		
Cipla Health Ltd.	0.10	-
	0.10	-
U. Dividend received		
Meditab Specialities Pvt. Ltd.	60.92	-
	60.92	-
V. Guarantee given on behalf of subsidiary company		
Cipla (EU) Ltd.	3644.03	-
	3644.03	-
W. Outstanding payables		
Goldencross Pharma Pvt. Ltd.	48.82	16.08
Medispray Laboratories Pvt. Ltd.	9.59	-
Four M Propack Pvt. Ltd.	-	1.06
Sitec Labs Pvt. Ltd.	13.47	12.33
Cipla Health Ltd.	5.96	-
Cipla Europe NV	30.58	-
Cipla Pharma Nigeria Ltd.	0.18	-
Cipla (UK) Ltd.	0.29	6.51
Cipla Australia Pty. Ltd.	1.16	1.58
Cipla İlaç Ticaret Anonim Şirketi	0.07	0.15
Cipla Kenya Ltd.	0.75	0.34
Cipla USA Inc.	2.91	-
Cipla Medpro Manufacturing Proprietary Ltd.	-	0.04
Cipla Malaysia Sdn. Bhd.	0.40	0.30
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 Quality Chemical Industries Ltd.	6.17	-
	126.05	46.23
X. Outstanding receivables		
Four M Propack Pvt. Ltd.	0.67	-
Al Jabal For Drugs and Medical Appliances Company Ltd.	90.37	39.03
Meditab Specialities Pvt. Ltd.	273.96	268.74
Medispray Laboratories Pvt. Ltd.	-	10.44
Quality Chemicals Ltd.	9.14	-
Jay Precision Pharmaceuticals Pvt. Ltd.	15.53	19.07

Notes to the accounts *contd.*

41 Related Party Disclosures *contd.*

	₹ in crore	
	2016	2015
Breathe Free Lanka (Pvt) Ltd.	52.63	-
Cipla BioTec Pvt. Ltd.	0.18	0.01
Cipla Quality Chemical Industries Ltd.	-	3.77
Cipla (EU) Ltd.	93.00	76.74
Cipla Agrimed Proprietary Ltd.	-	4.82
Cipla Life Sciences Proprietary Ltd.	-	30.13
Cipla Vet Proprietary Limited	-	1.68
Cipla Medpro South Africa Proprietary Ltd.	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	-	4.21
Cipla Holding B.V.	0.17	0.16
Cipla Croatia d.o.o.	2.64	-
Medica Pharmaceutical Industries Company Ltd.	0.63	-
	785.67	874.82

¹ Fee for attending board/committee meeting

² Entity in which Whole-time Director has significant influence

³ ₹9000

⁴ ₹36773

	2016	2015
42 Basic and Diluted Earnings per share has been computed as under		
Profit for the Year (₹ in crore)	1398.03	1181.09
Basic Weighted Average No. of Shares Outstanding	80,31,40,466	80,29,29,709
Basic Earnings per share	₹17.41	₹14.71
ESOs outstanding	22,78,511	26,58,008
Diluted Weighted Average No. of Shares Outstanding	80,54,18,977	80,55,87,717
Diluted Earnings per share	₹17.35	₹14.66
Face value per share	₹2.00	₹2.00

Notes to the accounts *contd.*

43 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-15	10,217	2.00	1 to 2 years	5 years from Vesting date
ESOS 2013 - A	04-Nov-15	6,27,841	2.00	1 to 2 years	5 years from Vesting date
ESOS 2013 - A	04-Nov-15	23,761	2.00	1 to 2 years	5 years from Vesting date
ESOS 2013 - A	09-Feb-16	11,408	2.00	1 to 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.

Stock Option activity under the Scheme(s) for the year ended 31st March 2016 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	10,00,000	197.50	197.50	6.23
Granted during the year	-	-	-	-
Forfeited/Cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	10,00,000	197.50	197.50	5.22
Exercisable at the end of the year	4,00,000	197.50	197.50	4.02

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	22,31,027	2.00	2.00	5.98
Granted during the year	6,73,227	2.00	2.00	-
Forfeited/Cancelled during the year	6,32,510	2.00	2.00	-
Exercised during the year	2,93,294	2.00	2.00	-
Outstanding at the end of the year	19,78,450	2.00	2.00	5.58
Exercisable at the end of the year	4,73,771	2.00	2.00	4.25

Notes to the accounts *contd.*

43 Employee Stock Option Schemes *contd.*

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	5,22,194	220.78	220.78	6.67
Granted during the year	-	-	-	-
Forfeited/Cancelled during the year	3,91,646	220.78	220.78	-
Exercised during the year	1,30,548	220.78	220.78	-
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	0.30%	No Options Granted during the Year
Expected volatility		25.13%	
Risk-free interest rate		7.59%	
Weighted average share price (₹)		672.85	
Exercise price (₹)		2.00	
Expected life of options granted in years		4.46	
Weighted average fair value of options (₹)		662.55	

The stock-based compensation cost calculated as per the intrinsic value method for the period 1st April 2015 to 31st March 2016 is ₹32.79 crore [excluding ₹(3.61) crore pertaining to options granted to employees of subsidiary companies and step-down subsidiary companies]. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period 1st April 2015 to 31st March 2016 would be ₹32.15 crore [excluding ₹(3.49) crore]. The effect of adopting the fair value method on the net income and earnings per share is presented below:

₹ in crore			
Particulars		2016	2015
Profit after tax as reported		1398.03	1181.09
Add: ESOS cost using intrinsic value method		32.79	39.45
Less: ESOS cost using fair value method		32.15	42.74
Adjusted profit after tax		1398.67	1177.80
Earnings per share			
Basic			
	As reported	₹17.41	₹14.71
	Adjusted	₹17.41	₹14.67
Diluted			
	As reported	₹17.35	₹14.66
	Adjusted	₹17.37	₹14.62

Notes to the accounts *contd.*

44 Corporate Social Responsibility (CSR) Expenditure

The Company has incurred a total expenditure of ₹20.48 crore, which is being debited to the statement of profit and loss for the year ended 31st March 2016.

Nature of expenses	Schedule in the financial statements	₹ in crore	
		2016	2015
Donation to the trusts set for CSR purposes	Others expenses (Note 28)	19.50	12.79
Administrative expenses incurred in connection with supervising the projects handled by the trusts	Others expenses (Note 28)*	0.98	0.64
		20.48	13.43

* Salaries and wages (Note 25) for previous year

The CSR committee constituted by the Board of Directors of the Company under section 135 of the Companies Act, 2013 supervises all the expenditure incurred for CSR purposes. The Company 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 2016:

- Gross amount required to be spent by the Company during the year - ₹35.80 crore (Previous Year ₹34.86 crore)
- Amount spent during the year (by way of contribution to the trusts and projects undertaken):

Particulars	2016			2015		
	Amount paid in cash	Amount yet to be paid in cash	Total	Amount paid in cash	Amount yet to be paid in cash	Total
Construction of asset	2.15	-	2.15	4.58	-	4.58
Other Projects	17.34	-	17.34	8.21	-	8.21
Administrative expenses	0.98	-	0.98	0.64	-	0.64
	20.48	-	20.48	13.43	-	13.43

45 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report of even date			
For V. Sankar Aiyar & Co., Chartered Accountants Firm Reg. No. 109208W	For R.G.N. Price & Co., Chartered Accountants Firm Reg. No. 0027855	Subhanu Saxena Managing Director and Global Chief Executive Officer	S. Radhakrishnan Whole-time Director
V. Mohan Partner Membership No. 17748	R. Rangarajan Partner Membership No. 41883	Samina Vaziralli Executive Director	Umang Vohra Global Chief Operating Officer and Global Chief Financial Officer
Mumbai, 24 th May 2016		Mital Sanghvi Company Secretary	Mumbai, 24 th May 2016

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

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate on 31.03.2016	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than in subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of share-holding	Country
₹ in crore															
1	Cipla (EU) Ltd.	GBP	95.4725	223.12	(6.68)	4280.35	4063.91	32.58	245.61	3.59	-	3.59	-	100	U.K.
2	Cipla (Mauritius) Ltd.	USD	66.2550	142.78	5.67	148.46	0.02	-	-	2.98	-	2.98	-	100	Mauritius
3	Cipla (UK) Ltd.	GBP	95.4725	1.43	0.51	2.67	0.73	-	3.10	0.15	0.02	0.13	-	100	U.K.
4	Cipla Australia Pty. Ltd.	AUD	50.9800	1.27	1.38	4.07	1.40	-	13.39	0.59	-	0.59	-	100	Australia
5	Cipla FZE	AED	18.0375	27.06	(2.55)	24.64	0.13	-	-	(0.01)	-	(0.01)	-	100	U.A.E.
6	Cipla İlaç Ticaret Anonim Şirketi	TRY	23.5096	0.12	0.14	0.43	0.17	-	0.87	0.05	0.01	0.04	-	100	Turkey
7	Cipla Kenya Ltd.	KES	0.6531	0.01	0.23	1.36	1.12	-	6.72	0.27	0.10	0.17	-	100	Kenya
8	Cipla Malaysia Sdn. Bhd.	MYR	16.9700	0.98	0.45	1.51	0.07	-	5.74	0.23	0.05	0.18	-	100	Malaysia
9	Cipla USA Inc.	USD	66.2550	15.90	(8.63)	445.84	438.55	-	272.15	9.93	3.72	6.21	-	100	U.S.A.
10	Cipla Medpro South Africa Proprietary Ltd.	ZAR	4.5000	0.20	272.34	672.80	400.26	-	594.19	14.31	9.64	4.67	-	100	South Africa
11	Cape To Cairo Exports Proprietary Ltd.	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	100	South Africa
12	Cipla Agrimed Proprietary Ltd.	ZAR	4.5000	-	44.74	66.36	21.62	-	90.30	13.93	3.98	9.95	-	100	South Africa
13	Cipla Dibcare Proprietary Ltd.	ZAR	4.5000	-	0.18	0.18	-	-	-	-	-	-	-	100	South Africa
14	Cipla Life Sciences Proprietary Ltd.	ZAR	4.5000	-	116.63	116.66	0.03	-	0.65	(0.05)	(0.01)	(0.04)	-	100	South Africa
15	Cipla Medpro Research and Development Proprietary Ltd.	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	100	South Africa
16	Cipla-Medpro Proprietary Ltd.	ZAR	4.5000	-	220.81	222.86	2.05	-	36.45	(8.24)	(2.30)	(5.94)	-	100	South Africa
17	Cipla Vet Proprietary Ltd.	ZAR	4.5000	-	38.15	39.02	0.88	20.63	21.81	10.01	1.74	8.27	-	100	South Africa
18	Cipla-Medpro Distribution Centre Proprietary Ltd.	ZAR	4.5000	-	0.05	17.09	17.05	-	40.45	-	0.19	(0.19)	-	100	South Africa
19	Galilee Marketing Proprietary Ltd.	ZAR	4.5000	-	(0.01)	-	0.01	-	-	-	-	-	-	100	South Africa
20	Invanga Trading 386 Proprietary Ltd.	ZAR	4.5000	-	23.98	626.05	602.08	-	-	-	-	-	-	100	South Africa
21	Medpro Pharmaceutica Proprietary Ltd.	ZAR	4.5000	-	344.07	1231.99	887.92	-	848.34	1.43	2.78	(1.35)	-	100	South Africa
22	Cipla Nutrition Proprietary Ltd.	ZAR	4.5000	-	(14.61)	0.97	15.58	-	2.32	(5.36)	2.59	(7.95)	-	100	South Africa
23	Med Man Care Proprietary Ltd.	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	100	South Africa
24	Xeragen Laboratories Proprietary Ltd.	ZAR	4.5000	-	5.19	5.19	-	-	-	(0.98)	-	(0.98)	-	100	South Africa
25	Cipla Medpro Botswana Proprietary Ltd.	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	100	South Africa

Salient Features of Financial Statements of Subsidiaries/Associates *contd.*

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate on 31.03.2016	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of share-holding	Country
26	Cipla Medpro Holdings Proprietary Ltd.	ZAR	4.5000	-	15.57	276.28	260.71	-	-	11.08	-	11.08	-	100	South Africa
27	Cipla Holding B.V.	EUR	75.3950	162.38	(0.26)	168.86	6.75	-	23.64	2.85	-	2.85	-	100	Netherlands
28	Cipla Europe NV	EUR	75.3950	53.53	6.49	321.44	261.43	-	417.97	83.10	24.14	58.96	-	100	Belgium
29	Cipla Croatia d.o.o.	EUR	75.3950	0.02	5.00	18.20	13.18	-	13.91	(1.00)	(0.20)	(0.80)	-	100	Croatia
30	Cipla Quality Chemical Industries Ltd.	UGX	50.7848	89.89	152.89	289.74	46.96	-	323.03	84.36	-	84.36	-	62.30	Uganda
31	Quality Chemicals Ltd.	UGX	50.7848	0.12	28.57	54.52	25.82	-	38.46	(1.73)	(0.39)	(1.34)	-	51	Uganda
32	Four M Propack Pvt. Ltd.	INR	1.0000	0.06	15.76	17.54	1.71	5.26	9.63	0.87	0.10	0.77	-	100	India
33	Goldencross Pharma Pvt. Ltd.	INR	1.0000	0.05	264.66	287.07	22.36	10.49	159.23	19.51	2.56	16.95	-	100	India
34	Medispray Laboratories Pvt. Ltd.	INR	1.0000	0.05	152.99	224.16	71.11	0.74	293.10	62.88	21.42	41.46	-	100	India
35	Meditab Holdings Ltd.	USD	66.2550	295.63	1.27	296.91	0.01	125.88	-	(0.30)	-	(0.30)	-	100	Mauritius
36	Meditab Specialities New Zealand Ltd.	NZD	45.9700	0.28	(0.25)	0.05	0.02	-	-	(0.03)	-	(0.03)	-	100	New Zealand
37	Meditab Specialities Pvt. Ltd.	INR	1.0000	0.62	142.94	439.34	295.78	67.40	43.20	67.80	14.64	53.16	-	100	India
38	Sitec Labs Pvt. Ltd.	INR	1.0000	0.01	18.37	73.70	55.31	-	84.02	11.02	3.83	7.19	-	100	India
39	Saba Investment Ltd.	USD	66.2550	261.56	7.96	270.51	0.99	-	-	8.08	-	8.08	-	51	U.A.E.
40	Jay Precision Pharmaceuticals Pvt. Ltd.	INR	1.0000	4.01	61.08	109.34	44.26	-	96.58	38.70	13.49	25.21	-	60	India
41	Breathe Free Lanka (Private) Ltd.	LKR	0.4514	5.87	(2.19)	57.46	53.78	-	114.11	(3.06)	(0.86)	(2.20)	-	100	Sri Lanka
42	Cipla Canada Inc.	CAD	51.2300	-	0.49	4.64	4.16	-	1.67	0.23	0.05	0.18	-	100	Canada
43	Medica Pharmaceutical Industries Company Ltd.	USD	66.2550	87.52	(45.83)	164.43	122.73	-	-	(25.57)	(5.11)	(20.46)	-	50.49	Yemen
44	Al Jabal For Drugs and Medical Appliances Company Ltd.	YR	0.2650	1.33	50.15	172.62	121.14	-	191.39	24.96	4.99	19.97	-	50.49	Yemen
45	Cipla Pharma Lanka (Private) Ltd.	LKR	0.4514	0.05	(6.46)	55.60	62.01	-	121.87	(5.80)	(2.50)	(3.30)	-	60	Sri Lanka
46	Cipla Pharma Nigeria Ltd.	NGN	0.3325	0.26	0.05	0.51	0.20	-	1.68	0.07	0.02	0.05	-	100	Nigeria
47	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	BRL	18.4309	1.45	(0.84)	0.66	0.05	-	-	(0.71)	-	(0.71)	-	100	Brazil
48	Cipla Maroc SA	MAD	6.8744	7.22	0.44	34.47	26.81	-	15.10	(1.11)	(0.68)	(0.43)	-	60	Morocco
49	InvaGen Pharmaceuticals Inc.	USD	66.2550	1473.51	751.62	5059.55	2834.42	-	266.01	103.87	34.05	69.82	-	100	U.S.A.
50	Exelan Pharmaceuticals Inc.	USD	66.2550	3.31	(23.83)	137.10	157.62	-	35.05	1.43	1.80	(0.37)	-	100	U.S.A.
51	Cipla BioTec Pvt. Ltd.	INR	1.0000	157.73	43.37	214.90	138.0	24.31	2.47	(52.59)	(17.04)	(35.55)	-	100	India

Salient Features of Financial Statements of Subsidiaries/Associates *contd.*

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate on 31.03.2016	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
52	Cipla Middle East Pharmaceuticals FZ - LLC	USD	66.2550	-	-	-	-	-	-	-	-	-	-	51	U.A.E.
53	Cipla Philippines Inc.	PHP	1.4401	-	-	-	-	-	-	-	-	-	-	100	Philippines
54	Cipla US Holdings Inc.	USD	66.2550	-	-	-	-	-	-	-	-	-	-	100	U.S.A.
55	Cipla Health Ltd.	INR	1.0000	1.44	29.27	41.69	10.98	1.50	3.90	(39.29)	(13.00)	(26.29)	-	95	India
56	Meditab Pharmaceuticals South Africa Proprietary Ltd.*	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa
57	Cipla Medpro Manufacturing Proprietary Ltd.*	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa
58	Cipla Health Care Proprietary Ltd.**	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa
59	Cipla Medpro ARV Proprietary Ltd.##	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa
60	Cipla Medpro Cardio Respiratory Proprietary Ltd. #	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa
61	Cipla Personal Care Proprietary Ltd.*	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa
62	Gardian Cipla Proprietary Ltd.**	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa
63	Medpro Gen Proprietary Ltd. #	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa
64	Medpro Holdings Proprietary Ltd.*	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa
65	Medpro Pharmaceutica Africa Proprietary Ltd.*	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa
66	Medpro-On-Line Proprietary Ltd.*	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa
67	Smith and Cousin Proprietary Ltd.*	ZAR	4.5000	-	-	-	-	-	-	-	-	-	-	-	South Africa

Notes:

- "-" represents amounts less than ₹0.01 crore and rounded off
- * De-registered on 14th August 2015
- # De-registered on 16th September 2015
- ** De-registered on 28th October 2015
- ## De-registered on 20th January 2016

Salient Features of Financial Statements of Subsidiaries/Associates *contd.*

Part B: Associates

Shares of Associates held by the Company on the year end						Profit/Loss for the year				
Sr. No.	Name of Associate	Latest audited Balance Sheet Date	No. of shares	Amount of Investment in Associate (₹ in crore)	Extent of Holding %	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ in crore)	Considered in Consolidation (₹ in crore)	Not Considered in Consolidation	Description of how there is significant influence	Reason why the Associate is not consolidated
1	Stempeutics Research Pvt. Ltd.	31.03.2015	2,01,64,367	16.82	49	(13.14)	(10.24)	-	Note - i	-
2	Biomab Holding Ltd.	-	-	-	-	-	(1.78)	-	Note - ii	-
Notes: i. There is significant influence due to percentage of Share Capital. ii. Divested on 22 nd January 2016. iii. The above statement also indicates performance and financial position of each of the associates.										
As per our report of even date										
For V. Sankar Aiyar & Co., Chartered Accountants Firm Reg. No. 109208W						Subhanu Saxena Managing Director and Global Chief Executive Officer				
V. Mohan Partner Membership No. 17748						S. Radhakrishnan Whole-time Director				
						Umang Vohra Global Chief Operating Officer and Global Chief Financial Officer				
Mumbai, 24 th May 2016						Mital Sanghvi Company Secretary Mumbai, 24 th May 2016				

Independent Auditors' Report on the Consolidated Financial Statements

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 "the Group"), its associates which comprise the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

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 Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India including Accounting Standards referred under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company, preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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, which 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. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Group's preparation and presentation 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 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 to in sub-paragraph (a) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Independent Auditors' Report on the Consolidated Financial Statements *contd.*

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, 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:
- in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March 2016;
 - in the case of the Consolidated Statement of Profit and Loss, of the consolidated profit of the Group for the year ended on that date; and
 - in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

Other Matters

9. Financial statements of 5 subsidiaries, which reflect total assets of ₹582.27 crore as at 31st March 2016, total revenue of ₹138.78 crore and net cash outflow of ₹61.04 crore for the year then ended as considered in the consolidated financial statements, have been audited by one of us.
10. We did not audit the financial statements/consolidated financial statements of 37 subsidiaries, whose financial statements reflect total assets of ₹4713.00 crore as at 31st March 2016, total revenue of ₹2243.41 crore and net cash inflow of ₹46.00 crore for the year then ended on that date as considered in the consolidated financial statements. These financial statements/consolidated financial statements have been audited by other auditors whose reports have been furnished to us by the 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 associates, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of those other auditors.
11. We did not audit the financial statements/consolidated financial statements of 13 subsidiaries, whose financial statements reflect total assets of ₹4725.59 crore as at 31st March 2016, total revenue of ₹330.57 crore and net cash inflows of ₹351.94 crore for the year then ended on that date as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of loss of ₹12.02 crore for the year ended 31st March 2016 as is considered in the consolidated financial statements in respect of 2 Associates, whose financial statements have not been audited by us. These financial statements are unaudited whose reports have been furnished to us by the 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 associates, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material for the group.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not qualified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

12. As required by sub-section (3) of section 143 of the Act, we report that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

Independent Auditors' Report on the Consolidated Financial Statements *contd.*

- 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 Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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 the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. on the basis of the written representations received from the directors of the Holding Company as on 31st March 2016 taken on record by the Board of Directors of the Holding Company and the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the group companies, its associates incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of sub-section (2) of section 164 of the Act;
- f. with respect to the adequacy of internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in 'Annexure 1'; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates – Refer Notes 33, 34, 35 and 36 to the financial statements.
 - ii. The Group, its associates did not have any material foreseeable losses on long term contracts including derivative contracts.
 - 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 there were no amounts required to be transferred to Investor Education and Protection Fund by the subsidiary companies incorporated in India.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Reg No. 109208W

V. Mohan
Partner
Membership No. 17748

Mumbai, 24th May 2016

For R.G.N. Price & Co.
Chartered Accountants
Firm Reg No. 002785S

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 24th May 2016

Annexure 1 to the Independent Auditor's Report on the Consolidated Financial Statements

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 the Company for the year ended on 31st March 2016, we have audited the internal financial controls over financial reporting of Cipla Limited ("the Holding Company"), its subsidiary companies and its associate company, which are companies incorporated in India as of 31st March 2016.

Management's Responsibility for Internal Financial Controls

2. The Respective Board of Directors of the holding company and its subsidiary companies, which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub-section (10) of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

5. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
 - a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
 - b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

Annexure 1 to the Independent Auditor's Report on the Consolidated Financial Statements *contd.*

- c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

6. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

7. In our opinion, the Holding Company and its subsidiary companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, 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.

The system of internal financial controls over financial reporting with regard to the associate company were not made available to us to enable us to determine if the associate has established adequate internal financial control over its financial reporting and whether such internal financial controls were operating effectively as at 31st March 2016.

Other Matters

8. Our aforesaid reports under sub-section (3)(i) of section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to five subsidiary companies which are companies incorporated in India, is based on corresponding reports of one of us of such companies incorporated in India, and with respect three subsidiary companies, which are companies incorporated in India, is based on corresponding reports of other auditors, of such companies incorporated in India.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Reg No. 109208W

V. Mohan
Partner
Membership No. 17748

Mumbai, 24th May 2016

For R.G.N. Price & Co.
Chartered Accountants
Firm Reg No. 002785S

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 24th May 2016

Consolidated Balance Sheet

₹ in crore

As at 31 st March 2016	Notes	2016	2015
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	160.68	160.59
Reserves and Surplus	3	11696.74	10628.65
Share application money pending allotment		-	12.25
Minority Interest		269.63	180.48
Non-Current Liabilities			
Long Term Borrowings	4	221.88	309.28
Deferred Tax Liabilities (Net)	5	447.30	331.74
Other Long Term Liabilities	6	42.79	40.58
Long Term Provisions	7	144.69	172.83
Current Liabilities			
Short Term Borrowings	8	4969.51	1392.48
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	9	7.33	2.77
Total outstanding dues of creditors other than micro enterprises and small enterprises	9	1402.16	1449.29
Other Current Liabilities	10	1023.79	654.55
Short Term Provisions	11	506.10	382.04
		20892.60	15717.53
Assets			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	4624.90	4140.56
Intangible Assets	12	133.06	130.62
Goodwill on Consolidation (Net)		5511.37	2558.46
Capital Work-in-Progress		741.20	534.88
Intangible Assets under Development		68.11	46.02
Non-Current Investments	13	176.36	249.76
Deferred Tax Assets (Net)	14	80.91	47.11
Long Term Loans and Advances	15	590.85	296.96
Other Non-Current Assets	16	123.66	121.87
Current Assets			
Current Investments	17	580.56	390.02
Inventories	18	3808.04	3780.62
Trade Receivables	19	2359.25	1997.72
Cash and Bank Balances	20	871.41	564.26
Short Term Loans and Advances	21	958.01	713.75
Other Current Assets	22	264.91	144.92
		20892.60	15717.53

Notes to the Accounts 1 to 43

As per our report of even date

For V. Sankar Aiyar & Co.,
Chartered Accountants
Firm Reg. No. 109208W

For R.G.N. Price & Co.,
Chartered Accountants
Firm Reg. No. 002785S

Subhanu Saxena
Managing Director and Global
Chief Executive Officer

S. Radhakrishnan
Whole-time Director

V. Mohan
Partner
Membership No. 17748

R. Rangarajan
Partner
Membership No. 41883

Samina Vaziralli
Executive Director

Mital Sanghvi
Company Secretary

Umang Vohra
Global Chief Operating Officer and
Global Chief Financial Officer

Mumbai, 24th May 2016

Mumbai, 24th May 2016

Consolidated Statement of Profit and Loss

₹ in crore

For the year ended 31 st March 2016	Notes	2016	2015
Income			
Revenue from Operations (Gross)	23	13858.60	11454.47
Less: Excise Duty		180.33	109.03
Revenue from Operations (Net)		13678.27	11345.44
Other Income	24	208.89	165.55
		13887.16	11510.99
Expenditure			
Cost of Materials Consumed	25a	4178.12	3740.24
Purchases of Stock-in-Trade		876.71	793.68
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	25b	63.55	(344.22)
Employee Benefits Expense	26	2447.06	1967.72
Finance Costs	27	161.34	168.29
Depreciation and Amortisation Expense	28	541.65	504.71
Other Expenses	29	3611.77	3026.32
		11880.20	9856.74
Profit Before Tax		2006.96	1654.25
Tax Expense			
Net Current Tax	30	358.86	403.61
Deferred Tax		80.73	(3.71)
Prior Period Tax		-	0.13
Profit after tax for the year before share of Profit/(Loss) from Associates and Minority Interest		1567.37	1254.22
Share of Loss from Associates		(12.02)	(25.30)
Share of Minority Interest		(49.43)	(48.15)
Profit for the year		1505.92	1180.77
Earnings per share of face value of ₹2 each			
Basic	40	₹18.76	₹14.71
Diluted	40	₹18.69	₹14.66
Notes to the Accounts	1 to 43		

As per our report of even date

For V. Sankar Aiyar & Co.,
Chartered Accountants
Firm Reg. No. 109208W

V. Mohan
Partner
Membership No. 17748

Mumbai, 24th May 2016

For R.G.N. Price & Co.,
Chartered Accountants
Firm Reg. No. 0027855

R. Rangarajan
Partner
Membership No. 41883

Subhanu Saxena
Managing Director and Global
Chief Executive Officer

Samina Vaziralli
Executive Director

Mital Sanghvi
Company Secretary

S. Radhakrishnan
Whole-time Director

Umang Vohra
Global Chief Operating Officer and
Global Chief Financial Officer

Mumbai, 24th May 2016

Consolidated Cash Flow Statement

₹ in crore

For the year ended 31 st March 2016		2016	2015
A	Cash Flow from Operating Activities		
	Net profit before tax	2006.96	1654.25
	Adjustments for:		
	Depreciation and amortisation expense	541.65	504.71
	Finance costs	161.35	168.29
	Unrealised foreign exchange gains (Net)	(14.31)	(3.53)
	Unrealised foreign exchange gain on translation (Net)	12.89	(25.89)
	Expense on Employees Stock Option Schemes (ESOSs)	29.18	51.07
	Bad debts and provision for doubtful debts and advances (Net)	63.11	14.25
	Interest income	(9.85)	(9.81)
	Dividend income	-	(22.09)
	Profit on sale of current investments (Net)	(55.68)	(49.51)
	Other non-cash adjustments	2.87	1.84
	(Profit)/Loss on sale/discard of fixed assets (Net)	(9.93)	1.17
	Rent income	(2.45)	(0.45)
		718.83	630.05
	Operating profit before working capital changes	2725.79	2284.30
	Adjustments for:		
	(Decrease)/Increase in trade payables and other liabilities	(435.94)	556.87
	(Increase) in inventories	(65.32)	(832.55)
	Decrease/(Increase) in trade and other receivables	77.03	(442.93)
		(424.23)	(718.61)
	Cash generated from operations	2301.56	1565.69
	Direct taxes paid (Net of refunds)	(507.69)	(392.26)
	Net cash from operating activities	(A) 1793.87	1173.43
B	Cash Flow from Investing Activities		
	Purchase of fixed assets/capital work-in-progress and intangibles	(1076.89)	(646.21)
	Sale of fixed assets	24.22	20.63
	Cash paid for acquisition of subsidiary companies, net of cash acquired	(3535.05)	(314.10)
	Purchase consideration for acquisition of undertaking, net of cash acquired	-	(98.81)
	Sale/(Purchase) of investment in associates (Net)	157.25	99.59
	Purchase of other non-current investments	(0.03)	(8.44)
	Share application money	-	(1.40)
	Purchase of current investments	(15940.13)	(20555.68)
	Sale of current investments	15779.68	20525.40
	Fixed deposits placed with banks	(0.65)	-
	Interest received	8.88	9.80
	Dividend received	-	22.09
	Rent received	2.45	0.45
	Inter-corporate deposits (given)/repaid (Net)	0.80	5.53
	Net cash used in investing activities	(B) (4579.47)	(941.15)

Consolidated Cash Flow Statement *contd.*

₹ in crore

For the year ended 31 st March 2016	2016	2015
C Cash Flow from Financing Activities		
Proceeds from issue of equity shares (ESOSs)	2.94	0.01
Share application money	-	12.25
Proceeds from/(Repayment of) short term borrowings (Net)	3507.98	500.91
Proceeds from long term borrowings (Net)	(66.20)	6.90
Finance costs paid	(161.12)	(167.42)
Dividend paid	(160.62)	(160.58)
Tax paid on dividend	(20.30)	(27.29)
Net cash from financing activities	(C) 3102.68	164.78
Net increase in cash and cash equivalents	(A)+(B)+(C) 317.08	397.06
Cash and Cash Equivalents as at the beginning of the year	564.26	175.76
Exchange difference on translation of foreign currency cash and cash equivalents	(9.93)	(8.56)
Cash and Cash Equivalents as at the end of the year	871.41	564.26

- Notes:
- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in AS-3, "Cash Flow Statement".
 - Cash and Cash Equivalents represent cash and bank balances and fixed deposits with banks.
 - Cash and Cash Equivalents include ₹11.91 crore (Previous year ₹13.29 crore) on account of unclaimed dividend, which are not available for use by the Company.
 - For details on CSR expenditure, Refer Note 42.

As per our report of even date			
For V. Sankar Aiyar & Co., Chartered Accountants Firm Reg. No. 109208W	For R.G.N. Price & Co., Chartered Accountants Firm Reg. No. 002785S	Subhanu Saxena Managing Director and Global Chief Executive Officer	S. Radhakrishnan Whole-time Director
V. Mohan Partner Membership No. 17748	R. Rangarajan Partner Membership No. 41883	Samina Vaziralli Executive Director	Umang Vohra Global Chief Operating Officer and Global Chief Financial Officer
Mumbai, 24 th May 2016		Mital Sanghvi Company Secretary	Mumbai, 24 th May 2016

Notes to the Consolidated Accounts

1 Significant Accounting Policies

A. Basis of Preparation

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013, ("Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India and guidelines issued by Securities and Exchange Board of India (SEBI).

B. Use of Estimates

The preparation of financial statements requires the Management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. The 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, assessment of recoverable amounts of deferred tax assets and cash generating units, provision for sales returns, provision for obligations relating to employees, provisions against litigations and contingencies. Actual results could differ from these estimates. Any revision of accounting estimates is recognised prospectively in the current and future periods.

C. Operating Cycle

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

D. Principles of Consolidation

The consolidated financial statements relate to Cipla Ltd. (the 'Company'), its subsidiaries, joint venture and associates (together referred to as the 'Group'). The consolidated financial statements have been prepared on the following basis:

- a. The financial statements of the Company and its subsidiaries 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.
- b. The difference between the cost of investment in the subsidiaries, over the Company's share of equity at the time of acquisition of the shares in the subsidiaries is recognised in the financial statements as Goodwill/Capital Reserve as the case may be.
- c. Entities in which the Company has significant influence but not a controlling interest are considered as associates and investment therein are reported according to the equity method i.e. the investment is initially recorded at cost identifying any Goodwill/Capital Reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the associate, based on the available information. The Consolidated Statement of Profit and Loss includes the investor's share of profit/loss of the operations of the associate.
- d. Interest in Joint Venture have been accounted by using the proportionate consolidation method.
- e. The financial statements of the subsidiaries and associates used for the purpose of consolidation are drawn up to the same reporting date as of the Company.

Notes to the Consolidated Accounts *contd.*

- f. 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.
- g. The subsidiaries, associates and joint venture considered in the consolidated financial statement are:

Name of the Company	Country of Incorporation	% ownership interest as at 31 st March 2016	% ownership interest as at 31 st March 2015	With effect from
Subsidiaries (held directly)				
Cipla FZE	United Arab Emirates	100	100	04/10/2006
Goldencross Pharma Pvt. Ltd.	India	100	100	14/05/2010
Cipla (Mauritius) Ltd.	Mauritius	100	100	27/01/2011
Meditab Specialities Pvt. Ltd.	India	100	100	01/10/2010
Cipla Medpro South Africa Proprietary Ltd.	South Africa	100	100	15/07/2013
Cipla Holding B.V. ¹	Netherlands	100	100	28/08/2013
Cipla BioTec Pvt. Ltd.	India	100	100	24/07/2014
Cipla (EU) Ltd. ¹	United Kingdom	100	100	27/01/2011
Saba Investment Ltd.	United Arab Emirates	51	51	02/10/2014
Jay Precision Pharmaceuticals Pvt. Ltd.	India	60	60	26/02/2015
Cipla Health Ltd.	India	100	-	27/08/2015
Subsidiaries (held indirectly)				
Four M Propack Pvt. Ltd.	India	100	100	14/05/2010
Cipla (UK) Ltd.	United Kingdom	100	100	27/01/2011
Cipla Australia Pty. Ltd. ¹	Australia	100	100	04/03/2011
Medispray Laboratories Pvt. Ltd.	India	100	100	01/10/2010
Sitec Labs Pvt. Ltd.	India	100	100	01/10/2010
Meditab Holdings Ltd.	Mauritius	100	100	01/10/2010
Meditab Pharmaceuticals South Africa Proprietary Ltd. (De-registered on 14 th August 2015)	South Africa	-	100	14/01/2011
Meditab Specialities New Zealand Ltd.	New Zealand	100	100	21/01/2011
Cipla İlaç Ticaret Anonim Şirketi	Turkey	100	100	20/02/2012
Cipla USA Inc. ²	USA	100	100	12/09/2012
Cipla Kenya Ltd.	Kenya	100	100	08/10/2012
Cipla Malaysia Sdn. Bhd.	Malaysia	100	100	20/03/2013
Cipla Europe NV ¹	Belgium	100	100	30/09/2013
Cipla Quality Chemical Industries Ltd. ³	Uganda	62.30	51.05	20/11/2013
Cipla Croatia d.o.o. ¹	Croatia	100	100	04/12/2013

Notes to the Consolidated Accounts *contd.*

Name of the Company	Country of Incorporation	% ownership interest as at 31 st March 2016	% ownership interest as at 31 st March 2015	With effect from
Cipla Medpro Manufacturing Proprietary Ltd. (De-registered on 16 th September 2015)	South Africa	-	100	15/07/2013
Galilee Marketing Proprietary Ltd.	South Africa	100	100	15/07/2013
Inyanga Trading 386 Proprietary Ltd.	South Africa	100	100	15/07/2013
Xeragen Laboratories Proprietary Ltd.	South Africa	100	100	15/07/2013
Cipla Medpro Holdings Proprietary Ltd.	South Africa	100	100	15/07/2013
Cape to Cairo Exports Proprietary Ltd.	South Africa	100	100	15/07/2013
Cipla Agrimed Proprietary Ltd.	South Africa	100	100	15/07/2013
Cipla Dibcare Proprietary Ltd.	South Africa	100	100	15/07/2013
Cipla Health Care Proprietary Ltd. (De-registered on 28 th October 2015)	South Africa	-	100	15/07/2013
Cipla Life Sciences Proprietary Ltd.	South Africa	100	100	15/07/2013
Cipla-Medpro Proprietary Ltd.	South Africa	100	100	15/07/2013
Cipla-Medpro Distribution Centre Proprietary Ltd.	South Africa	100	100	15/07/2013
Cipla Medpro ARV Proprietary Ltd. (De-registered on 20 th January 2016)	South Africa	-	100	15/07/2013
Cipla Medpro Botswana Proprietary Ltd.	South Africa	100	100	15/07/2013
Cipla Medpro Cardio Respiratory Proprietary Ltd. (De-registered on 16 th September 2015)	South Africa	-	100	15/07/2013
Cipla Medpro Research and Development Proprietary Ltd.	South Africa	100	100	15/07/2013
Cipla Nutrition Proprietary Ltd. (Buy back of shares on 1 st October 2015)	South Africa	100	80	15/07/2013
Cipla Personal Care Proprietary Ltd. (De-registered on 16 th September 2015)	South Africa	-	100	15/07/2013
Cipla Vet Proprietary Ltd.	South Africa	100	100	15/07/2013
Gardian Cipla Proprietary Ltd. (De-registered on 20 th January 2016)	South Africa	-	100	15/07/2013
Medpro Gen Proprietary Ltd. (De-registered on 16 th September 2015)	South Africa	-	100	15/07/2013
Medpro Holdings Proprietary Ltd. (De-registered on 16 th September 2015)	South Africa	-	100	15/07/2013
Medpro Pharmaceutica Proprietary Ltd.	South Africa	100	100	15/07/2013
Medpro Pharmaceutica Africa Proprietary Ltd. (De-registered on 16 th September 2015)	South Africa	-	100	15/07/2013
Medpro-On-Line Proprietary Ltd. (De-registered on 16 th September 2015)	South Africa	-	100	15/07/2013
Med Man Care Proprietary Ltd.	South Africa	100	100	15/07/2013

Notes to the Consolidated Accounts *contd.*

Name of the Company	Country of Incorporation	% ownership interest as at 31 st March 2016	% ownership interest as at 31 st March 2015	With effect from
Smith and Couzin Proprietary Ltd. (De-registered on 16 th September 2015)	South Africa	-	100	15/07/2013
Breathe Free Lanka (Private) Ltd.	Sri Lanka	100	100	16/06/2014
Cipla Canada Inc. ¹	Canada	100	100	27/08/2014
Medica Pharmaceutical Industries Company Ltd.	Yemen	50.49	50.49	02/10/2014
Al Jabal For Drugs and Medical Appliances Company Ltd.	Yemen	50.49	50.49	02/10/2014
Cipla Pharma Lanka (Private) Ltd.	Sri Lanka	60	60	17/11/2014
Cipla Pharma Nigeria Ltd.	Nigeria	100	100	06/02/2015
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda. ¹	Brazil	100	-	11/05/2015
Cipla Maroc SA	Morocco	60	-	08/05/2015
Cipla Middle East Pharmaceuticals FZ-LLC ¹	United Arab Emirates	51	-	31/05/2015
Quality Chemicals Ltd. ⁴	Uganda	51	-	06/08/2015
Cipla Philippines Inc. ¹	Philippines	100	-	06/01/2016
InvaGen Pharmaceuticals Inc. ^{2,5}	USA	100	-	17/02/2016
Exelan Pharmaceuticals Inc. ^{2,5}	USA	100	-	17/02/2016
Cipla US Holdings Inc. ^{1,5} (Merged with InvaGen Pharmaceuticals Inc. w.e.f. 17 th February 2016)	USA	-	-	17/12/2015
Trust (where group has control/ significant influence)			-	
Cipla Employees Stock Option Trust	India	100	-	09/10/2015
Cipla Health Employees Stock Option Trust	India	100	-	14/03/2016
Associates				
Stempeutics Research Pvt. Ltd. ¹	India	49	49	01/10/2010
Biomab Holding Ltd. (Divested on 22 nd January 2016)	Hong Kong	-	25	01/09/2011
Joint Venture				
Aspen-Cipla Australia Pty. Ltd. (De-registered on 6 th April 2015)	Australia	-	50	18/10/2011
¹ Unaudited financials for the financial year 2015-16 have been considered for consolidation purposes.				
² Unaudited financials for the period from 17 th February 2016 to 31 st March 2016 have been considered for consolidation purposes.				
³ Consequent to acquisition of Quality Chemicals Ltd., Company's effective stake (held through its subsidiaries) in Cipla Quality Chemical Industries Ltd. increased from the existing 51.05% to 62.30%.				
⁴ Cipla (EU) Limited has acquired 51% stake in Quality Chemicals Limited, Uganda on 6 th August 2015.				
⁵ The Company's wholly owned subsidiary acquired 100% stake in two US based companies, InvaGen Pharmaceuticals Inc. ("Invagen") and Exelan Pharmaceuticals Inc. ("Exelan"). Both Invagen and Exelan effectively became company's wholly owned subsidiaries with effect from 17 th February 2016.				

Notes to the Consolidated Accounts *contd.*

E. Additional information as required under Schedule III of the Companies Act, 2013 of enterprises consolidated as Subsidiaries/Associates

Name of the Entity	Net Assets (Total Assets less Total Liabilities)		Share in profit or loss	
	As % of consolidated net assets	Amount ₹ in crore	As % of consolidated profit or loss	Amount ₹ in crore
Parent				
Cipla Ltd.	104.06	12339.26	93.84	1505.93
Subsidiaries				
Indian				
Goldencross Pharma Pvt. Ltd.	2.23	264.71	1.06	16.94
Meditab Specialities Pvt. Ltd.	1.21	143.56	3.31	53.17
Jay Precision Pharmaceuticals Pvt. Ltd.	0.55	65.08	1.57	25.21
Four M Propack Pvt. Ltd.	0.13	15.83	0.04	0.77
Medispray Laboratories Pvt. Ltd.	1.29	153.05	2.58	41.46
Sitec Labs Pvt. Ltd.	0.16	18.39	0.45	7.19
Cipla BioTec Pvt. Ltd.	1.70	201.10	(2.22)	(35.55)
Cipla Health Ltd.	0.26	30.71	(1.63)	(26.29)
Foreign				
Cipla FZE	0.21	24.51	0.00	(0.01)
Cipla (Mauritius) Ltd.	1.25	148.44	0.18	2.94
Cipla Medpro South Africa Proprietary Ltd.	2.30	272.54	0.30	4.96
Cipla Holding B.V.	1.37	162.11	0.17	2.73
Cipla (EU) Ltd.	1.83	216.44	0.23	3.71
Saba Investment Ltd.	2.28	269.52	0.50	7.98
Cipla (UK) Ltd.	0.02	1.94	0.01	0.13
Cipla Australia Pty. Ltd.	0.02	2.67	0.03	0.56
Meditab Holdings Ltd.	2.50	296.90	(0.02)	(0.30)
Meditab Specialities New Zealand Ltd.	0.00	0.03	0.00	(0.03)
Cipla İlaç Ticaret Anonim Şirketi	0.00	0.26	0.00	0.04
Cipla USA Inc.	0.06	7.29	0.38	6.13
Cipla Kenya Ltd.	0.00	0.24	0.01	0.17
Cipla Malaysia Sdn. Bhd.	0.01	1.44	0.01	0.17
Cipla Europe NV	0.51	60.01	3.52	56.50
Cipla Quality Chemical Industries Ltd.	2.05	242.78	5.10	81.84
Quality Chemicals Ltd.	0.24	28.70	(0.08)	(1.30)
Cipla Croatia d.o.o.	0.04	5.02	(0.06)	(0.77)
Galilee Marketing Proprietary Ltd.	0.00	(0.01)	0.00	-
Inyanga Trading 386 Proprietary Ltd.	0.20	23.97	0.00	-
Xeragen Laboratories Proprietary Ltd.	0.04	5.19	(0.04)	(1.04)
Cipla Medpro Holdings Proprietary Ltd.	0.13	15.57	0.73	11.78
Cape to Cairo Exports Proprietary Ltd.	0.00	-	0.00	-
Cipla Agrimed Proprietary Ltd.	0.38	44.74	0.66	10.57
Cipla Dibcare Proprietary Ltd.	0.00	0.18	0.00	-
Cipla Life Sciences Proprietary Ltd.	0.98	116.63	0.00	(0.04)
Cipla-Medpro Proprietary Ltd.	1.86	220.81	(0.39)	(6.31)
Cipla-Medpro Distribution Centre Proprietary Ltd.	0.00	0.04	(0.01)	(0.21)
Cipla Medpro Botswana Proprietary Ltd.	0.00	-	0.00	-
Cipla Medpro Research and Development Proprietary Ltd.	0.00	-	0.00	-
Cipla Nutrition Proprietary Ltd.	(0.12)	(14.61)	(0.53)	(8.45)
Cipla Vet Proprietary Ltd.	0.32	38.14	0.55	8.80
Medpro Pharmaceutica Proprietary Ltd.	2.90	344.07	(0.09)	(1.43)

Notes to the Consolidated Accounts *contd.*

Name of the Entity	Net Assets (Total Assets less Total Liabilities)		Share in profit or loss	
	As % of consolidated net assets	Amount ₹ in crore	As % of consolidated profit or loss	Amount ₹ in crore
Breathe Free Lanka (Private) Ltd.	0.03	3.68	(0.14)	(2.29)
Cipla Canada Inc.	0.00	0.48	0.01	0.17
Medica Pharmaceutical Industries Company Ltd.	0.35	41.70	(1.26)	(20.20)
Al Jabal For Drugs and Medical Appliances Company Ltd.	0.43	51.48	1.30	20.98
Cipla Pharma Lanka (Private) Ltd.	(0.05)	(6.41)	(0.16)	(2.72)
Cipla Pharma Nigeria Ltd.	0.00	0.31	0.00	0.05
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	0.01	0.61	(0.04)	(0.70)
Cipla Maroc SA	0.06	7.66	(0.02)	(0.43)
InvaGen Pharmaceuticals Inc.	18.77	2225.13	4.42	70.95
Exelan Pharmaceuticals Inc.	(0.17)	(20.52)	(0.02)	(0.37)
Cipla Middle East Pharmaceuticals FZ - LLC	-	-	-	-
Cipla Philippines Inc.	-	-	-	-
Cipla US Holdings Inc.	-	-	-	-
Med Man Care Proprietary Ltd	-	-	-	-
Meditab Pharmaceuticals South Africa Proprietary Ltd. (De-registered on 14 th August 2015)	-	-	-	-
Cipla Medpro Manufacturing Proprietary Ltd. (De-registered on 16 th September 2015)	-	-	-	-
Cipla Health Care Proprietary Ltd. (De-registered on 28 th October 2015)	-	-	-	-
Cipla Medpro ARV Proprietary Ltd. (De-registered on 20 th January 2016)	-	-	-	-
Cipla Medpro Cardio Respiratory Proprietary Ltd. (De-registered on 16 th September 2015)	-	-	-	-
Cipla Personal Care Proprietary Ltd. (De-registered on 16 th September 2015)	-	-	-	-
Gardian Cipla Proprietary Ltd. (De-registered on 20 th January 2016)	-	-	-	-
Medpro Gen Proprietary Ltd. (De-registered on 16 th September 2015)	-	-	-	-
Medpro Holdings Proprietary Ltd. (De-registered on 16 th September 2015)	-	-	-	-
Medpro Pharmaceutica Africa Proprietary Ltd. (De-registered on 16 th September 2015)	-	-	-	-
Medpro-On-Line Proprietary Ltd. (De-registered on 16 th September 2015)	-	-	-	-
Smith and Couzin Proprietary Ltd. (De-registered on 16 th September 2015)	-	-	-	-
Subtotal	152.40	18071.37	114.25	1833.39
Inter-company Elimination and Consolidation Adjustments	(50.13)	(5944.32)	(16.58)	(266.01)
Minority Interest in Subsidiaries	(2.27)	(269.63)	3.08	49.43
Share of Profit in Associates			(0.75)	(12.02)
Grand Total	100	11857.42	100	1604.79

F. Fixed Assets

Tangible assets are stated at the cost of acquisition and includes amount added on revaluation, less accumulated depreciation, Government grants, other subsidies and impairment losses if any. Cost of tangible assets comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Where several fixed assets are acquired for a consolidated price, the consideration is apportioned to fixed assets on fair value basis.

Notes to the Consolidated Accounts *contd.*

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use.

Intangible assets are stated at the cost of acquisition less accumulated amortisation and impairment losses, if any. Cost of intangible assets comprises purchase price, non-refundable taxes, levies and any directly attributable cost of making the asset ready for its intended use.

G. 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.

H. Depreciation and Amortisation

Depreciation on tangible fixed assets is provided on the Straight Line Method over the useful life of assets as prescribed under part C of Schedule II of the Companies Act, 2013 ("Act").

In case of assets whose useful life is already exhausted as on 1st April 2015, the carrying value, net of residual value and deferred tax has been adjusted in retained earnings in accordance with the requirements of Schedule II of the Act.

The depreciation on fixed assets in Indian subsidiaries is provided on Written Down Value Method over the useful life as prescribed under part C of Schedule II of the Act. The depreciation on fixed assets in foreign subsidiaries is provided on a systematic basis over the estimated useful life of the assets.

Cost of leasehold land including premium is amortised over primary period of lease.

Intangible assets are amortised on a systematic basis over the best estimate of their useful lives, commencing from the date the asset is available to the Company for its use.

The Management estimates the useful lives for the various intangible assets as follows:

Category	Years
Software	3 to 6
Goodwill, Marketing intangibles, Trademarks, Technical Know-How and Brands - Acquired	5

I. 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.

Notes to the Consolidated Accounts *contd.*

J. Investments

Investments are classified into current and non-current investments. Non current investments are carried at cost, less provision for diminution (other than temporary) in value.

Current investments are carried at lower of cost and fair value.

Investments in Associates are accounted and disclosed as per AS-23, "Investment in Associates".

Investment property is carried at cost, less depreciation computed in a manner prescribed for Fixed Assets.

K. Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Foreign currency monetary assets and liabilities and forward contracts are restated at year end exchange rates. Exchange differences arising on the settlement of foreign currency monetary items or on reporting Company's foreign currency monetary items at rates different from those at which they were initially recorded during the year or reported in the previous financial statements, are recognised as income or expense in the year in which they arise.

Non-monetary foreign currency items are carried at the rates prevailing on the date of the transaction.

In respect of forward contracts, the premium or discount on these contracts is recognised as income or expenditure over the period of the contract. Any profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense of the year.

Foreign branches are identified as integral foreign operations. All transactions are translated at rates prevailing on the date of transaction. Monetary assets and liabilities of the branch are restated at the year end rates.

Overseas subsidiaries are classified as non integral operations as per AS-11, "The Effects of Changes in Foreign Exchange Rates". All the assets and liabilities are translated at the closing rate as on the Balance Sheet date and income/expenditure are translated using average exchange rate prevailing during the reporting period. The resultant translation exchange gain/loss, have been disclosed as "Foreign Currency Translation Reserve" under Reserves and Surplus.

L. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

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.

Contingent Assets are neither recognised nor disclosed in the financial statements.

M. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer, which ordinarily coincides with despatch of goods to customers. Revenues are recorded at invoice value net of excise duty, sales tax, returns and trade discounts.

Revenue from rendering of services are recognised on completion of services.

Notes to the Consolidated Accounts *contd.*

Benefits on account of entitlement of export incentives are recognised as and when the right to receive is established.

Technical Know-how and Licensing Fees are recognised as and when the right to receive such income is established as per terms and conditions of relevant agreement.

Interest income is recognised using the time proportionate method, based on rates implicit in the transaction.

Dividend income is recognised when the right to receive is established.

Excise Duty/Service Tax

Excise duty/Service tax is accounted on the basis of both, payments made in respect of goods cleared/ services provided and provisions made for goods lying in bonded warehouses.

N. 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, leave encashment and provident fund are determined on the basis of actuarial valuation made by an independent actuary as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Termination benefits

Termination benefits arising from restructuring are recognised in the Statement of Profit and Loss when:

- a. the Company has a present obligation as a result of a past event;
- b. a reliable estimate can be made of the amount of the obligation; and
- c. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

O. Employee Stock Option Scheme

In accordance with the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India, the compensation cost of stock options granted to employees is calculated based on intrinsic value method, i.e. the excess of the market price of shares immediately prior to date of grant over the exercise price to be paid by the option holders. The compensation cost is amortised to the Statement of Profit and Loss over the vesting period of the stock option.

P. Income Tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of local Income Tax Laws as applicable to the financial year.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the

Notes to the Consolidated Accounts *contd.*

Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Q. Impairment of Assets

At each Balance Sheet date, the Group assesses whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit and Loss. If, at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

R. Research and Development

Revenue expenditure on Research and Development is recognised as expense in the year in which it is incurred.

Capital expenditure on Research and Development is shown as addition to Fixed Assets.

S. Expenditure on Regulatory Approvals

Expenditure incurred for obtaining regulatory approvals and registration of products for overseas markets is charged to the Statement of Profit and Loss.

T. Government Grants and Subsidies

Capital subsidy/Government grants are recognised when there is a reasonable assurance that all relevant conditions will be complied with and it is reasonably certain that the ultimate collection will be made.

Capital subsidy/Government grants related to specific fixed assets are shown as deduction from the gross value of the asset concerned in arriving at its book value. The grant/subsidy is thus recognised in the Statement of Profit and Loss over the useful life of such fixed assets by way of a reduced depreciation charge.

U. Leases

Where the Company is Lessee

Lease rentals on assets taken on operating lease are recognised as expense in the Statement of Profit and Loss on straight line basis over the lease term in accordance with the lease agreement.

Assets acquired under lease where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The rent obligations net of interest charges are reflected as secured loans.

Where the Company is Lessor

Lease rentals on assets given on operating lease are recognised as income in the Statement of Profit and Loss on straight line basis in accordance with the lease agreement.

V. 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 would be issued on the conversion of all the dilutive potential equity shares into equity shares.

Notes to the Consolidated Accounts *contd.*

₹ in crore

	2016	2015
2 Share Capital		
Authorised		
87,50,00,000 Equity Shares of ₹2 each (Previous year 87,50,00,000 Equity Shares of ₹2 each)	175.00	175.00
	175.00	175.00
Issued		
80,43,87,677 Equity Shares of ₹2 each (Previous year 80,39,63,835 Equity Shares of ₹2 each)	160.85	160.79
	160.85	160.79
Subscribed & Paid-up		
80,33,84,282 Equity Shares of ₹2 each fully paid (Previous year 80,29,60,440 Equity Shares of ₹2 each fully paid)	160.68	160.59
	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	2016		2015	
	Number of shares	Amount (₹ in crore)	Number of shares	Amount (₹ in crore)
Equity Shares at the beginning of the year	80,29,60,440	160.59	80,29,21,357	160.58
Add: Equity Shares issued on exercise of employee stock options	4,23,842	0.09	39,083	0.01
Equity Shares at the end of the year	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	2016		2015	
	Number of shares	% Holding	Number of shares	% Holding
Dr. Y. K. Hamied	16,67,42,687	20.76	12,48,27,750	15.55
Mrs. Farida Hamied	-	-	4,19,14,937	5.22
Mrs. Sophie Ahmed	4,59,82,000	5.72	4,59,82,000	5.73
Life Insurance Corporation of India	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 at 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 41 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 scheme(s).

Notes to the Consolidated Accounts *contd.*

		₹ in crore	
		2016	2015
3 Reserves and Surplus			
Capital Reserve		0.33	0.33
Securities Premium Reserve			
As per last Balance Sheet	1430.59		1428.96
Add: Additions during the year on ESOS exercised	17.93		1.63
Balance at the end of the year		1448.52	1430.59
Revaluation Reserve			
As per last Balance Sheet	8.97		8.97
Add: Additions during the year	3.49		-
Balance at the end of the year		12.46	8.97
Employee Stock Options Outstanding			
Employee Stock Options Outstanding			
As per last Balance Sheet	146.99		92.05
Add: Options granted during the year (net of cancellations)	5.40		56.57
Less: Exercised during the year	15.08		1.63
Balance at the end of the year (a)	137.31		146.99
Deferred Employee Stock Option Cost			
As per last Balance Sheet	76.08		70.40
Add: Options granted during the year	5.40		56.57
Less: Amortisations during the year (net of cancellations)	29.18		50.89
Balance at the end of the year (b)	52.30		76.08
Net Balance at the end of the year (a-b)		85.01	70.91
General Reserve		3141.43	3141.43
Foreign Currency Translation Reserve			
As per last Balance Sheet	(381.20)		(123.22)
Add: Exchange rate differences on translations during the year (Net)	(292.33)		(257.98)
Balance at the end of the year		(673.53)	(381.20)
Surplus in the Statement of Profit and Loss			
As per last Balance Sheet	6357.62		5411.90
Add: Profit for the year	1505.92		1180.77
Add: Adjustment due to tax on dividend of previous year	12.40		-
Less: Adjustment of Depreciation [Refer Note 1 (H)]	-		41.77
	7875.94		6550.90
Less: Appropriations			
Proposed Dividend			
[₹2 per share (Previous year ₹2 per share)]	160.68		160.59
Tax on Dividend	32.70		32.69
Dividend and Tax on Dividend pertaining to previous year	0.04		-
Balance at the end of the year		7682.52	6357.62
		11696.74	10628.65

Notes to the Consolidated Accounts *contd.*

		₹ in crore
	2016	2015
4 Long Term Borrowings		
Secured		
Term Loans from Banks (Note i)	207.00	287.09
Unsecured		
Term Loans from Banks	-	7.78
Deferred Payment Liability-Sales Tax Deferral Loan (Note ii)	0.13	0.41
Other loans and advances (Note iii)	14.75	14.00
	221.88	309.28

- Notes:
- Loans of a subsidiary company located in South Africa amounting to ₹207.00 crore (Previous Year ₹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. The loans are repayable in full by 2019.
 - Sales tax deferral loan is interest free and repayable by 2017-18.
 - Loan of a subsidiary company located in India amounting to ₹14.75 crore (Previous Year: ₹14.00 crore) carries interest at 11% p.a. and repayable by March 2018.

		₹ in crore
	2016	2015
5 Deferred Tax Liabilities (Net)		
Tax effect of items constituting Deferred Tax Liabilities		
On differences between book and tax depreciation	426.90	333.43
Others	20.40	0.01
Less: Tax effect of items constituting Deferred Tax Assets		
Expenses allowable on cash basis	-	0.76
Carry forward of losses	-	0.87
Others	-	0.07
	447.30	331.74

Notes to the Consolidated Accounts *contd.*

	₹ in crore	
	2016	2015
6 Other Long Term Liabilities		
Security Deposits	40.00	40.00
Others*	2.79	0.58
	<u>42.79</u>	<u>40.58</u>
* Includes lease equalisation reserve		

	₹ in crore	
	2016	2015
7 Long Term Provisions		
Provision for Employee Benefits		
Leave Encashment (Note 26)	142.81	109.79
Gratuity (Note 26)	1.88	13.04
Others		
Payable for Acquisition of Business	-	50.00
	<u>144.69</u>	<u>172.83</u>

	₹ in crore	
	2016	2015
8 Short Term Borrowings		
Loans Repayable on demand		
From Banks		
Secured		
Cash Credit (Secured by hypothecation of trade receivables and inventories)	-	0.67
Unsecured		
Packing Credit	917.63	1156.25
Buyers Credit	205.00	223.28
Other Borrowings including Bank overdraft*	3846.88	12.28
	<u>4969.51</u>	<u>1392.48</u>
* Includes Bridge loans of ₹3653.37 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. Guarantee has been given by Cipla Ltd to the bankers for repayment of principal and interest on this loan.		

Notes to the Consolidated Accounts *contd.*

	₹ in crore	
	2016	2015
9 Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	7.33	2.77
Total outstanding dues of creditors other than micro enterprises and small enterprises	1402.16	1449.29
	1409.49	1452.06

The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

	₹ in crore	
Particulars	2016	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	-	-

Notes to the Consolidated Accounts *contd.*

	₹ in crore	
	2016	2015
10 Other Current Liabilities		
Current maturities of Long Term Debt		
Sales Tax Deferral Loan	0.07	0.01
Term Loan from Banks	10.30	1.56
Finance lease obligations	0.11	-
Unclaimed Dividend*	11.91	13.29
Statutory Dues	66.97	50.52
Dues to Employees	148.62	124.27
Creditors for Capital Expenditure	140.39	74.40
Unclaimed Preference Share Capital	0.01	0.01
Security Deposits	2.20	2.33
Book Overdraft	8.28	49.10
Advance from Customers	29.40	106.37
Interest Payable	0.90	0.72
Other payable#	604.63	231.97
	1023.79	654.55
* There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.		
# Includes lease equalisation reserve, creditors for expenses, payable on acquisition, etc.		

	₹ in crore	
	2016	2015
11 Short Term Provisions		
Provision for Employee Benefits		
Leave Encashment (Note 26)	33.52	26.33
Gratuity (Note 26)	40.45	47.60
Others		
Provision for Employee Dues	66.72	-
Proposed Dividend	160.68	160.59
Tax on Proposed Dividend	32.70	32.69
Provision for Tax (Net of advance tax)	14.85	37.54
Others*	157.18	77.29
	506.10	382.04
* Includes provision for acquisition of business, sales returns provision etc.		

Notes to the Consolidated Accounts *contd.*

12 Fixed Assets

₹ in crore														
Tangible Assets	GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK			
	As at 01.04.2015	Additions on Acquisition	Additions	Deletions/ Adjustments	Foreign currency translation adjustments	As at 31.03.2016	Upto 31.03.2015	Additions on Acquisition	Adjustment in retained earnings	For the year Adjustments 2015-16	Foreign currency translation adjustments	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
Freehold Land	60.81	1.09	0.84	-	0.12	62.86	-	-	-	-	-	-	62.86	60.81
Leasehold Land	86.74	0.78	7.71	0.24	-	94.99	15.32	-	-	1.90	-	17.22	77.77	71.42
Leasehold Buildings	95.95	-	17.26	-	(12.29)	100.92	27.87	-	-	7.95	(3.81)	32.01	68.91	68.08
Plant and Machinery	4388.90	128.31	518.07	40.49	(31.22)	4963.57	2168.48	67.76	-	399.60	28.99	2595.91	2367.66	2220.42
Office Equipments	114.02	0.46	20.03	1.21	(1.21)	132.09	66.29	0.20	-	19.73	0.81	84.40	47.69	47.73
Furniture and Fixtures	176.50	1.64	22.13	1.46	(2.43)	196.38	92.26	0.85	-	18.37	1.12	108.92	87.46	84.24
Buildings and Flats	1915.09	183.66	250.39	2.18	(6.94)	2340.02	334.83	44.97	-	59.70	0.85	436.82	1903.20	1580.26
Vehicles	20.35	2.05	3.63	1.30	(0.79)	23.94	12.75	1.19	-	2.36	1.16	14.59	9.35	7.60
Total	6858.36	317.99	840.06	46.88	(54.76)	7914.77	2717.80	114.97	-	509.61	32.93	3289.87	4624.90	4140.56
Previous year	6171.62	197.36	574.09	37.34	(47.37)	6858.36	2175.68	19.20	62.59	493.56	16.56	2717.80		
Intangible Assets	As at 01.04.2015	Additions on Acquisition	Additions	Deletions/ Adjustments	Foreign currency translation adjustments	As at 31.03.2016	Upto 31.03.2015	Additions on Acquisition	Adjustment in retained earnings	For the year Adjustments 2015-16	Foreign currency translation adjustments	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
Goodwill	10.11	-	-	-	-	10.11	0.34	-	-	2.02	-	2.36	7.75	9.77
Marketing Intangibles	25.10	-	-	-	-	25.10	0.83	-	-	5.01	-	5.84	19.26	24.27
Software	109.52	0.05	14.01	0.05	(0.53)	123.00	12.94	0.01	-	23.67	0.01	36.17	86.83	96.58
Technical Know-how	-	-	4.65	-	-	4.65	-	-	-	0.52	-	0.52	4.13	-
Trademarks	-	-	10.45	-	-	10.45	-	-	-	0.58	-	0.58	9.87	-
Licenses and Patents	-	8.03	-	-	(0.24)	7.79	-	3.57	-	0.07	(0.11)	3.53	4.26	-
Brands	-	-	1.08	-	-	1.08	-	-	-	0.12	-	0.12	0.96	-
Total	144.73	8.08	30.19	0.05	(0.77)	182.18	14.11	3.58	-	31.99	0.01	49.12	133.06	130.62
Previous year	11.56	-	134.79	0.89	(0.73)	144.73	4.12	-	-	11.13	0.68	14.11		

Notes: i. The gross value of Buildings and Flats includes the cost of shares in Co-operative Housing Societies.

- ii. The above additions to fixed assets during the year includes ₹242.88 crore (Previous year ₹121.11 crore) used for Research and Development.
 iii. Freehold Land at Mumbai Central and Vikhroli, were revalued on 16th March 1985 and was again revalued on 21st March 1990 along with Freehold Land at Bengaluru which stood at ₹9.07 crore on the basis of valuation report of approved valuers resulting in increase in book value by ₹8.97 crore.

Notes to the Consolidated Accounts *contd.*

		₹ in crore	
		2016	2015
13	Non-Current Investments		
	Trade Investments		
	Investments in Equity Instruments (Unquoted)		
	Investment in Associates		
	NIL (Previous year 87,33,333) Ordinary Shares of Biomab Holding Ltd. of USD 1 each, fully paid including Goodwill of NIL (Previous year ₹54.31 crore)*	-	107.63
	201,64,367 (Previous year 1,84,23,578) Equity Shares of Stempeutics Research Pvt. Ltd. of ₹10 each, fully paid [including Goodwill of ₹29.96 crore (Previous year ₹3.58 crore)]	16.82	13.82
	Other Investments		
	Investments in Equity Instruments (Unquoted)		
	16.50% (Previous year 16.50%) Equity Interest in Shanghai Desano Pharmaceuticals Co., Ltd.	125.89	118.75
	1,000 (Previous year 1,000) Equity shares of The Saraswat Co-operative Bank Limited ₹10 each fully paid ₹10000 (Previous year ₹10000)	0.00	0.00
	29,91,482 (Previous year 11,02,941 Preferred Stock, par value \$0.0001 per share) Preferred Stock, par value \$0.0001 per share of Chase Pharmaceuticals Corporation Inc	32.58	8.44
	Investments in Government and Trust securities		
	National Savings Certificates ₹42000 (Previous year ₹42000)	0.00	0.00
	Investment property (at cost less accumulated depreciation)		
	Cost of Building given on Operating Lease	1.60	1.60
	Less: Accumulated Depreciation	0.53	0.48
	Net Block	1.07	1.12
		176.36	249.76
	Aggregate amount of unquoted investments	175.29	248.64
	* Divested on 22 nd January 2016		
	Mode of valuation - Refer Note 1(j)		

		₹ in crore	
		2016	2015
14	Deferred Tax Assets (Net)		
	Tax effect of items constituting Deferred Tax Assets		
	Expenses allowable on cash basis	5.16	1.84
	Carry forward of losses	34.14	75.33
	Depreciation	4.87	1.26
	Others	38.56	22.56
	Less: Tax effect of items constituting Deferred Tax Liabilities		
	On differences between book and tax depreciation	1.82	53.88
		80.91	47.11

Notes to the Consolidated Accounts *contd.*

₹ in crore		
	2016	2015
15 Long Term Loans and Advances		
Secured, Considered Good		
Capital Advances [#]	7.54	5.30
Unsecured, Considered Good		
Capital Advances	118.82	47.23
Security Deposits	62.82	33.47
MAT Credit Entitlement	111.38	-
Advance Taxes and TDS (Net of Provision for Tax ₹1792.35 crore; (Previous year ₹1610.34 crore)	234.74	163.95
VAT Receivable	53.19	46.52
Other Loans and Advances*	2.36	0.49
	590.85	296.96
[#] Secured against Bank Guarantees		
[*] Represents prepaid expenses		

₹ in crore		
	2016	2015
16 Other Non-Current Assets		
Fixed Deposits as Margin Money (with maturity more than 12 months)	15.41	13.88
Interest accrued on Fixed Deposits	0.84	0.58
Capital Subsidy Receivable	107.41	107.41
	123.66	121.87

Notes to the Consolidated Accounts *contd.*

₹ in crore

	No. of units	2016	No. of units	2015
17 Current Investments				
Investments in Mutual Funds (Unquoted)				
Axis Mutual Fund "Axis Liquid Fund" - Direct - Growth	3,72,196	61.97	-	-
Baroda Pioneer Mutual Fund "Baroda Pioneer Liquid Fund" - Plan B - Growth	71,857	12.19	2,80,546	45.00
Birla Sun Life Mutual Fund "Birla Sun Life Cash Plus" - Growth - Direct Plan	21,18,349	51.26	22,38,812	45.16
Franklin Templeton Mutual Fund "Templeton India Treasury Management Account" - Super Institutional Plan - Direct - Growth	-	-	2,57,696	55.00
HDFC Mutual Fund "HDFC Cash Management Fund" - Savings Plan - Direct Plan - Growth Option	1,39,164	44.00	85,62,289	25.00
ICICI Prudential Mutual Fund "ICICI Prudential Money Market Fund" - Direct Plan - Growth	21,49,063	45.00	-	-
Indiabulls Mutual Fund "Indiabulls Liquid Fund" - Direct Plan Growth	3,04,951	45.00	-	-
JM Financial Mutual Fund "JM High Liquidity Fund" - Direct - Growth	1,08,71,272	45.00	-	-
Kotak Mutual Fund "Kotak Floater Short Term" - Direct Plan - Growth	12,077	3.00	-	-
Principal Mutual Fund "Principal Cash Management Fund" - Direct Plan - Growth Option	-	-	3,30,868	45.00
Reliance Mutual Fund "Reliance Liquidity Fund" - Direct Growth Plan	1,79,683	41.00	2,11,177	44.50
Reliance Mutual Fund "Reliance Liquid Fund" - Cash Plan - Direct Growth	1,87,340	45.75	-	-
Reliance Mutual Fund "Reliance Liquid Fund" - Treasury Plan - Direct Growth	1,21,898	45.00	-	-
SBI Mutual Fund "SBI Magnum Insta Cash Fund" - Direct Plan - Growth	-	-	92,339	28.51
SBI Mutual Fund "SBI Premier Liquid Fund" - Direct Plan - Growth	1,89,247	45.00	-	-
Sundaram BNP Paribas Mutual Fund "Sundaram Money Fund" - Direct Plan - Growth	-	-	1,73,22,750	51.10
Taurus Mutual Fund "Taurus Liquid Fund" - Direct Plan - Super Institutional Growth	3,14,584	51.39	3,30,391	50.00
UTI Mutual Fund "UTI Money Market Fund" - Institutional Plan - Direct Growth	2,65,152	45.00	-	-
ICICI Prudential Mutual Fund "ICICI Prudential Liquid Plan" - Direct Plan - Growth	-	-	37,604	0.75
		580.56		390.02
Aggregate amount of Unquoted Investments		580.56		390.02
Mode of valuation - Refer Note 1(j)				

Notes to the Consolidated Accounts *contd.*

		₹ in crore	
		2016	2015
18 Inventories (Refer Note - 25b)			
(At lower of cost and net realisable value)			
Raw Materials and Packing Materials		1575.02	1588.77
Work-in-Process		848.64	899.36
Finished Goods		574.77	655.84
Stock-in-Trade		751.15	607.82
Stores, Spares and Consumables		58.46	28.83
		3808.04	3780.62
Included above, Stock-in-transit			
Raw Materials and Packing Materials		42.84	115.26
Work-in-Process		7.86	20.66
Finished Goods		65.14	65.34
Stock-in-Trade		186.36	73.26
		302.20	274.52
Mode of valuation - Refer Note 1 (I)			

		₹ in crore	
		2016	2015
19 Trade Receivables			
Unsecured, Considered Good			
Outstanding over six months from date they were due for payment		200.09	155.90
Others		2159.16	1841.82
Unsecured, Considered Doubtful			
Outstanding over six months from date they were due for payment	128.85		72.40
Less: Allowance for Doubtful Debts	128.85		72.40
		-	-
		2359.25	1997.72

Notes to the Consolidated Accounts *contd.*

	₹ in crore	
	2016	2015
20 Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks (including money in transit)	723.97	472.02
Cash on Hand	26.54	11.93
Other Bank Balances		
Balance earmarked for Unclaimed Dividend	11.91	13.29
Fixed Deposits as Margin Money (maturity less than 12 months)	1.34	5.50
Fixed Deposits (maturity less than 12 months)	107.65	61.52
	871.41	564.26

	₹ in crore	
	2016	2015
21 Short Term Loans and Advances		
Unsecured (Considered Good unless otherwise stated)		
Inter Corporate Loans		
Considered Good	-	0.80
Considered Doubtful	2.25	2.25
	2.25	3.05
Less: Allowance For Doubtful Loans	2.25	2.25
	-	0.80
Interest Accrued on Inter Corporate Loans		
Considered Good	0.44	0.68
Considered Doubtful	0.46	0.46
	0.90	1.14
Less: Allowance For Doubtful Interest	0.46	0.46
	0.44	0.68
Share Application Money - Pending Allotment	-	1.40
Balances with Statutory/Revenue Authorities	581.15	419.29
Others*		
Considered Good	376.42	291.58
Considered Doubtful	-	1.62
	376.42	293.20
Less: Allowance for Doubtful Advances	-	1.62
	376.42	291.58
	958.01	713.75
* Includes advances to sundry creditors, employee loans, prepaid expenses, etc.		

Notes to the Consolidated Accounts *contd.*

	₹ in crore	
	2016	2015
22 Other Current Assets		
Export Incentives Receivable	261.48	144.92
Security Deposits	3.43	-
	<u>264.91</u>	<u>144.92</u>

	₹ in crore	
	2016	2015
23 Revenue from Operations		
Sale of Products	13552.80	10991.44
Rendering of Services	63.15	68.35
Other Operating Revenue		
Export Incentives	152.85	161.01
Technical Know-how and Licensing Fees	40.48	175.65
Scrap Sales	39.72	48.02
Others	9.60	10.00
	<u>13858.60</u>	<u>11454.47</u>

	₹ in crore	
	2016	2015
24 Other Income		
Interest		
Bank Deposits	1.31	4.01
Others	8.54	5.80
Dividend	-	22.09
Net Gain on Sale of Investment*	55.68	49.51
Profit on Sale of Fixed Assets	9.93	-
Insurance Claims	10.75	19.17
Rent	2.45	0.45
Sundry Balances Written Back	10.64	6.90
Miscellaneous Receipts	13.74	14.62
Net Gain on Foreign Currency Transaction and Translation#	95.85	43.00
	<u>208.89</u>	<u>165.55</u>

* Current year includes ₹26.24 crore on divestment of Biomab Holding Ltd.

Current year includes ₹46.96 crore on divestment of Biomab Holding Ltd.

Notes to the Consolidated Accounts *contd.*

		₹ in crore	
		2016	2015
25a	Cost of Materials Consumed		
Consumption of Raw and Packing Materials			
Opening Stock	1588.77		1138.92
Add: Opening Stock of Subsidiaries acquired during the year	209.71		2.54
Add: Purchases	3954.66		4187.55
	5753.14		5329.01
Less: Closing Stock	1575.02		1588.77
	4178.12		3740.24
	4178.12		3740.24

		₹ in crore	
		2016	2015
25b	Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade		
Opening Stock			
Work-in-Process	899.36		653.63
Finished Goods	655.84		579.10
Stock-in-Trade	607.82		523.60
Add: Opening Stock of Subsidiaries acquired during the year			
Work-in-Process	31.82		0.98
Finished Goods	23.78		-
Stock-in-Trade	19.49		61.49
	2238.11		1818.80
Less: Closing Stock			
Work-in-Process	848.64		899.36
Finished goods	574.77		655.84
Stock-in-Trade	751.15		607.82
	2174.56		2163.02
	63.55		(344.22)

Notes to the Consolidated Accounts *contd.*

₹ in crore

	2016	2015
26 Employee Benefits Expense		
Salaries and Wages	2143.24	1689.74
Contribution to Provident and Other Funds	90.20	74.77
Staff Gratuity	39.09	27.57
Staff Welfare Expenses	145.35	124.57
Expense on Employee Stock Option Scheme (Note 41)	29.18	51.07
	2447.06	1967.72

- 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 the revised AS-15 are as under:

- a. Brief description of the Plans**

- Defined Contribution Plan**

The Company's 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 Company has no further obligation beyond making the contributions.

- Defined Benefit and other Long term Benefit Plans**

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 Cipla Employees Provident Fund for certain employees, which is recognised by the Income tax authorities and administered through trustees/appropriate authorities. The Guidance Note on Implementing the revised AS-15, "Employee benefits (revised 2005)" issued by Accounting Standards Board (ASB) states benefit involving employer established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Accordingly, the Company has considered the provident fund as defined benefit plan.
- 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.
- 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

	2016	2015
Employees' Pension Scheme	29.67	22.40
Provident Fund	48.66	43.29
	78.33	65.69

- ii.** Charge towards leave encashment to the Statement of Profit and Loss amounts to ₹71.87 crore (Previous year ₹58.97 crore).

Notes to the Consolidated Accounts *contd.*

26 Employee Benefits Expense *contd.*

c. Disclosures for defined benefit plans based on actuarial reports as on 31st March 2016

	₹ in crore	
	2016 Gratuity (Funded Plan)	2015 Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	108.56	78.71
Interest cost	8.69	7.32
Current service cost	22.07	17.09
Actuarial (gain)/loss on obligations	6.20	6.20
Benefits paid	(8.25)	(4.90)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	(0.44)
Actuarial (gains)/losses on obligations - due to change in financial assumptions	-	0.57
Asset transferred on purchase of undertaking	-	3.10
Actuarial (gains)/losses on obligations - due to experience	-	0.92
Liability at the end of the year	137.27	108.57
ii. Change in fair value of assets		
Opening fair value of plan assets	49.05	44.72
Expected return on plan assets	3.93	4.16
Actuarial gain/(loss)	2.78	(0.16)
Assets transferred on purchase of undertaking	1.21	3.40
Contributions by employer	57.32	5.03
Transfer of plan assets	(0.04)	0.07
Assets Transferred out/divestments	0.68	(3.49)
Benefits paid	(7.67)	(4.90)
Actuarial gains/(losses) on plan assets - due to experience	(0.15)	0.22
Closing fair value of plan assets	107.11	49.05
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	(143.69)	(108.57)
Fair value of plan assets as at year end	104.25	49.05
Net asset/(liability) recognised	(39.44)	(59.52)
iv. Expenses recognised in Statement of Profit and Loss		
Current service cost	22.07	17.09
Interest on defined benefit obligation	8.44	7.09
Expected return on plan assets	(3.69)	(3.95)
Liability transferred on purchase of undertaking	-	(3.09)
Net actuarial (gain)/loss recognised in the current year	12.59	10.63
Transfer of plan assets	(0.97)	-
Total expense recognised in Statement of Profit and Loss	38.44	27.77

Notes to the Consolidated Accounts *contd.*

26 Employee Benefits Expense *contd.*

	₹ in crore	
	2016 Gratuity (Funded Plan)	2015 Gratuity (Funded Plan)
v. Actual return on plan assets		
Expected return on plan assets	3.93	4.16
Actuarial gain/(loss) on plan assets	2.78	0.05
Actual return on plan assets	6.71	4.21
vi. Asset information		
Insurer managed funds	100%	100%
vii. Experience adjustments		
Defined benefit obligation	145.85	108.57
Plan assets	(105.69)	(49.05)
Deficit/(Surplus)	40.16	59.52
Experience adjustment on plan liabilities - (gain)/loss	(2.10)	(0.50)
Experience adjustment on plan assets - gain/(loss)	(3.10)	0.39
viii. Expected employer's contribution for the next year	54.32	46.22

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	2016	2015
Discounted rate (per annum)	8.07%	8.01%
Expected rate of return on plan assets (per annum)	8.07%	8.01%
Expected rate of future salary increase	5.00% p.a.	5.00% p.a.*
* for the next 5 years and 4.00% p.a. thereafter		

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.

- Amount for current and previous four periods are as follows:

	₹ in crore				
	2016	2015	2014	2013	2012
Gratuity					
Defined benefit obligation	145.86	108.57	78.45	62.95	49.27
Plan assets	(79.93)	(49.05)	(44.52)	(36.82)	(31.88)
(Surplus)/Deficit	65.93	59.52	33.93	26.13	17.39
Experience adjustment on plan liabilities - (gain)/loss	(2.10)	(0.50)	4.02	0.19	11.40
Experience adjustment on plan assets - (gain)/loss	(3.10)	0.39	1.83	1.26	0.19

Notes to the Consolidated Accounts *contd.*

26 Employee Benefits Expense *contd.*

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 2016

	₹ in crore	
	2016 Provident Fund (Funded Plan)	2015 Provident Fund (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	516.37	392.13
Interest cost	47.18	36.65
Current service cost	45.13	40.89
Past service cost	-	-
Employee Contribution	83.59	71.21
Liability transferred in	11.00	8.44
Actuarial (gain)/loss on obligations	-	-
Benefits paid	(48.69)	(32.95)
Liability at the end of the year	654.58	516.37
ii. Change in fair value of assets		
Opening fair value of plan assets	524.51	397.84
Expected return on plan assets	47.18	36.65
Actuarial gain/(loss)	2.10	2.33
Contributions by employer	128.73	112.20
Transfer of plan assets	11.00	8.44
Benefits paid	(48.69)	(32.95)
Closing fair value of plan assets	664.83	524.51
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	(654.58)	(516.37)
Fair value of plan assets as at year end	664.83	524.51
Funded status	(10.25)	(8.14)
Unrecognised actuarial gain/(loss)	-	-
Net asset/(liability) recognised	-	-
iv. Expenses recognised in Statement of Profit and Loss		
Current service cost	45.13	40.89
Past service cost	-	-
Interest cost	47.18	36.65
Interest on defined benefit obligation	-	-
Expected return on plan assets	(47.18)	(36.65)
Net actuarial (gain)/loss recognised in the current year	-	-
Transfer of plan assets	-	-
Total expense recognised in Statement of Profit and Loss	45.13	40.89
v. Actual return on plan assets		
Expected return on plan assets	47.18	36.65
Actuarial gain/(loss) on plan assets	(2.10)	(2.33)
Actual return on plan assets	45.08	34.32

Notes to the Consolidated Accounts *contd.*

26 Employee Benefits Expense *contd.*

	₹ in crore	
	2016 Provident Fund (Funded Plan)	2015 Provident Fund (Funded Plan)
vi. Asset information		
Investment in PSU bonds	320.62	259.39
Investment in Government Securities	278.89	210.89
Bank Special deposit	15.58	15.58
Investment in other securities	30.57	27.05
Private Sector Bonds	7.11	11.10
Equity/Insurer Managed Funds/Mutual Funds	11.45	0.50
Cash and Cash Equivalents	0.61	-
Total Assets at the end of the year	664.83	524.51
vii. Principal Actuarial assumptions used		
Discounted rate (per annum)	8.07%	8.01%
Expected rate of return on plan assets (per annum)	8.80%	8.75%
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	654.58	516.37
Plan assets	(664.83)	(524.51)
Deficit/(Surplus)	(10.25)	(8.14)
Experience adjustment on plan liabilities - (gain)/loss	-	-
Experience adjustment on plan assets - gain/(loss)	2.10	2.33
* for the next 5 years and 4.00% p.a. thereafter		

	₹ in crore	
	2016	2015
27 Finance Costs		
Interest Paid	69.69	71.27
Other Borrowing Costs	1.29	1.33
Applicable Loss on Foreign Currency Transaction and Translation	90.36	95.69
	161.34	168.29

	₹ in crore	
	2016	2015
28 Depreciation and Amortisation Expense		
Depreciation on Tangible Assets	509.66	493.58
Amortisation of Intangible Assets	29.97	10.79
Amortisation of Goodwill on Acquisition	2.02	0.34
	541.65	504.71

Notes to the Consolidated Accounts *contd.*

₹ in crore		
	2016	2015
29 Other Expenses		
Manufacturing Expenses	361.82	293.80
Stores and Spares	137.85	98.68
Power and Fuel	245.92	228.28
Repairs and Maintenance		
Machinery	74.45	60.60
Buildings	42.62	37.61
Travelling Expenses	322.70	299.67
Sales Promotion Expenses	390.69	309.68
Commission on Sales	203.78	225.17
Rates and Taxes	50.70	39.72
Freight and Forwarding	224.29	204.02
Conveyance and Vehicle Expenses	4.31	2.49
Rent	100.71	77.46
Insurance	31.39	27.17
Payment to Auditors		
Audit Fees	6.09	4.27
Taxation Matters	0.08	0.23
For Other Services	0.62	0.02
Professional Fees	291.66	259.51
Postage and Telephone Expenses	35.21	26.78
Non-Executive Directors' Remuneration	2.42	6.14
Contractual Services	188.06	134.44
Corporate Social Responsibility expenditure (Note 42)	20.66	12.79
Charitable Donations	0.22	0.20
Bad debts and provision for doubtful debts and Advances (Net)	63.11	14.25
Loss on sale/discard of fixed assets (Net)	-	1.17
Research - Clinical Trials, Samples and Grants	218.69	111.98
Excise Duty*	14.86	80.93
Miscellaneous Expenses	578.86	469.26
	3611.77	3026.32
* Excise duty shown under expenditure represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stock of finished goods		

₹ in crore		
	2016	2015
30 Net Current Tax		
Current Tax	470.24	403.61
MAT Credit entitlement	(111.38)	-
	358.86	403.61

Notes to the Consolidated Accounts *contd.*

		₹ in crore
	2016	2015
31 Net Difference in foreign exchange credited/ (debited) to the Statement of Profit and Loss	5.48	(52.69)
	5.48	(52.69)

32 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 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 29.

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
	2016	2015
Minimum lease payments		
Not later than 1 year	285.69	15.59
Later than 1 year but not later than 5 years	85.02	33.42
Later than 5 years	53.21	32.22
	423.92	81.23

Where Company is 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 24.

Notes to the Consolidated Accounts *contd.*

		₹ in crore	
		2016	2015
33	Contingent Liabilities and Commitments (to the extent not provided for)		
	Contingent Liabilities		
	Claims against the Company not acknowledged as debt	17.36	15.85
	Guarantees	115.29	132.96
	Letters of Credit	43.37	49.30
	Income Tax on account of disallowances/additions	139.41	110.13
	Excise Duty/Service Tax on account of valuation/cenvat credit	165.12	111.83
	Sales Tax on account of credit/classification	2.45	5.79
		483.00	425.86
	Commitments		
	Estimated amount of contracts unexecuted on Capital Account	667.11	388.51
		667.11	388.51
		1150.11	814.37

34 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.

35 In 2003, the Company received notice of demand from the National Pharmaceutical Pricing Authority, Government of India on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Order, 1995. This was contested before the jurisdictional High Courts in Mumbai, Karnataka and Allahabad wherein it was held in favour of the Company. The orders of Hon'ble High Court of Allahabad and Bombay were challenged before the Hon'ble Supreme Court of India by the Government. Although in the challenge to the decision of the Hon'ble Bombay High Court, the Hon'ble Supreme Court of India restored the matter to the Hon'ble Bombay High Court in August 2003 for interpreting the Drug Policy on the basis of directions and principles laid down by them and the same was pending, in the challenge to the Hon'ble High Court of Allahabad's order, in February 2013, the Hon'ble Supreme Court of India transferred the Bombay High Court petition also before itself for a final hearing on both the matters. In an earlier order, the Hon'ble Supreme Court has already restrained the Government from taking any coercive action against the Company. The Company has been legally advised that on the basis of these orders there is no probability of demand crystallising. Hence no provision is considered necessary in respect of notice of demand received by the Company up to date aggregating to ₹1768.51 crore.

Notes to the Consolidated Accounts *contd.*

- 36** In March 2006, Meditab Specialities Pvt.Ltd. (the Subsidiary Company) acquired on lease, land admeasuring 123.20 hectares in Kerim Industrial Estate at Bhut Khamb, Taluka Ponda, Goa from Goa Industrial Development Corporation (GIDC) for setting up and development of Special Economic Zone (SEZ) for pharmaceutical products. Thereafter, the Subsidiary Company entered into sub-lease of this land with an SEZ occupier with an undertaking to provide infrastructural facilities. Following public agitation, the State Government of Goa brought about changes in policy regarding SEZ in the State of Goa which had the effect of the Subsidiary Company not pursuing its development activity and GIDC on instructions of the State Government of Goa issued show cause for revoking allotment of land. The Subsidiary Company's writ petition on the challenge to the show cause was disposed by Hon'ble Bombay High Court stating that the decision of State Government of Goa was competent to alter the SEZ policy. It was also held that the Subsidiary Company may apply for re-allotment of the same land to be utilised for purpose other than SEZ. The Subsidiary Company filed Special Leave Petition before the Hon'ble Supreme Court and in which parties were directed to maintain status quo.

The Subsidiary Company has been legally advised that it has good case both on facts and on law in succeeding in its appeal. The Management is therefore of the view that no provision is required to be made on the amount incurred so far towards cost of land and on the development of SEZ amounting to ₹26.68 crore (Previous year ₹26.68 crore) as at 31st March 2016.

37 Related Party Disclosures

- i. As per AS-18, "Related Party Disclosures", the related parties where control exists or where significant influence exists and with whom transactions have taken place are as below:
- a. Associates
 - 1. Stempeutics Research Pvt. Ltd.
 - 2. Biomab Holding Ltd. (Divested on 22nd January 2016)
 - b. Key Management Personnel
 - 1. Mr. Subhanu Saxena - Managing Director and Global Chief Executive Officer
 - 2. Mr. S. Radhakrishnan - Whole-time Director
 - 3. Ms. Samina Vaziralli - Executive Director (w.e.f. 10th July 2015)
 - 4. Mr. Rajesh Garg - Executive Director and Global Chief Financial Officer (Demitted office w.e.f. close of business hours on 12th June 2015)
 - 5. Mr. Umang Vohra - Global Chief Operating Officer and Global Chief Financial Officer (w.e.f. 1st October 2015)
 - c. Relatives of Key Management Personnel
 - 1. Mr. M. K. Hamied
 - 2. Mr. Kamil Hamied
 - d. Entity over which Key Management Personnel are able to exercise significant influence
 - 1. Cipla Foundation
 - 2. Hamied Foundation (w.e.f. 3rd February 2016)
 - e. Trusts over which Group has control/significant influence
 - 1. Cipla Employees Stock Option Trust
 - 2. Cipla Health Employees Stock Option Trust

Notes to the Consolidated Accounts *contd.*

37 Related Party Disclosures *contd.*

ii. Transactions during the year with related parties:

Particulars	Associates		Key Management Personnel including transactions with relatives of Key Management Personnel		Entities over which Key Management Personnel exercise significant influence		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Investment in Equity	13.23	19.60	-	-	-	-	13.23	19.60
Remuneration	-	-	34.87	21.98	-	-	34.87	21.98
Purchase of Goods	2.01	-	-	-	-	-	2.01	-
Loan repaid	-	2.94	-	-	-	-	-	2.94
Donations given	-	-	-	-	12.44	9.28	12.44	9.28
Service charges paid	-	-	-	-	1.76	-	1.76	-
Balances at end of the year	-	-	-	-	-	-	-	-
Outstanding payables	1.00	0.02	-	-	-	-	1.00	0.02

Disclosures in respect of related party transactions during the year:

	₹ in crore	
	2016	2015
A. Investment in Equity		
Stempeutics Research Pvt. Ltd.	13.23	19.60
	13.23	19.60
B. Remuneration		
Mr. M. K. Hamied ¹	0.11	-
Mr. Subhanu Saxena	12.36	13.31
Mr. S. Radhakrishnan	3.37	3.69
Ms. Samina Vaziralli	2.47	-
Mr. Rajesh Garg	11.44	4.98
Mr. Umang Vohra ²	4.74	-
Mr. Kamil Hamied ³	0.38	-
	34.87	21.98
C. Purchase of Goods		
Stempeutics Research Pvt. Ltd.	2.01	-
	2.01	-
D. Loan repaid		
Stempeutics Research Pvt. Ltd.	-	2.94
	-	2.94
E. Donations given		
Cipla Foundation ⁴	12.08	9.28
Hamied Foundation ⁴	0.36	-
	12.44	9.28

Notes to the Consolidated Accounts *contd.*

	₹ in crore	
	2016	2015
F. Service charges paid		
Hamied Foundation ⁴	1.76	-
	1.76	-
G. Outstanding payables		
Stempeutics Research Pvt. Ltd.	1.00	0.02
	1.00	0.02

¹ Fee for attending board/committee meeting

² Includes remuneration from Cipla USA Inc.

³ Remuneration from Cipla (EU) Ltd.

⁴ Entity in which Whole-time Director has significant influence

38 Foreign Exchange Derivatives and Exposures outstanding at the year end

₹ in crore				
Nature of Instrument	Currency	Cross Currency	2016	2015
Forward contracts - Sold	USD	INR	238.61	799.43
Forward contracts - Sold	ZAR	INR	233.81	225.99
Forward contracts - Bought	USD	INR	205.00	535.78
Unhedged foreign exchange exposures				
Receivables			1636.17	898.97
Payables			992.56	575.59
Short Term Borrowings			4581.28	843.75
Note: The Company has used forward contracts/derivatives for hedging purposes and/or reducing interest costs.				

39 Segment Information

i. Information about Primary Business Segments:

The Company is exclusively in the pharmaceutical business segment.

ii. Information about Secondary Geographical Segments:

₹ in crore										
	India		USA		South Africa		Rest of the World		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Segment Revenue	5199.68	4893.88	2074.04	1237.91	1593.98	1443.49	4608.39	3551.13	13476.09	11126.41
Carrying Amount of Segment Assets	9616.37	9811.16	1436.48	81.62	860.88	882.57	950.27	665.98	12864.00	11441.33

Notes to the Consolidated Accounts *contd.*

₹ in crore

	India		USA		South Africa		Rest of the World		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Carrying Amount of Other unallocated Assets	-	-	-	-	-	-	-	-	227.40	79.99
Capital Expenditure	1010.98	840.00	201.87	-	37.97	32.78	175.46	160.02	1426.28	1032.80

Notes: a. The Segment Revenue in the geographical segments considered for disclosure are as follows:

- Segment Revenue on the basis of location of customers.
- Segment Assets and Capital Expenditure on the basis of location of assets.

b. Segment Revenue and Assets include the respective amounts identifiable to each of the segments.

	2016	2015
40 Basic and Diluted Earnings per share has been computed as under		
Profit for the Year (₹ in crore)	1505.92	1180.77
Basic Weighted Average No. of Shares Outstanding	80,31,40,466	80,29,29,709
Basic Earnings per share	₹18.76	₹14.71
ESOs outstanding	22,78,511	26,58,008
Diluted Weighted Average No. of Shares Outstanding	80,54,18,977	80,55,87,717
Diluted Earnings per share	₹18.69	₹14.66
Face value per share	₹2.00	₹2.00

41 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-15	10,217	2.00	1 to 2 years	5 years from Vesting date
ESOS 2013 - A	04-Nov-15	6,27,841	2.00	1 to 2 years	5 years from Vesting date
ESOS 2013 - A	04-Nov-15	23,761	2.00	1 to 2 years	5 years from Vesting date
ESOS 2013 - A	09-Feb-16	11,408	2.00	1 to 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.

Notes to the Consolidated Accounts *contd.*

41 Employee Stock Option Schemes *contd.*

Stock Option activity under the Scheme(s) for the year ended 31st March 2016 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	10,00,000	197.50	197.50	6.23
Granted during the year	-	-	-	-
Forfeited/Cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	10,00,000	197.50	197.50	5.22
Exercisable at the end of the year	4,00,000	197.50	197.50	4.02

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	22,31,027	2.00	2.00	5.98
Granted during the year	6,73,227	2.00	2.00	-
Forfeited/Cancelled during the year	6,32,510	2.00	2.00	-
Exercised during the year	2,93,294	2.00	2.00	-
Outstanding at the end of the year	19,78,450	2.00	2.00	5.58
Exercisable at the end of the year	4,73,771	2.00	2.00	4.25

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	5,22,194	220.78	220.78	6.67
Granted during the year	-	-	-	-
Forfeited/Cancelled during the year	3,91,646	220.78	220.78	-
Exercised during the year	1,30,548	220.78	220.78	-
Outstanding at the end of the year	-	-	-	-

Notes to the Consolidated Accounts *contd.*

41 Employee Stock Option Schemes *contd.*

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	0.30%	No Options granted during the year
Expected volatility		25.13%	
Risk-free interest rate		7.59%	
Weighted average share price (₹)		672.85	
Exercise price (₹)		2.00	
Expected life of options granted in years		4.46	
Weighted average fair value of Options (₹)		662.55	

The stock-based compensation cost calculated as per the intrinsic value method for the period 1st April 2015 to 31st March 2016 is ₹29.18 crore (Standalone ₹32.79 crore). If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period 1st April 2015 to 31st March 2016 would be ₹28.66 crore (Standalone ₹32.13 crore). The effect of adopting the fair value method on the net income and earnings per share is presented below:

₹ in crore		
Particulars	2016	2015
Profit after tax as reported	1505.92	1180.77
Add: ESOS cost using intrinsic value method	29.18	50.90
Less: ESOS cost using fair value method	28.66	53.99
Adjusted profit after tax	1506.44	1177.68
Earnings per share		
Basic		
As reported	₹18.76	₹14.71
Adjusted	₹18.76	₹14.67
Diluted		
As reported	₹18.69	₹14.66
Adjusted	₹18.69	₹14.62

Notes to the Consolidated Accounts *contd.*

42 Corporate Social Responsibility (CSR) expenditure

The Company has incurred a total expenditure of ₹20.66 crore, which is being debited to the consolidated statement of profit and loss for the year ended 31st March 2016.

		₹ in crore	
Nature of expenses	Schedule in the financial statements	2016	2015
Donation to the trusts set for CSR purposes	Others expenses (Note 29)	19.68	12.79
Administrative expenses incurred in connection with supervising the projects handled by the trusts	Others expenses (Note 29)*	0.98	0.64
		<u>20.66</u>	<u>13.43</u>

* Salaries and wages (Note 25) for previous year

The CSR committee constituted by the Board of Directors of the Company under section 135 of the Companies Act, 2013 supervises all the expenditure incurred for CSR purposes. The Company 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 2016:

- Gross amount required to be spent by the Company during the year - ₹36.87 crore (Previous year ₹34.86 crore)
- Amount spent during the year (by way of contribution to the trusts and projects undertaken):

		₹ in crore				
Particulars	2016			2015		
	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	2.20	-	2.20	4.58	-	4.58
Other Projects	17.34	-	17.34	8.21	-	8.21
Administrative expenses	1.12	-	1.12	0.64	-	0.64
	<u>20.66</u>	<u>-</u>	<u>20.66</u>	<u>13.43</u>	<u>-</u>	<u>13.43</u>

43 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report of even date			
For V. Sankar Aiyar & Co., Chartered Accountants Firm Reg. No. 109208W	For R.G.N. Price & Co., Chartered Accountants Firm Reg. No. 002785S	Subhanu Saxena Managing Director and Global Chief Executive Officer	S. Radhakrishnan Whole-time Director
V. Mohan Partner Membership No. 17748	R. Rangarajan Partner Membership No. 41883	Samina Vaziralli Executive Director	Umang Vohra Global Chief Operating Officer and Global Chief Financial Officer
Mumbai, 24 th May 2016		Mital Sanghvi Company Secretary	Mumbai, 24 th May 2016

Ten-Year Highlights

Consolidated

₹ in crore

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Income Statement Data										
Income from Operation	13678.27	11345.44	10173.39	8279.33	7020.71	6323.84	5359.52	4960.60	4010.38	3438.24
Total Income	13887.16	11510.99	10438.76	8501.47	7160.23	6415.52	5713.02	5315.09	4349.66	3668.62
Profit for the Year	1505.92	1180.77	1388.41	1544.85	1144.24	989.57	1082.59	771.02	701.04	667.77
Dividend	160.68	160.59	160.58	160.58	160.58	160.58	160.58	155.46	155.46	155.46
Balance Sheet Data										
Equity Share Capital	160.68	160.59	160.58	160.58	160.58	160.58	160.58	155.46	155.46	155.46
Reserves and Surplus	11696.74	10628.65	9889.77	8858.10	7478.35	6505.55	5749.99	4192.34	3599.71	3080.55
Fixed Assets - Gross Block	8096.95	7003.09	6183.18	5317.52	4626.35	4240.55	2897.26	2693.29	2201.79	1799.71
Fixed Assets - Net Block	4757.96	4271.18	4003.38	3609.97	3215.49	3094.18	2011.17	1992.49	1661.36	1388.07
Investments	756.92	639.78	708.57	2532.44	1269.10	590.77	246.41	80.05	93.48	116.53
Net Current Assets	933.29	3710.16	2776.96	2389.59	2703.10	2520.99	3152.97	3013.33	2456.81	1894.43
Additional Data										
Earnings per Share - Basic	₹18.76	₹14.71	₹17.29	₹18.75	₹14.25	₹12.32	₹12.50	₹9.92	₹9.02	₹8.61
Earnings per Share - Diluted	₹18.69	₹14.66	₹17.27	₹19.24	₹14.25	₹12.32	₹13.70	₹9.92	₹9.02	₹8.61

Cipla Limited

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