CIPLA LIMITED
ANNUAL REPORT 2019-20

Caring For Life since 1935

Reimagining Tomorrow

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Dr Y K Hamied
Chairman's Message

"Cipla's endeavour to ensure equitable access to quality healthcare is entrenched in our humanitarian purpose of 'Caring for Life' that has driven our efforts in India and globally over the past 85 years."

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Samina Hamied
Executive Vice-Chairperson's Message

"We are in the business of saving lives and true to this philosophy, the people of your Company have demonstrated extraordinary dedication to help combat the challenges posed by COVID-19."

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Umang Vohra
MD & GCEO's Message

"As the world gets a grip on the unabated COVID-19 pandemic, I firmly believe that it also presented us with multiple opportunities to reflect and reimagine the future! At Cipla, we acted with speed and agility; optimising overall resourcing across businesses and creating a digital roadmap for the future."

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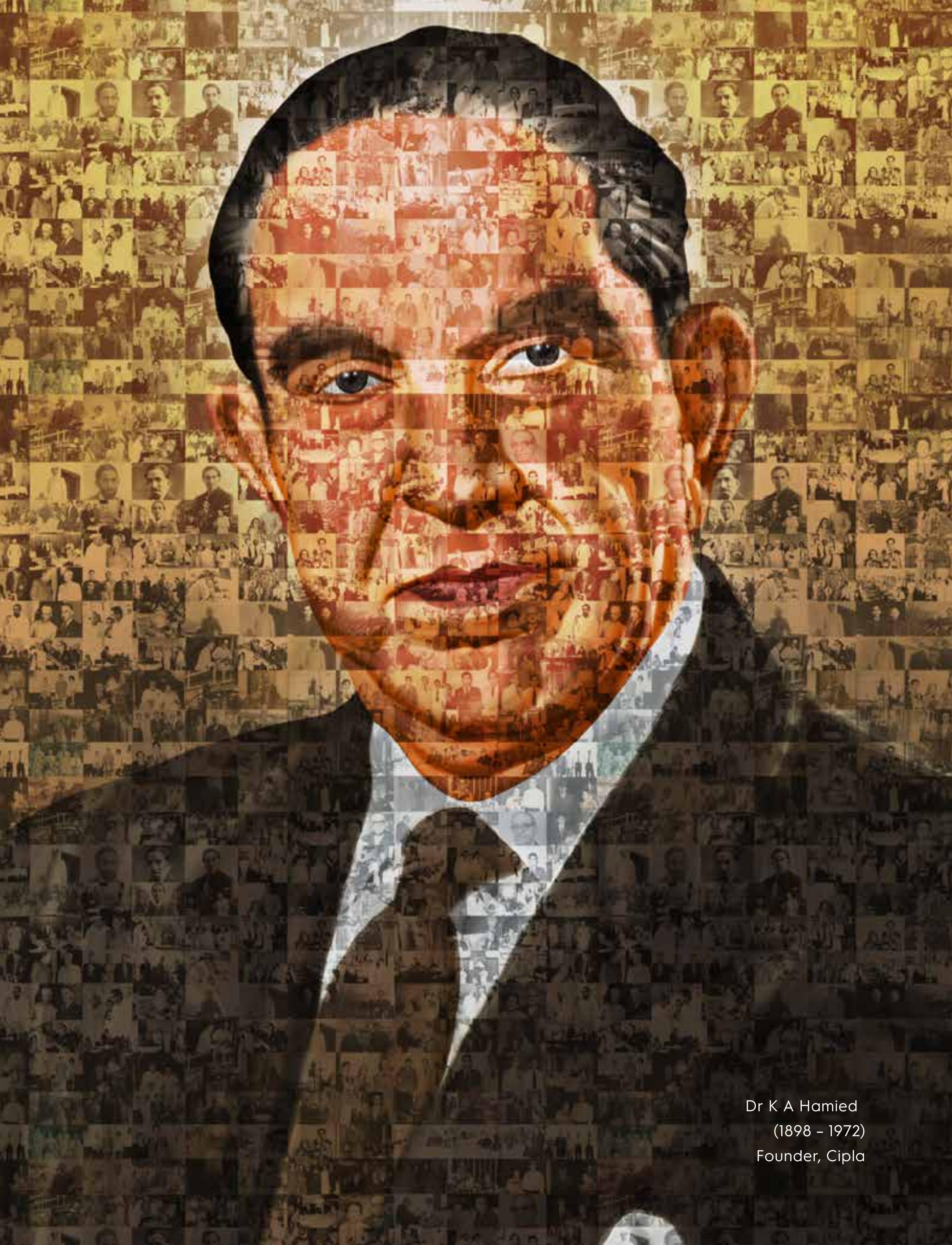


Dr K A Hamied
(1898 – 1972)
Founder, Cipla

Caring for life since 1935

Cipla began its humble journey in 1935 with the sole purpose of making healthcare accessible to all. For over eight decades the Company dedicated itself not just to improve access to quality healthcare but to make a difference in the lives of people and in the process established an enviable international footprint. Today Cipla is ranked 3rd largest in pharma in India and 3rd largest in the pharma private market in South Africa and is among the most dispensed generic players in the U.S.

Our founder Dr KA Hamied's vision - 'Never again will India be starved of essential drugs' - served as the roadmap for the enterprise which had at its core the lofty ideal of harnessing Indian expertise to achieve self-sufficiency in pharmaceuticals.

With its strong R&D credentials, manufacturing prowess and legacy of innovation, Cipla has played a critical role in managing global health crises over the last 85 years. In 2001, the crusade against HIV saw Cipla introducing, for the first time in the world, a unique fixed dose combination of triple antiretroviral drugs at less than a USD 1 per day, saving millions of lives. When the SARS pandemic engulfed several parts of the world in 2003, Cipla was one of the first to launch a generic treatment for H1N1 influenza.

Today, yet again Cipla is at the forefront of the fight against COVID-19, providing a spectrum of treatment including remdesivir, tocilizumab and favipiravir in addition to other complementary therapies. Our Government collaborations, strategic global partnerships and endeavours with industry association further illustrates our solidarity efforts towards saving millions of lives impacted by the pandemic.

With its all-pervasive impact, the pandemic has changed the dynamics of workplaces. As the new normal takes shape, our resilience and agility powers our confidence to reimagine the business landscape. With technology as our biggest lever, Cipla stands ready and geared to reimagine a new tomorrow.

For Ciplaites, a few key fundamentals - of contributing to society, of making a difference, and continually striving to make the world healthier and better - are deeply ingrained. We are hoping that this makes the difference - in tipping hope over fear. This is what Cipla was born to do; to care for life and we will continue to espouse it.

About this Report[1]

Welcoming our stakeholders to the FY 2019-20 Integrated Report

In our mission to pursue sustained value creation as a responsible pharmaceutical Company, we are proud to present our third Integrated Annual Report. This Report aims to provide detailed insights into our financial and non-financial performance encompassing our leadership, culture and strategy and to showcase our value creation process to our stakeholders.

Our Reporting Guidelines

The FY 2019-20 Integrated Report is guided by the principles and requirements of the IIRC's International Integrated Reporting <IR> Framework. The report is also in accordance with the Global Reporting Initiative (GRI) Standards: Core option, with linkages to the National Voluntary Guidelines (NVG) on Social, Environmental and Economic responsibilities of the business. The financial and statutory information in this report is in compliance with the requirements of the Companies Act, 2013, Indian Accounting Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Standards and other applicable laws.

Our core elements to enhance value creation

Cipla's FY 2019-20 Integrated Report adequately showcases its integrated organisational strategy, taking into account important risks and valued inputs from the Stakeholder Engagement and Materiality Assessment (SEMA). Our report is defined by the contours of the material topics derived and further elaborated in our six <IR> Capitals. We also endeavor to ensure that this Report addresses the impact and use of the Capitals on our strategy and business model.

- Financial Capital
- Manufacturing Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital

Report boundary and scope

The FY 2019-20 Integrated Report covers the business activities of Cipla for the financial year 1st April, 2019 to 31st March, 2020. Our journey towards shared value creation encompasses Cipla's global operations. Information on our subsidiaries and joint ventures has been showcased wherever appropriate, to enhance our disclosures and provide a holistic view of our operational excellence. Exclusions are provided in the respective sections.

Responsibility Statement

The Board believes that Cipla's FY 2019-20 Integrated Report addresses all material topics, offers a balanced and holistic view of its strategy and the organisational ability to create long-term value. Our Board acknowledges the contents of this Report, which are prepared under the guidance of senior management and based on the inputs received from various key functions.

Assurance

Assurance on financial statements has been provided by our statutory auditor Walker Chandiok & Co LLP, on page 221-223 of this report. Non-financial information provided has been independently assured by DNV GL Business Assurance India Private Limited. The assurance statement can be found on page 221-223 of this report.

Feedback

We value feedback from our stakeholders and use it to ensure that we responsibly address their challenges and report on material topics that encapsulate their key concerns. Stakeholder concerns can be communicated to our Company Secretary Mr Rajendra Chopra at cosecretary@cipla.com.

[1]GRI 102-12, GRI 102-46, GRI 102-49, GRI 102-50, GRI 102- 52, GRI 102-53, GRI 102-54

About Cipla[2]

A purpose-driven promise

With over eight decades of Caring for Life, we have adopted a patient-centric approach in safeguarding their interests through high quality and affordable medicines.

Established in 1935, Cipla is a global pharmaceutical company focused on responsible and sustainable growth of complex generics and deepening portfolio in our home markets of India, South Africa and North America, as well as key regulated and emerging markets. Our strengths in the respiratory, anti-retroviral, urology, cardiology, anti-infective and CNS as well as other key therapeutic segments are well-known. Our 46 manufacturing sites around the world produce 50+ dosage forms and 1,500+ products using cutting-edge technology platforms to cater to our 80+ markets. Cipla is ranked third-largest in pharma in India (IQVIA MAT Mar'20), 3rd largest in the pharma private market in South Africa (IQVIA MAT Mar'20), and is among the most dispensed generic players in the US.

For over eight decades, making a difference to patients has inspired every aspect of Cipla's work. Our paradigm-changing offer of a triple anti-retroviral therapy in HIV/AIDS at less than a dollar a day in Africa in 2001 is widely acknowledged as having contributed to bringing inclusiveness, accessibility and affordability to the centre of the HIV movement. A responsible corporate citizen, Cipla's humanitarian approach to healthcare in pursuit of its purpose of Caring for Life and deep-rooted community links wherever it is present, make it a partner of choice for global health bodies and stakeholders. **For more, please visit www.cipla.com or click on Twitter, Facebook and LinkedIn channels.**

GOLDEN PEACOCK AWARDS WINNER Corporate Social Responsibility 2019

Great Place To Work® Certified APR 2020–MAR 2021 INDIA

[2]GRI 102-1, GRI 102-2

OneCipla Credo[1]

We are a
- PURPOSE - INSPIRED
- RESPONSIBILITY - CENTERED
- INNOVATION - DRIVEN
- EXCELLENCE - FOCUSSED
- INTEGRITY & TRUST - ANCHORED

global pharmaceutical firm that consistently Cares for Life and delivers on its commitment to all our stakeholders- patients, regulators, customers, partners, employees, investors and community.

This is our **OneCipla Credo**

OUR WINNING ASPIRATION FY 2021-2022

OUR FIRST PRINCIPLES

CIPLA LEADERSHIP ESSENTIALS

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

LEADERSHIP IN CORE MARKETS
- Be among the top 3 in home markets and legacy emerging markets
- Be among the fastest growing in emerging economies and Speciality business

COMMERCIAL EXCELLENCE
- Accelerated revenue growth and sustainable margin expansion

PEOPLE
INSPIRATIONAL
TALENT MINDSET

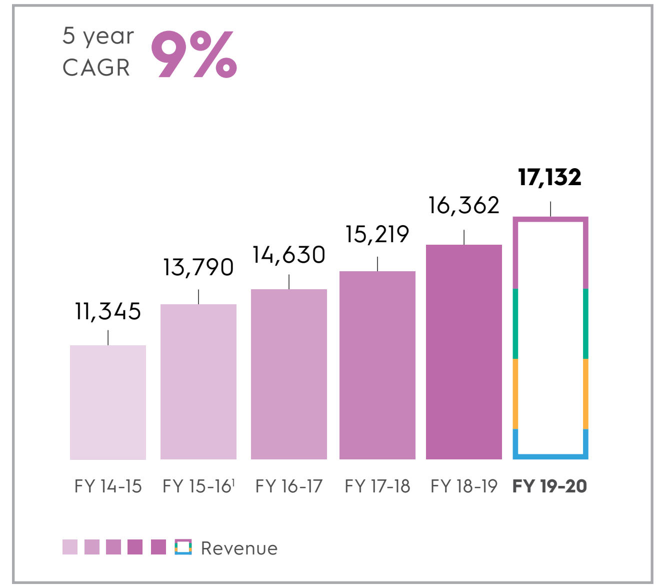
PERFORMANCE
ACHIEVEMENT ORIENTATION
SYSTEMS THINKING

HEALTH
INNOVATION & CHANGE
ENTERPRISE FIRST

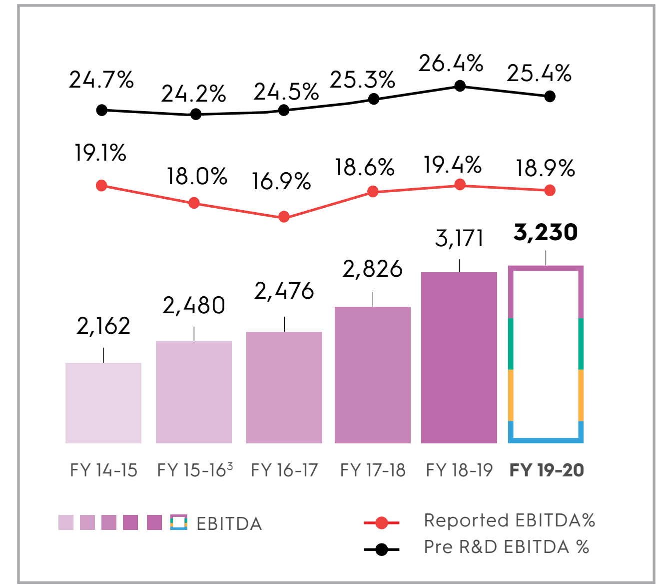
[1]GRI 102-16

Financial Highlights

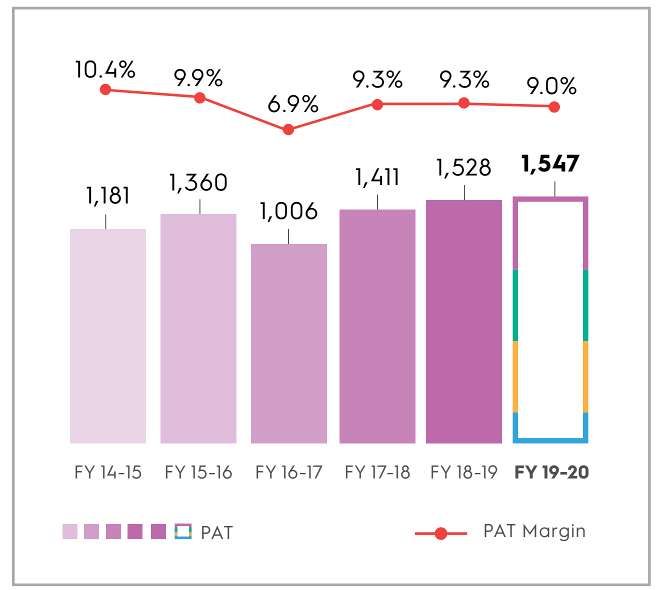
Revenue from Operations
(₹ in crores)



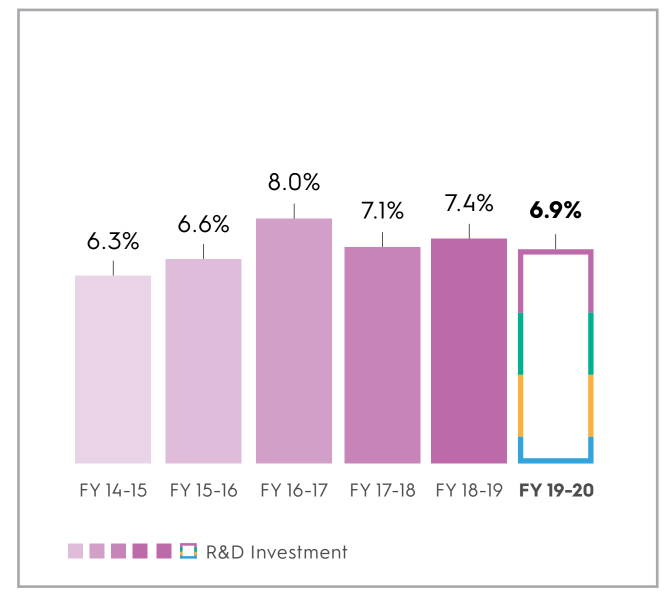
EBITDA Margin[2]
(₹ in crores)



PAT Margin
(₹ in crores)



R&D Investment[4]



[1] FY 2015-16 includes one-time profit share of esomeprazole of around ₹1,050 crores

[2] EBITDA = Revenue from Operations - (Cost of Material Consumed + Purchase of Stock-in-Trade + Changes in inventory of Finished Goods, Work-in-Progress and Stock-in-Trade + Employee Benefits Expense + Other Expenses)

[3] Normalised EBITDA for FY 2015-16 adjusted for above-mentioned profit share and other one time charges was approximately 14%

[4] Opex including deprecation as a % of revenue

Note: Figures mentioned above for FY 2014-15 are as per IGAAP whereas FY 2015-16 onwards are as per IND AS

Sustainability Highlights[1]

Our **Natural**, **Manufacturing** and **Financial Capitals** provide a robust foundation to build a responsible business

Responsible Resource Consumption

1,938 TJ
Total Energy Consumption

9.1%
Energy from renewable resources

6,09,624
Kiloliters water recycled to reduce pressure on fresh water resources

Enhanced access and affordability of medicines worldwide

46
Manufacturing facilities

1,500+
Products Manufactured Globally

43
Regulatory audits conducted

Robust Financial Growth

6.9%
R&D Investment

9% Revenue
CAGR over the last 5 years

₹17,132 crores
Revenue from Operations

Our **Human** and **Intellectual Capital** enhance our business activities and accelerate our journey towards long-term value creation

A diverse and talented workforce

25,000+
Employees

Cipla is
GPTW
certified,
2nd year in a row

30%
Female representation in our Board composition

Cutting-edge technologies and solutions to deliver operational excellence

During the year

13
Patents filed

52
New products launched across the world

6
Clinical trials registered

In line with our philosophy of **'Caring for Life'**, we are humbled to deliver sustained value for our community through augmented partnerships, supported by our **Social** and **Relationship Capital**

Improving the lives of our stakeholders as a strong partner-of-choice

Improved interactions with more than
6 lacs
healthcare professionals across India

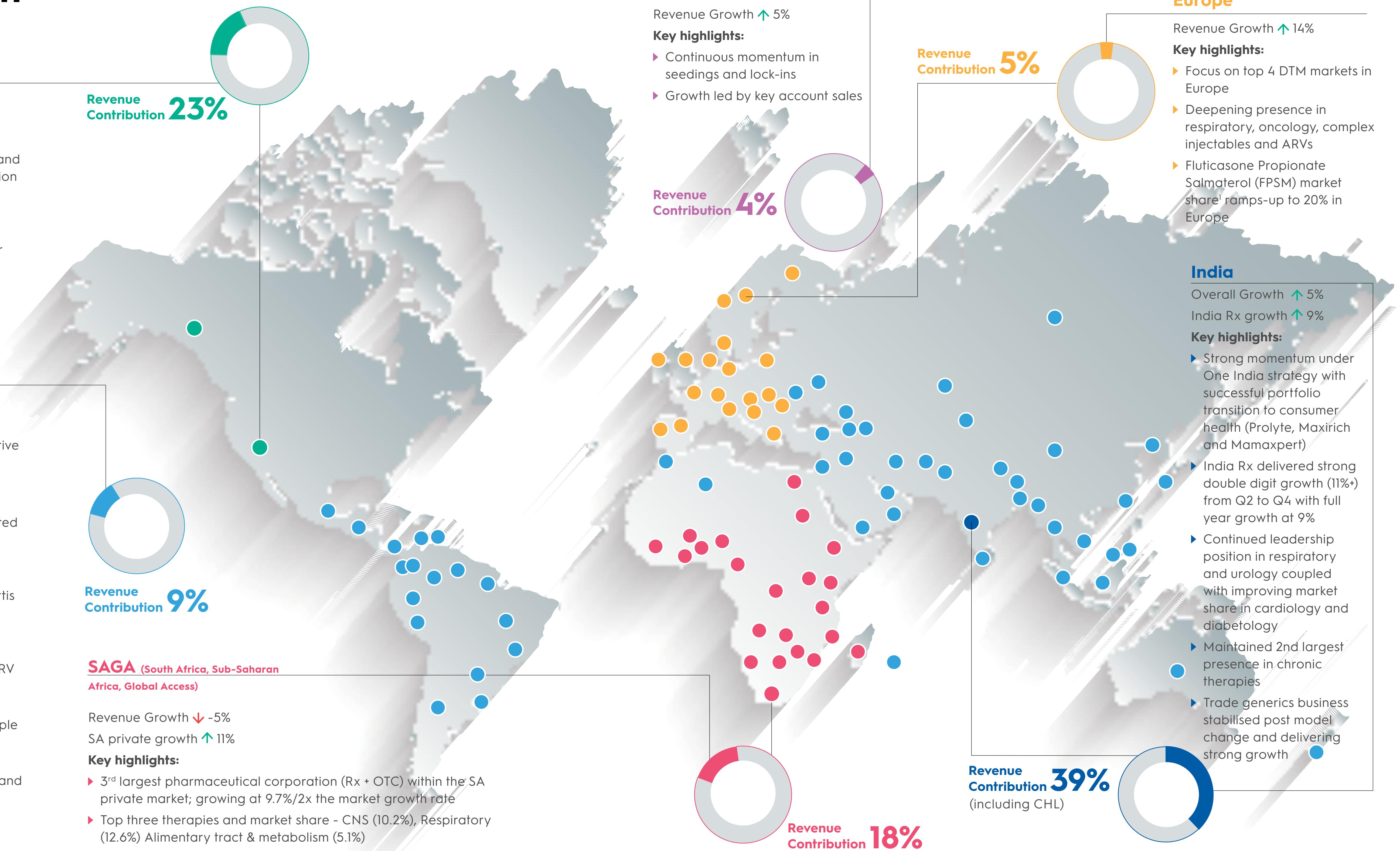
₹ 41.81* crores
CSR expenditure for FY 2019-20

With
615**
local suppliers,
49%
of Cipla's total procurement budget is spent on local sourcing.

[1]GRI 102-7

* Represents global spend including statutory spend of ₹36.31 crores by Cipla Limited
** Suppliers from country of operations (India, South Africa, USA and Uganda) are treated as local suppliers.

Global Reach[1]



North America

Revenue Contribution 23%

Revenue Growth ↑ 12%

Key highlights:

- Growth driven by expansion of direct-to-market (DTM) presence and contribution from limited competition launches
- Continued focus on differentiated launches along with expansion of respiratory franchise (approval for Albuterol and filing of gAdvair)

Emerging markets

Revenue Contribution 9%

Revenue Growth ↓ -17%

Key highlights:

- Focus on top 10 DTM markets to drive growth
- Portfolio expansion
  - Organic launches such as Synchrobreathe™ breath-actuated inhaler in multiple markets and Flohale in Algeria
  - Strategic in-licensing and partnership deals such as Novartis partnership in Australia and Sri Lanka
- Continued respiratory leadership position in Sri Lanka and Nepal; ARV leadership in Myanmar
- Strengthened biosimilar franchise across emerging markets via multiple in-licensing deals
- De-growth largely attributable to certain supply related challenges and geopolitical volatility

SAGA (South Africa, Sub-Saharan Africa, Global Access)

Revenue Contribution 18%

Revenue Growth ↓ -5%

SA private growth ↑ 11%

Key highlights:

- 3rd largest pharmaceutical corporation (Rx + OTC) within the SA private market; growing at 9.7%/2x the market growth rate
- Top three therapies and market share - CNS (10.2%), Respiratory (12.6%) Alimentary tract & metabolism (5.1%)
- Emerged largest OTC player in the addressable market with a share of 7.1% and 3rd largest ARV player in the private market with a share of 15%

[1]GRI 102-6

API

Revenue Contribution 4%

Revenue Growth ↑ 5%

Key highlights:

- Continuous momentum in seedings and lock-ins
- Growth led by key account sales

Europe

Revenue Contribution 5%

Revenue Growth ↑ 14%

Key highlights:

- Focus on top 4 DTM markets in Europe
- Deepening presence in respiratory, oncology, complex injectables and ARVs
- Fluticasone Propionate Salmaterol (FPSM) market share[1] ramps-up to 20% in Europe

India

Revenue Contribution 39% (including CHL)

Overall Growth ↑ 5%

India Rx growth ↑ 9%

Key highlights:

- Strong momentum under One India strategy with successful portfolio transition to consumer health (Prolyte, Maxirich and Mamaxpert)
- India Rx delivered strong double digit growth (11%+) from Q2 to Q4 with full year growth at 9%
- Continued leadership position in respiratory and urology coupled with improving market share in cardiology and diabetology
- Maintained 2nd largest presence in chronic therapies
- Trade generics business stabilised post model change and delivering strong growth

[1]internal estimates

Note: Market share and rankings as per IQVIA MAT Mar' 20

Balance 2% sales over and above the geographies mentioned pertains to ther operating income.

Revenue growth numbers are in local currency

Board of Directors[1]

Dr Y K Hamied
Chairman

Mr M K Hamied
Vice-Chairman

Ms Samina Hamied
Executive Vice-Chairperson

Mr Umang Vohra
Managing Director and Global Chief Executive Officer

Mr S Radhakrishnan
Non-Executive Non-Independent Director

Mr Adil Zainulbhai
Independent Director

Mr Ashok Sinha
Independent Director

Ms Naina Lal Kidwai
Independent Director

Dr Peter Mugyenyi
Independent Director

Ms Punita Lal
Independent Director

Committees	Chairperson	Member
Audit Committee	●	○
Nomination and Remuneration Committee	●	○
Investment and Risk Management Committee	●	○
Stakeholders Relationship Committee	●	○
Corporate Social Responsibility Committee	●	○
Operations and Administrative Committee	●	○

[1] GRI 102-18

Management Council

Mr Umang Vohra
Managing Director and Global Chief Executive Officer

Mr Paul Miller
CEO Cipla South Africa & Regional Head Africa and Access

Dr Ranjana Pathak
Global Head of Quality, Medical Affairs and Pharmacovigilance

Mr Kedar Upadhye
Global Chief Financial Officer

Ms Geena Malhotra
Global Chief Technology Officer

Dr Raju Mistry
Global Chief People Officer

Mr Pradeep Bhadauria
Global Chief Scientific Officer

Mr Swapn Malpani
Global Head Supply Chain

Ten-Year Highlights

Consolidated

₹ in crores

	2020*	2019*	2018*	2017*	2016*	2015	2014	2013	2012	2011
Income Statement Data										
Revenue from operation	17,131.99	16,362.41	15,219.25	14,630.24	13,790.10	11,345.44	10,173.39	8,279.33	7,020.71	6,323.84
Profit for the year^	1,546.52	1,527.70	1,410.53	1,006.39	1,359.99	1,180.77	1,388.41	1,544.85	1,144.24	989.57
Dividend	564.26^^	241.57	160.94	160.84	160.62	160.58	160.58	160.58	160.58	160.58
Balance Sheet Data										
Total equity attributable to owners	15,763.00	15,012.28	14,229.19	12,525.42	11,516.22	10,789.24	10,050.35	9,018.68	7,638.93	6,666.13
Property, plant and equipment - Net block	4,805.32	5,114.35	5,315.35	5,008.69	4,604.85	4,140.56	3,995.94	3,609.97	3,215.49	3,094.18
Current Investments including Cash and cash equivalents#	2,008.98	2,734.96	2,057.74	1,451.52	1,441.83	940.99	471.32	2,244.30	1,017.39	306.77
Additional Data										
Earnings per share - Diluted	₹ 19.16	₹ 18.93	₹ 17.50	₹ 12.50	₹ 16.89	₹ 14.66	₹ 17.27	₹ 19.24	₹ 14.25	₹ 12.32

* Figures from FY 2015-16 to FY 2019-20 are in compliance with Ind AS
^ Profit after tax attributable to the shareholders
# Includes Bank balance other than cash and cash equivalents (excluding balance earmarked for unclaimed dividend)
^^ includes interim dividend for the year FY2019-20

Corporate Information[1]

Founder

Dr K A Hamied
(1898-1972)

Chairman

Dr Y K Hamied

Vice-Chairman

Mr M K Hamied

Executive Vice-Chairperson

Ms Samina Hamied

Managing Director and Global Chief Executive Officer

Mr Umang Vohra

Non-Executive Non Independent Director

Mr S Radhakrishnan

Independent Directors

Mr Adil Zainulbhai

Mr Ashok Sinha

Ms Naina Lal Kidwai

Dr Peter Mugyenyi

Ms Punita Lal

Global Chief Financial Officer

Mr Kedar Upadhye

Company Secretary and Compliance Officer

Mr Rajendra Chopra

Statutory Auditor

M/s Walker Chandiok & Co LLP

Chief Internal Auditor

Mr Deepak Viegas

Cost Auditor

Mr D H Zaveri

Registered Office

Cipla House
Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel, Mumbai – 400 013, Maharashtra

Tel. No.: +91 22 2482 6000 I **Fax No.:** +91 22 2482 6120

Email id: cosecretary@cipla.com

Website: www.cipla.com

/ Cipla_Global
/ Cipla
/ Cipla

Corporate Identity Number

L24239MH1935PLC002380

Share Transfer Agent

KFin Technologies Private Limited (Unit: Cipla Limited)
Selenium, Tower B, Plot No. 31 & 32,
Gachibowli, Financial District, Nanakramguda,
Serilingampally, Hyderabad – 500 032, Telangana

Tel. No.: +91 40 6716 2222 / 1511

Email id: einward.ris@kfintech.com

Website: www.kfintech.com

[1]GRI 102-3

Chairman's Message[1]

Dear Shareholders,

These are unprecedented and uncertain times that we are living in today. The world hasn't faced a health crisis of this magnitude since the Spanish flu pandemic of 1918. Globally, the COVID-19 pandemic has caused massive disruptions across every sphere of human and business activity. There has been an adverse economic impact on people, communities and countries. It is essential to have quality healthcare to build a strong society – healthy people lead to a progressive and prosperous nation. In an effort to combat the current pandemic, we are seeing governments, public institutions, healthcare professionals, organisations, pharmaceutical companies and citizens rallying together to fight this threat to human life.

In 2001, in the global fight against the HIV/AIDS pandemic, Cipla developed the world's first triple anti-retroviral drug combination, Triomune and offered it at below USD 1 per day as against the then prevailing international pricing of USD 12,000-USD 15,000 per year. This was a global health breakthrough and enabled a lower drug dosage and Triomune became truly accessible for all. It opened the door for the treatment of HIV/AIDS across third world countries, especially in Sub-Saharan Africa. As a result, millions have been treated in Africa over the years.

At the end of 2019, out of 38 million people living with HIV/AIDS globally, 25.4 million people (67%) have had access to antiretroviral therapy (ART) and nearly two-thirds of the world's antiretroviral drugs are supplied from India.

Apart from the above, Cipla helped in the early part of the century, the fight against the Anthrax scare and offered Ciprofloxacin tablets to many countries. Following this, Cipla manufactured oseltamivir and zanamivir to fight Bird Flu and Swine Flu.

Today Cipla is yet again, at the forefront in the fight against COVID-19. Through our strategic global partnerships, we offer a wide range of drugs in our portfolio giving relief and improving treatment access. This is especially true with the vital life-saving drugs like remdesivir, favipiravir and tocilizumab. The magnitude of this pandemic has been unparalleled, and we are currently ramping up manufacturing of essential drugs required. This also includes drugs for chronic ailments such as Asthma, COPD, etc. Cipla is collaborating with the Council of Scientific & Industrial Research (CSIR), Indian Institute of Chemical Technology (IICT), Indian Council of Medical Research (ICMR) and the Ministry of Health to develop medications for the treatment of COVID-19.

This pandemic has also served as a wake-up call spotlighting the need for every nation to be self-reliant. Cipla's philosophy of self-reliance and self-sufficiency and its pledge to provide universal access to affordable medicines has become even more critical today. The foundation and backbone of the pharma industry is the availability and manufacturing of active pharmaceutical ingredients known as APIs. The Government, along with our industry, must set up its priorities on availability of essential drugs and give suitable incentives to the industry to boost development. Cipla has many decades of expertise in the manufacture of bulk APIs. We therefore look forward to extending our whole-hearted support to our Government in this initiative.

85 years of Cipla

Cipla's endeavour to ensure equitable access to quality healthcare is entrenched in our humanitarian purpose of 'Caring for Life' that has driven our efforts in India and globally over the past 85 years. We began our journey on August 17, 1935 as the Chemical, Industrial and Pharmaceutical Laboratories Limited, when our founder, Dr. K A Hamied made a commitment that "Never again will India be starved of essential drugs". Ever since, Cipla has played a pivotal role in ensuring the availability of affordable life-saving medicines.

The first factory in Bombay Central was setup in 1936 and today Cipla has 46 state-of-the-art drug manufacturing facilities across the globe - India, South Africa, USA, Uganda, China and Morocco. We have taken a pivotal position in the manufacturing of the world's generic drugs. In 1995, Cipla's international sales accounted for just 10% of the turnover. This has grown to over 60% today. Along the way, we have transformed from being an Indian bulk drug manufacturer to becoming one of the global leaders in healthcare. Over the years, Cipla has also extensively contributed to building a robust healthcare ecosystem for the industry and supported the medical fraternity by way of technology and trained manpower.

Apart from this, Cipla was the first to produce aerosol nebulisers for respiratory disease in the mid-1970s in India and newer drugs for many injections. We were among the first to introduce fluoroquinolones in the country in the late 1980s. During the 1980s and 1990s Cipla rapidly progressed to becoming a leader in the domestic pharma industry. In early 2001, we brought in the drugs for HIV/AIDS and subsequently drugs for pandemic diseases.

From importing inhalers in 1950s to revolutionising inhalation therapy in India through novel innovations, Cipla has been delivering on its promise of freedom, helping millions breathe freely. Today, Cipla offers the world's largest range of respiratory products and devices, all developed with in-house innovative technology. For decades, our approach to innovation has been based on improving healthcare, alleviating suffering and helping society. We recently partnered with Drugs for Neglected Diseases initiative (DNDi) and developed a new HIV breakthrough - a 4-in-1 strawberry-flavoured paediatric formulation under the brand name Quadrimune, an advance over a previous 2-in-1 sprinkle formulation Lopimune.

As always, my sincere gratitude to all our stakeholders, for the faith and trust reposed in us. I am happy to share that the Board of Directors has declared a 200% dividend pay-out for the year. Looking ahead, it is evident that the pharmaceutical industry must prepare for more health crises like COVID-19 in the future. Cipla's purpose of 'Caring for Life' has been our guiding principle over the last 85 years – and will continue to light our path even for the next 85 years. Your Board and Management Council stays committed to upholding the purpose of 'Caring for Life' that will anchor our business for years to come.

Warm Regards,

Y K Hamied

[1]GRI 102-14

Executive Vice-Chairperson's Message[1]

Dear Shareholders,

The COVID-19 pandemic took countries around the world by surprise. Governments across the world were unprepared for the onslaught. The Indian Government's decision of an early lockdown helped slow down the spread of the virus and gave time to the healthcare community to prepare for the outbreak. It was heartening to see innovation and agility across industries. The pharma industry in particular came together in solidarity to fight this pandemic. From forging global partnerships to launching drugs that had potency to fight the virus to collaborating across the value chain for ramping up supplies, the Indian Pharma industry stood true to its positioning of being the pharmacy of the world, and your Company made a notable contribution in this endeavour.

Standing strong

We are in the business of saving lives and true to this philosophy, the people of your Company have demonstrated extraordinary dedication to help combat the challenges posed by COVID-19. Ensuring uninterrupted supply of life-saving medicines, setting up helplines for patients and caring for communities, Ciplaites across the world rose to the occasion and made a positive difference.

Contributing to the country's fight against the global pandemic, your Company had set up a ₹25 crores 'Caring for Life' COVID-19 dedicated fund to support patients, augment the healthcare ecosystem and sustain communities. The fund included a voluntary donation of ~ ₹3 crores by Cipla employees who stepped forward in this hour of national need. Through its wide-ranging relief efforts, your Company focussed on initiatives that have maximum impact and reach, supporting public health institutions, frontline healthcare workers, vulnerable patients and communities struggling in the aftermath of the pandemic. The contributions will help to further several immediate and long-term relief efforts that the country needs, to combat the size and scale of the crisis it is confronted with.

Cipla Foundation also partnered with several hospitals in Mumbai to strengthen the state's healthcare infrastructure to tackle the pandemic. Towards this, the Foundation has supported the setting-up of a COVID-19 advanced testing laboratory at JJ Hospital as well as Maharashtra's only isolation ward for paediatric patients at the BJ Wadia Hospital for Children. Extending this care to our other home market, the Foundation in partnership with Department of Health, South Africa also established purpose-built containers for COVID-19 testing in high-risk communities. The Cipla Palliative Care & Training Centre in Pune continues to offer In-patient, OPD and homecare care to patients and families during these challenging times.

To safeguard frontline healthcare workers, your Company supplied essential items like masks, PPE, gloves and sanitisers to over 10,000 doctors, paramedics and associated institutions, including tertiary municipal and district hospitals. Through the Foundation, the Company is connecting doctors and healthcare workers across India with the AIIMS and ICMR-led knowledge network on Covid-19 through ECHO India - a technology-based knowledge sharing platform. These online facilities, the first in India for the pandemic, are being set up at leading government and medical colleges.

Your Company established a 'Caring for Life Financial Assistance Policy' to provide a helping hand to a bereaved employee's family.

Cipla in collaboration with the Indian Pharmaceutical Alliance (IPA) also helped define a standard safety protocol across the industry to ensure safety of employees and uninterrupted supply of critical drugs to the nation.

Cipla @ 85: Resilient Spirit, Agile Attitude

Back in 1935, your Company commenced operations from a rented bungalow in Mumbai Central. Today, as Cipla celebrates 85 years of Caring for People, it is a matter of great honour for me to represent the third generation of the founding family of your Company. I am grateful to my mentors, Dr Y K Hamied & Mr M K Hamied who continue to guide me. Dr Hamied's vision to build an equitable world on the foundation of care has been an inspiration to us and continues to be the guiding light for all our actions.

I am humbled to be given the responsibility of taking Cipla into the future – to achieve new goals, scale new heights and create an even stronger legacy. I would also like to extend my gratitude to Ciplaites - past and present – for their passion, commitment and partnership.

For a large organisation with global operations, we are remarkably agile and this is reflected in our decisions and initiatives from time to time - be it the portfolio revamp that has taken our consumer business to greater heights, or the digital transformation that commenced in 2016 paving a smoother transition for business continuity during the lockdown.

Future of Pharma

The new normal is here to stay and presents a unique opportunity for the Indian pharma industry to enhance its position as the largest provider of generics globally and emerge out of this crisis as a preferred sourcing hub for the world. With many countries looking at de-risking their API supply chains by exploring alternative sourcing hubs, this is an opportune period for India to step in and present itself as a viable option in the long term. For this to materialise, it would require a sustained intervention from the Government to create an enabling environment, easing regulatory hurdles, incentivizing research & development and creating a strong innovation ecosystem – not just for India but also for exports.

In a post-pandemic world, the influx of digitisation across the care continuum will help Cipla reach more patients and offer them better solutions for awareness, diagnostics, cure and adherence.

The resilience and agility, together with the forward-thinking vision of our leadership team led by Umang Vohra, MD & Global CEO, and the talent of our team, will chart the way for your Company's outstanding performance in the months and years to come. With our heads up and our hearts open, we look forward to better days!

Best Wishes,

Samina Hamied

Samina Hamied

[1] GRI 102-14

MD & GCEO's Message[1]

Dear Shareholders,

As much as FY 2019-20 marked a solid year of consolidation and steady growth, it was also a year that witnessed the onset of an unprecedented challenge for the pharmaceutical industry, globally. As the fast-proliferating COVID-19 outbreak precipitated a world-wide lockdown and pushed the healthcare infrastructure of nations to the brink, your Company took a strong stand to win with hope; hope for a healthier world with less suffering and more caring.

Being a pharmaceutical company gave us the opportunity to create a degree of hope, by being of service to the community and enabling positive social impact. Each one of us carries the responsibility for the millions of families who depend on our medications, and we will continue our steadfast journey to heal individuals, cure communities and safeguard societies. This is what we are here to do; to care for life.

Winning with Hope

In the '90s, Cipla partnered with governments and global bodies to democratise access to essential life-saving drugs to combat the HIV/AIDS pandemic. Today, we are yet again at the forefront of care in the fight against COVID-19 - be it pioneering indigenous drug development with government labs or safeguarding frontline workers. Your Company's portfolio has almost all key drugs that show potency against the novel coronavirus. Our partnerships with Gilead and Roche marked a significant step towards saving millions of lives impacted by the pandemic. Amid these challenging times, we did everything in our might to maintain uninterrupted supply of medicines for patients. Towards this, we also launched a dedicated helpline to assist patients in procuring essential medication, across therapies from pharmacies and healthcare institutions.

I feel proud to be a part of an organisation that has wholeheartedly endeavoured to truly make a difference; each one of the 25,000+ strong OneCipla team has contributed to this drive of optimism. I would like to express my immense gratitude for their resilience and unwavering commitment to care. In a post-pandemic world, while people resume their re-calibrated lives and nations begin to revive their economies, we at Cipla will continue our mission to not only help patients recover faster but also do everything it takes to better prepare the world to fight such a health crisis in the future.

A noteworthy year

FY 2019-20 was marked by momentous launches, initiatives and engagements, and Cipla registered solid performance across the key markets of India, South Africa and US. Simultaneously, we developed huge traction in the respiratory pipeline with notable filings and approvals. I am happy to share that despite challenges and our Goa remediation efforts, our performance for the year was notable.

The One India synergies to promote portfolio expansion and enhanced patient-connect yielded positive outcomes. We continue to maintain leadership positions across respiratory and urology segments, while maintaining third position in anti-infectives and fourth in cardiology[2].

Cipla emerged as the third largest pharmaceutical corporation [Prescription (Rx) + Over The Counter (OTC)], third largest player in the OTC space and the third largest within ARV (anti-retroviral) in the South African private market[3]. Over the years, we have invested significantly in our US business to create a sustainable pipeline that offers strong medium to long-term visibility on revenue and profitability. The USFDA approval for generic Albuterol MDI and the successful completion of the Phase-3 clinical study of generic Advair Diskus® further strengthened our respiratory franchise in the US market - an exemplary testament to Cipla's strong R&D capabilities in the space. Our European operations momentum continued, led by strong performance in key DTM markets. API demonstrated a remarkable growth due to higher margins and product mix. We continue to maintain the highest standards of quality and compliance across our manufacturing network.

Passionate about the Future

We aim to leverage digital technology in a big way and play a leadership role in transforming healthcare management. We are building our strategy for the years ahead and I am confident that the value creation in a competitive market will come from our innate ability to innovate and stay ahead of the curve.

Breathe. Think Cipla

Our lungs are exposed to a spectrum of illnesses and the recent COVID-19 pandemic highlighted its crucial role in our overall wellbeing. Over the last six decades, unmatched presence across the care continuum and the widest portfolio of drug-device combinations has established Cipla's position as a lung leader in India and key emerging markets. According to the IQVIA report (Mar 2020), Cipla is the second largest inhaler (MDI + DPI) selling company by volume and four of our respiratory brands are listed among the Top 50 medicine brands in the country[2]. With '**Breathe. Think Cipla**', we recently articulated our aspirations to become the lung leaders of the world. As leaders, we aim to build a robust respiratory ecosystem and improve access by bringing effective cure closer to the patients.

Health in Your Hands

Wellness will be another growth engine for us, accelerating Cipla's leadership in healthcare. The acquisition of four umbrella brands from Wanbury Limited in the nutraceutical segment gave a boost to our wellness portfolio and strengthened our four-decade long presence in the women's health category.

In line with the One India model, we transferred select consumer-oriented brands from trade generics to Cipla Health, our consumer healthcare subsidiary. We continue to build relevance beyond medicines, by partnering with customers for their health and wellness needs through our digital therapeutics' initiatives.

Cipla has been identified as one of the world's Top 3 companies making steady progress in tackling the global spread of Antimicrobial Resistance (AMR). The Access to Medicine Foundation's Benchmark Report 2020 has awarded Cipla the highest score of 70%, through an evaluation of our performance against the key parameters of responsible manufacturing, access and stewardship in AMR.

Reimagining Tomorrow

As the world gets a grip on the unabated COVID-19 pandemic, I firmly believe that it also presented us with multiple opportunities to reflect and **reimagine the future!** At Cipla, we swiftly deployed technology to ensure business continuity and offset the disruptions caused by nation-wide lockdowns. We acted with speed and agility; optimising overall resourcing across businesses and creating a digital roadmap for the future.

Our top priority will be to address patient needs and maintain a sharp focus on cost optimisation in managing supply chain, R&D and marketing, while ensuring all our facilities are in a state of compliance and control.

I feel humble to be a part of an industry that can truly make a difference in the lives of patients. This is our core purpose - to be able to care and to surge ahead with hope and gratitude. This is what has inspired us at Cipla for the past 85 years and continues to fuel our passion even today. Apart from the gratitude I have for the relentless support from my colleagues at Cipla, I am also grateful to the Cipla Board for its guidance and counsel. I would like to thank you, our shareholders, for continuing to believe in us.

Best Wishes,

Umang Vohra

[1]GRI 102-14 | [2] As per IQVIA MAT March 2020 | [3] As per IQVIA TPM MAT March 2020

Creating Hope Since 1935

1935

Operations commence from a rented bungalow at 289, Bellasis Road, Bombay Central.

1939

Mahatma Gandhi visits Cipla, inspiring the Founder Dr K A Hamied to produce vital and life-saving medicines for India.

1947

Cipla celebrates India attaining Independence with a flag hoisting ceremony at Bombay Central Headquarters.

1970

Cipla becomes one of the pioneers to manufacture APIs (active pharmaceutical ingredients).

1977

Inauguration of the Cipla Research and Production Complex in Bangalore by Mrs. Luba K Hamied.

1997

Cipla Palliative Care and Training Centre is set up in Pune to provide free holistic care to terminally-ill cancer patients and their families.

2001

Cipla ushers in a new paradigm in antiretroviral therapy (ART) by offering the triple ARV FDC at USD 1-a-day, thus opening the floodgates for affordability and accessibility in HIV/AIDS treatment.

2013

Cipla acquires 100% of share capital of Cipla Medpro (South Africa).

2016

Cipla strengthens its presence in the US market with the acquisition of InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc. thus expanding its reach in the US market, with a balanced portfolio.

2017

Cipla launches Synchrobreathe, a state of-the-art innovative breath-actuated inhaler, helping millions with Obstructive Airway Diseases such as asthma.

2019

BRANDMED
HEALTH RE-IMAGINED

wellthy
THERAPEUTICS

Cipla enters digital therapeutics by partnering with Wellthy Therapeutics in India and Brandmed in South Africa to bring together behavioural science, real world clinical evidence and artificial intelligence to provide real time monitoring, coaching and advice to patients.

2020

Cipla leads the fight against COVID-19 through a spectrum of vital drugs that show potency against the virus. With unmatched portfolio of drugs and devices and leadership across India and key emerging markets, Cipla launches global lung leadership aspiration – Breathe. Think Cipla. In the US, the approval for generic Albuterol MDI and successful Phase-3 completion of clinical study for generic Advair Diskus® furthers this ambition.

Awards and Accolades

Cipla ranked in top 6 companies **"Leadership Category",** as per Corporate Governance Scores - 2019, jointly developed by BSE Ltd., the IFC - World Bank Group and Institutional Investor Advisory Services

Cipla achieved the **'Best Audit Committe'** Award for the year 2018 by the Asian Centre for Corporate Governance & Sustainability.

Cipla wins the **'Digital Supply Chain Enterprise Award'** at the 9th edition of the Manufacturing Supply Chain Awards 2020.

Cipla Bags **Gold Award at 'Indian Marketing Awards** 2019'

Cipla in Business World's **Most Respected Companies' List!**

2nd year in a row - **Great Place to Work** certification

Cipla Bags Foracort on winning the award for the category of **"Excellence in Pharmaceutical Brand Managment - Consistent Performance"** at India Pharma Awards 2019

Cipla Bags **Best Internal Communication Strategy** Award at the Corporate Communication & PR Summit and Awards 2019

Certificate of Excellence for Employee Communications **"What's Up Cipla"** at The Sabre Awards 2019 South Asia by The Holmes Report

Cipla Website Wins **Gold at DIGIXX Awards** 2020

Innovative project of the year 2019-2020 for IT-OT security convergence program

"Indo- American Corporate Excellence award" for excellence in Manufacturing (Category II) by the Indo American Chamber of Commerce.

Cipla wins the presetigious **Golden Peacock Award** for Corporate Social Responsibillity 2019

Cipla awarded the Most Outstanding Company in India – Healthcare category at the Asiamoney Asia's Outstanding Companies Poll 2019.

The ICAI award for excellence in Financial reporting for FY 2018-19

Cipla Supply Chain bags **Excellence in Collaboration and Best Distributions Practices** for Outbound Supply Chain at the 5th ILSC Awards 2019

Berok Zindagi receives **Gold Award at IPRCCA** 2019 in Healthcare Providers Categary

Best Healthcare Pharma Brand and Best Social Media Brand Cause Marketing Gold Awards for BerokZindagi in the Sammies 2019

'Best Working Capital Management Solution Award' at the Adam Smith Awards Asia 2019.

Wolters Kluwer Innovation Award for **'Leveraging Technology for Doctor Engagement'** and the Award for 'Leveraging Technology for HR' at the Digital India Health Summit and Innovation Awards

Cipla South Africa Wins **Gold at PRISM Awards**

BREATHE.

Think Cipla.

Over the last six decades, Cipla is proud to have helped millions across the world to **breathe free!** Our unmatched presence across the care continuum and wide range of drug-device combinations have established Cipla's position as a lung leader in India and other key emerging markets.

Armed with this legacy, we have now embarked on a journey to solidify our position globally as a lung leader.

Helping Millions Breathe Free

Our **Berok Zindagi** campaign is the first of-its-kind, patient-centric initiative aimed to create mass awareness on asthma and promote inhalation therapy. This year, through the "Inhalers Hain Sahi" campaign, we tried to highlight the benefits of inhalation therapy and de-stigmatise the use of inhalers.

Cipla now has over

20%

of FPSM pMDI market share in EU and it supplied ~3mn pMDIs (ICS, LABA, LAMA & ICS-LABA) to Europe.**

Cipla's Fluticasone Salmeterol brand holds 1st position in terms of market share by volume in FPSM market in...

Morocco (MS-55%)*

Sri Lanka (MS-45%)*

Nepal (MS-77%)*

To create awareness on the correct use of inhalers, our South Africa team conceptualised a unique video series called **Bronki Boosters to educate kids on how to use the inhalers correctly.**

Cipla ranks **#2** in the sale of inhalers globally (by volume).*

With presence in over 50 countries, Respiratory contributes **22%+** of total revenues.

Foracort brand stood at **#10** among the **4** Cipla brands that featured in the top 50 brands of Indian Pharma Market.*

46% share of volume in MDIs in South Africa respiratory market.*

Cipla South Africa has **65%** of FPSM pMDI market share.*

** IQVIA MAT March 2020*
*** IQVIA MAT Dec 2019 & Cipla FY 2020-21 primary sales data*
FPSM = Fluticasone Salmeterol
pMDI = Pressurised Metered Dose Inhaler
MS = Market Share

Our immense **gratitude** to all our employees for their resilience and unwavering commitment to care.

Cipla stands **strong in the battle against** COVID-19

Set-up a ₹ **25 crores 'Caring for Life' COVID-19** dedicated Fund to support patients, the healthcare ecosystem and communities. Includes contribution from employees towards this compassionate cause

Launches a spate of relief efforts for supporting testing, safeguarding healthcare providers and extending humanitarian care to communities with supplies of medicines, essential hygiene items and food

At the forefront of COVID care with **remdesivir, tocilizumab and favipiravir**

Cipla provides essential supplies, such as medicines, PPEs, sanitisers, masks, and gloves to frontline healthcare workers.

Cipla has been at the forefront of the fight against COVID-19. From ensuring equitable access and care, to prioritising people over profits and supporting communities, Cipla stayed true to its purpose of Caring for life.

Creating **Hope.** Caring **for Life.**

Cipla Foundation supports testing by providing COVID-19 testing kits at J J Hospital Mumbai.

Six purpose-built containers deployed by Cipla Foundation in partnership with state health department to advance COVID-19 screening and testing in high risk communities in South Africa.

Cipla Foundation supports Maharashtra's first and only pediatric COVID-19 isolation ward at BJ Wadia Children's Hospital Mumbai.

Cipla launches 24*7 Helpline to share information on availability of COVID-19 medicines and other critical Cipla products.

Strengthening Our Communities

Mobile Healthcare Units drive to remote communities to care for Baburam, and many like him, living with chronic health conditions

Amidst the Covid pandemic, Lebo remains on the frontlines, serving patients at the Sha'p left nurse surgeries in South Africa

Graduate degree and technical skills open a world of opportunities for Jasbir and other youth from villages near Baddi

Asanda, Zola and many more find safety, nutrition and education at the Early Childhood Development Centres in South Africa

Access to quality education in remote schools ignites Shanti's love for learning

The dedicated healthcare professionals at our partner hospital, keep Shalu's smile shining bright

The team at Cipla Palliative Care & Training Centre, Pune continues to care for patients and their loved ones in Covid times

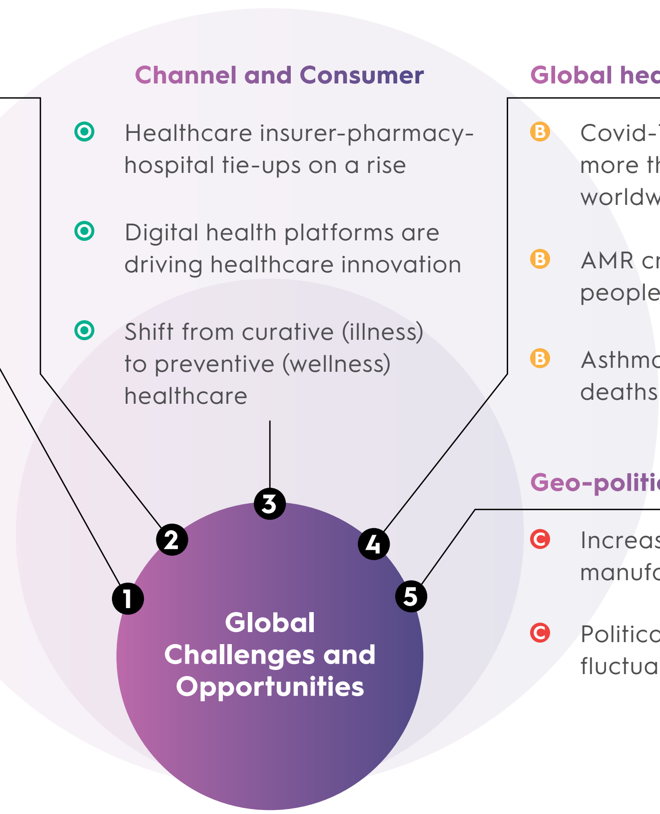
For 85 years, we have dedicated ourselves not just to making medicines but to making a difference, alleviate suffering and care for life.

Disclaimer: This annual report and its contents is for information of the Company's shareholders only and is not intended to endorse, advertise, promote or recommend the use of any products listed in it which are for representation purpose only, some of which are reference listed drugs of which the Company has approved, under approval or under development generic equivalents. The prefixes "g" and "generic" used interchangeably indicate the generic versions of the named brand drugs.

Strategy Strengthened for a Sustainable Tomorow[1]

Cipla was established in 1935 with a vision to make India self-reliant and self-sufficient in healthcare. Today, we have grown to become one of the world's largest generic pharmaceutical companies that aims to augment the affordability and acess of global health care. The global generic pharmaceuticals market is growing at a CAGR of 1.6% (2014-2019)[2] and is expected to grow at a CAGR of 2.7% (2019-2024)[2] with its offering of accessibility and benefits of efficient and economical drugs.

The global pharmaceutical industry operates in a dynamic environment. It is subjected to multiple forces: government scrutiny, pricing pressures, increased competition, sector consolidation and geo-political volatility, among others. 2020 also brought the COVID-19 pandemic, amplifying global economic vulnerability and considerable disruption. Given the multiple shades of this healthcare and financial crisis, we have identified global challenges to build reinforcements and shock-proof our business. We have also identified opportunities to create new growth levers and pivot our business models towards future readiness.



Market structure

- C US Gx business – heightened and sustained pricing pressure

Regulatory

- C Increased frequency of inspections by the USFDA in India
- O National healthcare programmes being set up in India and South Africa to ensure universal access
- O Regulators fast-tracking approvals under special initiatives, e.g. SAHPRA for South Africa, Emergency in the US

Channel and Consumer

- O Healthcare insurer-pharmacy-hospital tie-ups on a rise
- O Digital health platforms are driving healthcare innovation
- O Shift from curative (illness) to preventive (wellness) healthcare

Global health threats

- B Covid-19 outbreak affecting more than 18 million people worldwide[3]
- B AMR crisis could kill 10 million people by 2050[4]
- B Asthma/COPD with ~5 million deaths globally[5]

Geo-political issues

- C Increased focus on local manufacturing
- C Political instability and forex fluctuations

Note:
C – Challenges, O – Opportunities, B – Both Challenges and Opportunities

Source:
[1] GRI 103-1, GRI 103-2 and GRI 103-3
[2] IQVIA Market Prognosis Generics Forecasts April 2020;
[3] https://www.worldometers.info/coronavirus/
[4] https://www.who.int/news-room/detail/29-04-2019-new-report-calls-for-urgent-action-to-avert-antimicrobial-resistance-crisis
[5] https://goldcopd.org/world-lung-day-2019-respiratory-groups-unite-to-call-for-healthy-lungs-for-all/; http://www.globalasthmareport.org/burden/mortality.php

By recognising and taking due cognisance of these opportunities and challenges, Cipla continues to endeavour towards delivering value to all its stakeholders. We have been strengthening our core business in the last three years by focusing on key markets, rationalising non-focus businesses, focusing on profitability metrics and strengthening the financials. This has enabled us to build a solid foundation for a bolder tomorrow – one immersed in Passion, Economic Engine and Capability Building for a vastly different future.

The incorporation of ten Strategic Business Objectives (SBOs) in FY 2019-20 as a part of strategic framework compared to five SBOs in FY 2018-19 has sharpened our focus and brought Passion, Economic Engine and Capability Building together.

Passion

Strategic Business Objectives (SBOs)

1 SBO Become global lung leader across the care continuum

Cipla's performance 2020

- Second largest inhaler selling company (combined total of DPI and MDI inhaler devices), as per IQVIA MAR Mar 2020
- Respiratory drugs business in India grew at 13%, outpacing the 11% growth exhibited by the overall India market, as per India IQVIA MAT Mar 2020
- Launch of 'Breathe. Think Cipla' campaign on World Asthma Day, increasing people awareness about lung health
- Significant milestones towards strengthening our Respiratory franchise
  - FDA approval for Albuterol MDI in the US which is the first AB-rated generic therapeutic equivalent of Proventil®
  - ANDA filed for generic Advair Diskus® (Fluticasone + Salmeterol combination) after the product successfully completed Phase-3 clinical study in the first attempt
  - Filed ANDA for another complex inhalation asset in the US
  - Extended current capabilities such as inhaled anti-infective Pulmazole in the US and inhaled insulin Afrezza in India
  - Launched Foracort Synchrobreathe in India
  - Strong market share of respiratory products in key emerging markets like Nepal, Australia and UK; portfolio partnerships in Australia and Sri Lanka to strengthen respiratory strategy
- **Launch of Berok Zindagi 2.0:** Version 2 of Cipla's flagship patient-focused initiatives in respiratory health with an outreach of 30 crores people through programme launch on TV media and cinema halls; digital platforms like Facebook and Twitter; PR conferences; newspaper coverage; radio engagement; and building awareness and visibility through clinics, chemists, stockists, sales teams, etc.

Cipla's 3-year strategy

- Build solutions around the care continuum from easy and early diagnostics to efficient treatment and monitoring
- Increase penetration in key markets to establish leadership in volumes of inhalers sold
- Increase awareness and education through various initiatives and campaigns, helping millions across the world to 'Breathefree'

2 SBO

Demonstrate organisational agility, along with our purpose of Caring for Life

Address global health threats such as AMR and Covid-19

Cipla's performance 2020

Further AMR (Anti-Microbial Resistance) stewardship

- Cipla scored 70%, by the Access to Medicine Foundation for the Anti-Microbial Resistance Benchmark 2020, which is the highest compared to other generic companies. The AMR benchmark evaluates the performance of pharma companies having major stakes in anti-infectives, and compares how they are bringing AMR under control
- Significant additions to Cipla's branded portfolio of anti-infectives with worldwide rights (excluding Greater China) of ZEMDRI™ (IV Plazomicin) and agreement to acquire Elores (Ceftriaxone + Sulbactam + Disodium EDTA) in India
- Launched the 'Save Susceptibility' campaign to build awareness, enable better diagnosis and enable appropriate action and use of our commonly prescribed anti-bacterial drugs such as Fosfomycin, Azithromycin and Colistin

Combat Covid-19 crisis

- Supporting the community and ensuring supply reliability:
  - High execution focus on managing manufacturing and supply chain – both back-end supplies and front-end logistics
  - Cipla Foundation supported a Covid-19 24x7 facility for testing of 4,000 suspected Covid cases and also setting up of isolation wards for paediatric patients. The Foundation also safeguarded health workers by supplying them with PPEs
- Addressing every possible drug that has been thought of as a solution for Covid-19:
  - Scaling up manufacture of medicines that shows potency against the virus - Lopinavir + Ritonavir, Hydroxychloroquine and Azithromycin
  - Partnership with Roche for marketing of Tocilizumab, which is being used on Covid-19 patients suffering
  - Partnership with Gilead to manufacture and market the investigational antiviral drug Remdesivir in 127 countries to help save millions of lives from the pandemic
  - Collaboration with CSIR-IICT in the development of Favipiravir to Cipla

Cipla's 3-year strategy

- AMR to be the next meaningful play for Cipla. Identify innovative ways to fight against AMR, such as drug repurposing, new routes of delivery, and identify new antibiotics and combinations
- Embrace the 'New Normal', post-Covid, and identify new ways of working to stay relevant
- De-risk the business for critical Intermediates

3 SBO

Grow Cipla Health business to become a holistic and wellness player

Cipla's performance 2020

- Cipla Health business achieved all-round play across multiple, large OTC categories
- Nicotex is the undisputed market leader in India in the NRT (Nicotine Replacement Therapy) based smoking cessation category
- Omnigel is the #2 brand in India in the topical pain relief category by both value and volume
- Successful switch from prescriptions to OTC – Prolyte (ORS), MamaXpert (Pregnancy test), Maxirich (Multivitamin supplement)
- Launched Ciphands portfolio including sanitiser, hand-rub, and surface disinfectant to strengthen portfolio around Covid-19
- Mutually planned exit of Fidelity-backed private equity partner's share, with Cipla Limited now holding 100% ownership in Cipla Health

Cipla's 3-year strategy

- Build a comprehensive portfolio (products, services, infrastructure, digital assets) that addresses holistic well-being of an organ(s) irrespective of the channel of promotion
- Build core wellness brands like Nicotex, Cofsils, UnoBiotics, etc.
- Consumerising Cipla's brands to build deeper connect with patients

Core Economic Engine

4 SBO

Focus on difficult to compete spaces such as Complex Generics and respiratory related products in the US

Measured investments in the specialty business and divest non-core assets

Cipla's performance 2020

Generics:

- 10+ products launched, such as Esomeprazole for oral suspension (FTF), Pregabalin capsules, Albuterol MDI (FTF) and limited competition products through partnerships such as Fosaprepitant injection and Daptomycin injection
- Nine products filed, including generic Advair Diskus®

Specialty:

- Cipla's US specialty institutional business division branded as Cipla Therapeutics
- Acquired worldwide rights (excluding Greater China) of ZEMDRI™ (IV Plazomicin, patented until 2030) to further our AMR (Anti-Microbial Resistance) stewardship
- Clinical programme completed, NDA submitted, and Prescription Drug User Fee Act (PDUFA) date is October 2020 for ONPREFA (IV Tramadol, pain management asset)
- Clinical programme with IP filed for anti-fungal inhaled Itraconazole (Pulmazole)

Cipla's 3-year strategy

- Plans to calibrate investments in R&D and focus on large value-accretive assets in respiratory and other complex generics
- Focus on maximising value opportunity for key commercial assets in institutional business and respiratory specialty
- Finalise out-licensing for CNS specialty assets

5 SBO Continue to build scale and depth in branded home markets of India and South Africa

Cipla's performance 2020

One-India:

- Consolidated India branded prescription, trade generics and consumer healthcare business as One- India, which has collectively grown to become a USD 1 billlion organisation (~40% of total Cipla) and the second-largest player based on volume dispensed
- Continues to be the third-largest[6] player with leadership position in therapies like Respiratory, Urology and Anti-virals
- Six of the top 10 brands beat molecule growth rate
- Launched Foracort Synchrobreathe; Foracort (Budesonide + Formoterol) is the most widely used in ICS + LABA class
- Acquired brand name and trademark rights for Vysov and Vysov M, indicated for type 2 diabetes
- Signed exclusive marketing deal with Reliance Life Sciences for Omalizumab for severe allergic asthma and urticaria
- Acquired exclusive marketing rights for stem cell product Stempeucel for the treatment of diabetic foot ulcer
- Acquired four nutraceutical products – Cpink, CDense, Productiv and Folinine – from Wanbury Limited, to strengthen our presence in the women's health segment

SAGA:

- Third-largest player in the private market, growing more than twice as fast as the market year over year. Top therapies and market shares: CNS - 13%, Respiratory - 11%, Gastro-intestinal - 8%
- One out of every four patients use Cipla's OTC product in the 'Where We Play' categories
- One in every four patients in East Africa is on Cipla's triple therapy (ARV)
- Joint development of 4-in-1 Quadrimune, a new paediatric HIV drug, with Drugs for Neglected Diseases initiative (DNDi). This is to be launched at USD 1 a day
- Partnered with AstraZeneca and Luye Pharma for exclusive marketing and distribution rights of Quetiapine, indicated for Bipolar disease in South Africa and other select territories

Cipla's 3-year strategy

One-India:

- Deliver market-beating growth through focused execution of the One-India strategy
- One Distribution: Build a task force to deepen channel engagement, invest in strategic partnerships and smart analytics
- Enhance patient connect through respiratory awareness campaigns (#Berok Zindagi, Breathefree) and one therapy consumer platforms

SAGA:

- Become a strong player in South Africa with effective launch of product backlogs
- Expand branded OTC through partnerships

Establish Cipla as a partner of choice for innovator drugs/MNCs in our home markets

[6] As per India IQVIA MAT Mar 2020

6 SBO Strengthen presence in existing emerging markets Simplify operations and build strong fundamentals to drive sustainable growth Explore new opportunities in emerging markets

Cipla's performance 2020

- 10%+ growth in key DTMs in emerging markets; 14% growth in Europe
- Synchrobreathe breath-actuated inhaler launched in multiple markets and ranked as top brand in Nepal; Flohale launched in Algeria; overall FPSM pMDI market share of 20% in Europe
- Partnership with Novartis in Australia and Sri Lanka to market its COPD products
- Strengthening portfolio: Filed 200+ Stock Keeping Units (SKU) and signed licensing deals of 35+ products across emerging markets and Europe
- Simplifying business: Strategic divestments of non-core assets including exit from FWA market and divestment of non-focus brand Lomac (Omeprazole) from Vietnam

Cipla's 3-year strategy

- Achieve 2x growth through superior execution
- Launch respiratory portfolio in China

7 SBO Focus on digital and patient centricity as future pivots for business models

Cipla's performance 2020

- Launched Berok 2.0 (respiratory awareness campaign): Second version of Cipla's flagship patient-focused initiative in respiratory therapy (#Asthma ke liye, #InhalersHainSahi, #Berok Zindagi 2.0) rolled out with an outreach to 30 crores people
- What a Relief (www.whatarelief.in) campaign for a urological condition called Benign Prostatic Hyperplasia (BPH) with outreach of 10 million+; 2,500 urology clinics already live; ~33k washrooms in 835 towns geo-tagged on the platform; over 400 washrooms have been searched so far, through this platform
- Pilot study of Brandmed – a digital initiative helping patients manage chronic lifestyle diseases by using technology to track intervention outcomes – completed in South Africa, becoming more patient centric with 2,500+ patients participating in the Brandmed Wellness Programme

Cipla's 3-year strategy

- Continue therapy-shaping and patient care continuums by going beyond the pill
- Leverage digital assets like Wellthy and Brandmed to move closer towards patients for delivering integrated care; build more digital assets
- Continue to partner with e-pharmacy and point-of-care devices to enable patient care continuum

Capability

8 SBO Continuous improvement: Efficiencies to deliver fuel for growth

Cipla's performance 2020

- Continued to deliver year-over-year cost savings, contributing to the bottom line, and supporting profitability
- **Cost efficiencies:** Delivered and sustained cost reduction through process effectiveness
- **Asset productivity:** Unlocked additional capacity for critical products

Cipla's 3-year strategy

- Focus on cogs optimisation with de-specification and external benchmarking
- Continuous manufacturing, reducing inefficiency and capacity gaps

9 SBO Invest in Quality 4.0 to change quality paradigm

Cipla's performance 2020

- Initiated culture-led transformation programme to create model quality plants assuring quality and availability; pilot programme started at two units, which improved TRUST Culture Index, Investigation Effectiveness, Non-Conformance Reduction, and Repeat Deviation Reduction
- Competency upgrade through a state-of-the-art skilling programme; analysts certified in best-in-class lab and sterile practices

Cipla's 3-year strategy

- Paperless lab: Digitising operations and procedures
- Robotic Process Automation (RPA)

10 SBO Strengthen the talent pipeline and improve productivity

Cipla's performance 2020

- Certified as a 'Great Place to Work' twice in a row, with improved scores
- Introduced an Integrated Talent Management framework for building best-in-class talent and a strong succession pipeline for leadership and critical roles
- Digital skill building through Cipla University, with 2,000+ unique courses and 600,000+ learning hours

Cipla's 3-year strategy

- Strengthen leadership capability in areas such as developing an entrepreneurial mindset, collaboration and digital savviness
- Reimagine manning model in the new digitally enabled Work from Home (WFH) environment

Our Value Creation Model[1]

Our business model is driven by the OneCipla Credo and our purpose of Caring for Life. These encourage and inspire our employees and partners to strive for excellence in what they do, keeping ethics, transparency and good governance practices in mind. Cipla's business model is the foundation upon which we seek to effectively implement and drive a sustainable business strategy.

Our business model also encompass key elements that drive operations, including the most critical internal and external factors that influence Cipla. These elements include:

Our inspiration and ethos	The environment we operate in	Our stakeholder expectations	Market opportunities and risks

Even as we aim to bring transparency and insight into Cipla's organisational strategy for our stakeholders, we accord prime importance to showcasing our global value chain and outline the key components of our business operations. The core aspects of our business model are mentioned below:

1 To build on our foundation of delivering quality and affordable products to patients, we ensure that each element of our value chain works seamlessly, harmonised with a sustainable and transparent business conduct.

2 Our six Capitals across the business model showcase the strategic allocation of resources to generate operational synergies, capitalise on valued opportunities and contribute to efficacious stakeholder value through distinguished outcomes.

3 The interlinkage and dependence between the Capitals is what allows us to work in a co-operative and harmonised environment, as OneCipla, addressing key stakeholder requirements and challenges.

[1]GRI 102-9

Cipla's business model revolves around its purpose of 'Caring for Life'

Drivers

Inspiration and Ethos

Patient centricity
Innovation

Operating Environment

Market Trends
Regulatory Demands
Global Developments

Stakeholder Demands

Internal Stakeholder
External Stakeholder

Opportunities and Risks

Leveraging Opportunities
Management and Mitigation of Risk

Our Capital Inputs that govern Cipla's global operations / Strategic allocation of resources across the capitals

Financial Capital

Manage financial resources in a diligent manner to harness opportunities for long-term sustainable economic growth

- Capitalizing on growth opportunities with a robust cash outflow in tangible capex at ₹573 crores.
- Continue building a strong growth pipeline for the future with R&D investment in FY 2019-20 at 6.9%[1].

Manufacturing Capital

Focus on developing complex manufacturing capabilities, improving productivity and increasing safety and reliability of operations

- 46 manufacturing sites across 5 countries.
- 43 regulatory audits conducted (including US FDA and MHRA) demonstrating operational excellence.
- Investment in latest technologies, efficient processes, state of the art equipment and building up TRUST culture.

Intellectual Capital

Invest in technologies to advance new product developments to drive better patient outcomes

- Expertise in complex products supported by over 1,300+ R&D colleagues
- Continuous investment in R&D comprising of 6.9% of revenue in FY 2019-20.
- Repurposing and product evaluation undertaken to combat COVID-19.

Human Capital

Cultivate employee capabilities and competencies to innovate and drive shared organizational objectives

- 25000+ global employee strength
- Integrated Talent Management Framework to leverage synergies of talent acquisition, learning & development, performance management and succession planning

Social and Relationship Capital

Leverage Social and Relationship capital to share knowledge and resources to enhance individual and collective well-being

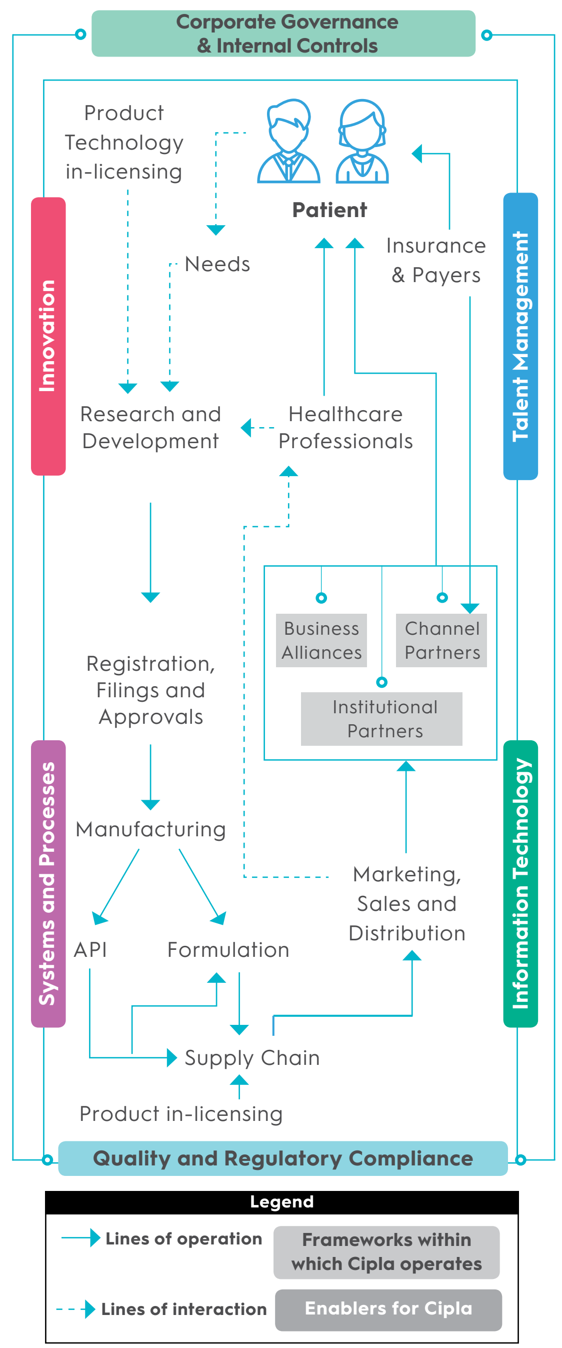
- Total ₹41.81[2] crores invested in Corporate Social Responsibility initiatives
- Identification of 7,000+ upstream and downstream suppliers
- Continue to address myths and misconceptions surrounding asthma and to make patients aware of the benefits of inhalation therapy

Natural Capital

Commitment towards efficient operations resulting in reduced environmental footprint

- Investment in energy and water saving initiatives
- Solar rooftop capacity increased from 820 kW in FY 2018-19 to 1,789 kW in FY 2019-20
- We have undertaken Zero Liquid Discharge (ZLD) projects to improve our wastewater management systems.
- Focus on sustainable business operations by minimising and recycling the waste generated

The global value chain with an End Patient focus



Our Capital Outcomes showcase our commitment towards Patient Centricity

3rd largest player in India

3rd largest player in South Africa

Among the most dispensed generic companies in US

Leadership positions across key emerging markets

Key Brands[3]

Foracort

Duolin

Urimax

Montair

Financial Capital

- Sustainable growth driven by operational performance resulting in a 9% 5 year CAGR of revenue growth.
- ~300 bps increase in RoIC over the last 2 years with FY 2019-20 RoIC at 12.5%

Manufacturing Capital

- A diversified product portfolio of over 1,500 products in 65 therapeutic categories and over 50 dosage forms
- Robust Quality Management Systems (QMS) to ensure data integrity
- 19% improvement in TRUST Quality Culture Index during the year

Intellectual Capital

- Strong R&D with 13 patents filed, 14[4] ANDAs filed and 57 DMFs filed globally.
- Dedicated and focused approach towards innovation - Cumulative 288 patents and 259[5] ANDAs
- Cipla leads the fight against COVID-19 through a spectrum of vital drugs that show potency against the virus.

Human Capital

- 30% female representation in our Board
- 84% overall Employee Engagement Score in our MiVoice Pulse Survey
- During FY 2019-20, Cipla identified successors for 80% of its senior management positions.

Social and Relationship Capital

- Cipla's palliative care centre has reached out to 17,500+ patients over 23 years
- 49% of total procurement spent on local sourcing
- Berok Zindagi Campaign outreach - 30 crores people

Natural Capital

- 9.1% of energy derived from renewable resources
- 19,133 tCO2e emission reductions from offsets due to use of renewable energy
- Overall water consumption reduced by 3%, as compared to the previous year
- Generated 10.4 lacs kWh from solar rooftop installations
- More than 70% of wastewater generated was recycled / reused
- 95% of liquid hazardous and 1.34% of solid hazardous waste recycled

OneCipla Credo — Purpose - Inspired — Responsibility - Centered — Innovation - Driven — Excellence - Focused — Integrity and Trust - Anchored

[1]OPEX including depreciation as a % of revenues
[2]Represents global spend including statutory spend of ₹36.31 crores by Cipla Limited

[3]Sales India Rx
[4]Includes ANDAs filed between April and May 2020
[5]Includes approved, under approval and tentatively approved ANDAs for Cipla, InvaGen as well as partnered ANDAs and filed under PEPFAR

Stakeholder Engagement[1]

Analysing the value we provide

Building our healthcare portfolio while creating value for stakeholders goes hand in hand with realising Cipla's goal of delivering affordable and accessible patient healthcare. Our stakeholder communication model is aligned with the principles of the OneCipla credo. This establishes a required level of advocacy and communication on the challenges faced by the Company as well as our capabilities to address opportunities and initiatives of stakeholder concern. In FY 2018-19, we conducted a detailed stakeholder engagement exercise to understand key concerns and material issues that are essential to our value-creation process. Through regular interactions with our stakeholders, we gained new insights into existing material topics that helped enhance our organisational strategy.

	Why are they important	Capital Linkage	Modes of Engagement
Patients	End users of our products. We are committed to meeting their expectations	Relationship Capital Intellectual Capital	Patient care Websites Seminars
Channel Partners	Vital for effective distribution and accessibility of our products	Relationship Capital	Scheduled meetings In-market visits
Suppliers	Providers of all input materials and finished products and services that are critical to our operations	Relationship Capital Natural Capital Manufacturing Capital	Supplier visits Supplier audits
Government and Regulators	Enforce policies which impact our operations and long-term business objectives	Relationship Capital	Scheduled meetings Industry conferences Written communication Facility visits
Healthcare professionals (HCPs)	Help us better understand patients' needs	Relationship Capital Intellectual Capital	Conferences and seminars Regular visits by field staff Advisory Board meetings
Communities	Help us develop our business ecosystem and our focus on creating shared value	Relationship Capital Social Capital	Regular interaction through CSR initiatives and websites
Shareholders and investors	Providers of Financial Capital	Relationship Capital Financial Capital	Conference calls Meetings (one-on-one and group) Investor conferences Annual General Meeting
B2B and institutional partners	Play a pivotal role in the sale and marketing of our products	Relationship Capital	Regular meetings In-market visits Industry conferences
Employees	The backbone of our business activities. They contribute towards productivity and efficiency, and help boost profits	Human Capital	Townhalls Employee engagement survey Cipla Unplugged and What's Up Cipla Senior management interactions

[1]GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, Information in line with BRR Principle 4, Question 1

Materiality Assessment[1]

Strengthening insight into strategic opportunities

Our materiality assessment during FY 2018-19 provided valuable insights into specific Environmental, Social and Governance (ESG) topics that could affect our ability to create long-term value. At Cipla, we thoroughly review these topics to stay abreast of knowledge relating to the industry and the global business environment. Our material topics also provide detailed insights into stakeholder concerns, as well as internal and external risk factors that have a certain degree of influence on the Company. For FY 2019-20, we strengthened our strategy by enhancing our performance parameters specific to Cipla's business model, geographic presence, product offerings, and important market trends and developments.

Our four-step materiality analysis can be seen below:

Identification

During FY 2018-19, we identified material issues after a thorough review. Initially, we conducted in-depth peer and industry analysis to understand current developments in relative markets and the regulatory environment. This was accompanied by internal stakeholder and senior management reviews.

Prioritisation and reconfirmation

A reconfirmation exercise was conducted for our material topics taking into account stakeholder inputs on a scale that ranked these as high, medium or low.

Boundary setting

The boundary for all material issues was determined based on their impact on our business operations and stakeholders. The boundary for all the material issues included in this report is Cipla's global operations. Limitations related to the boundary, if any, are specified separately under each section.

Review

Our material topics are reviewed and internally validated by our key function heads and the senior management, including Cipla Board members, before we finalise the list for the reporting period.

[1]GRI 102-47, GRI 102-49

Material topics

The material topics for FY 2019-20, ranked as per importance by our internal and external stakeholders have been provided in the table below. Additionally, we have also provided interlinkages with our 6 Capitals and Strategic Business Objectives (SBO) for further insight into how we incorporate these key focus areas into our operational performance.

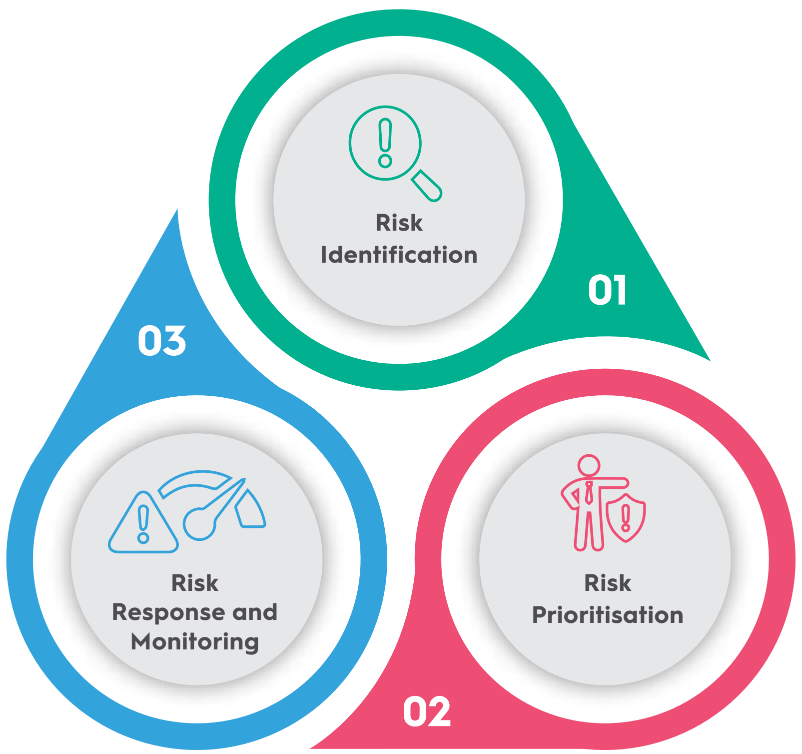
Key Aspects	Strategic Business Objectives	Material Topics	Capital linkage/other sections
Quality	SBO 8 SBO 9	• Systems and processes • Pharmacovigilance • Ensuring product quality and safe product destruction	
Access	SBO 1 SBO 2 SBO 4 SBO 5 SBO 6 SBO 7	• Pricing pressures • Enhancing availability and affordability of medicines • Improving patient experience	
Operations	SBO 3 SBO 4 SBO 5 SBO 6 SBO 8 SBO 9	• Data integrity • Sustainable supply chain • Energy efficiency and managing carbon emissions • Waste management • Water management • Growth opportunities • Ensuring employee health and safety • Community engagement • Digitisation • Capital productivity – balancing growth, profitability and returns	
Research and development	SBO 2 SBO 4	• Focus on intellectual property • Investment in R&D • Focus on innovation • Regulatory environment	
Governance	Cipla's Trinity	• Focus on corporate governance - business ethics, enterprise wide risk management and compliance • Anti-fraud	Corporate Governance Enterprise wide risk management
Talent	SBO 10	• Human resource development • Protection of human rights • Promotion of diversity • Succession planning	

● Marked as high by internal and external stakeholders
● Marked as high by external stakeholders ● Marked as high by internal stakeholders

Our Integrated Approach to Risk Management[1]

Structured and Informed consideration of risk factors in decision making

At Cipla, we believe that systematic risk management practices ensure effective navigation to achieve business objectives and enable sustainable growth in a volatile and complex environment. Our Enterprise Risk Management (ERM) framework has been designed to identify, monitor and minimise the adverse impact of strategic, operational, financial and compliance risks faced by the organisation.



Our ERM framework enables a consistent, collaborative, and comprehensive approach to identify, prioritise, respond and monitor risks across our operating environment. A detailed update on ERM activities is reviewed in the quarterly meetings of the Investment and Risk Management Committee (IRMC) of the Board. Based on the Board and Management's assessment, a summary of our key risks and mitigation measures is given below; the list is merely illustrative and by no means exhaustive. While every company tries to establish mitigation measures as best as it can as part of its risk management strategy, residual risks cannot be wished away.

1 Business continuity

The Covid-19 pandemic threatens 'business-as-usual' with its overwhelming disruption of supply chains, movement of workforce and markets. The nature of the pandemic also places greater responsibility on the pharmaceutical sector to support the fight against Covid-19 and maintain access to medication for all patients.

Mitigation

- Implemented a formal Business Continuity Planning (BCP) framework to de-risk procurement, manufacturing, and distribution processes;
- Promoted strong cash and treasury management practices with a focus on prompt collections, managing financial market risks prudently through investment in low-risk liquid instruments and conserving costs,
- Commenced organisation-wide mandate to reimagine our business models and cost bases to unlock greater value.

Enhancements during the year

- Created a cross-functional Business Continuity Team to keep plants and distribution centres operational, maintain highest standards of employee safety and sustain workforce morale and productivity

[1] GRI 102-11, GRI 103-1, GRI 103-2, GRI 103-3

2 Quality

Failure to comply with GxP (Good Laboratory Practices, Good Clinical Practices, Good Manufacturing Practices, etc.) at any stage of product manufacturing and product development can result in sub-optimal product quality, pose a significant health hazard to our patients and lead to issuance of adverse audit findings by regulatory agencies.

Mitigation

- Aligning a team of quality professionals with each manufacturing site to provide oversight, assist the delivery of quality performance and ensure all-time audit readiness
- Implementation of a product Life Cycle Management Process (LCMP), which focuses on product quality
- Harnessing Information Technology to digitalise and improve Quality Assurance processes
- Consistent adherence to a quality improvement and training programme with a focus on historically known quality issues
- Investigation and Corrective and Preventive Action (CAPA) for identified non-conformities
- Continuous institutionalising of lessons learned from past quality-related incidents of adverse nature
- Implementing a risk-based approach to assessing and managing third party suppliers with a linkage to our value chain. Regular audit of contract manufacturers to help meet expected standards

During the reporting period, we received a Warning Letter from the US FDA following an inspection of our Goa plant. While we have been able to substantially de-risk the impact of the Warning Letter, we remain extremely focused on maintaining highest standards of quality across our manufacturing network and are working with the US FDA on addressing the findings.

Enhancements during the year

- Embarked upon a Quality Transformation Programme that covers the following aspects:
  - Identification & communication of vital behaviour shifts that are required
  - Deployment of structured quality recognition programme to reward positive behaviour
  - Targeted leadership interventions to encourage and reinforce good practices
- Initiated training programmes covering multiple aspects
- Rolled out global CAPA at all sites based on continual learnings from audits conducted by regulatory agencies

3 Commoditization and other business model disruptions (including those induced by regulatory changes)

Our business models worldwide are experiencing a varying degree of disruptions such as commoditization, digital innovations, an increase in channel consolidation and a shift from curative to preventive healthcare.

In India, we witnessed pressure on our margins and volume growth due to commoditization and hyper-competition in select therapies. Further, while we enjoy market leading positions in certain therapies, incremental high growth similar to the past could be challenging.

In South Africa, we look to maintain consistent growth while gearing up for potential changes such as the proposed National Health Insurance (NHI) program. Our Global Access and South Africa local tender businesses were impacted by an erosion in tender prices.

In US, the commoditisation of generics has led to significant price erosion across therapies. Growth in this market is thus led by successful product launches. While we progressed well on clinical trial for generic Advair and secured approval for Albuterol, we need to be vigilant of intensified competition which can prevent us from achieving product launch outcomes that are predicted.

Mitigation

- Our One India initiative is aimed at achieving portfolio expansion, enhancing patient connect and driving affordability. This initiative will enable us to leverage strengths across India prescription, trade generics and consumer health businesses.

- Continuous monitoring of regulatory landscape and proactive mitigation of risks posed by evolving regulations.
- Strengthening existing product portfolio in our South African business by leveraging initiatives announced by local regulator.
- Rationalisation of development pipeline and future R&D investments to be focused on select value-accretive assets (US)
- Focused investments towards institutional business in the Specialty segment (US)

Enhancements during the year

- Entered multiple strategic in-licensing deals to bolster diabetology, women's health, oncology and other therapies (India)
- Implemented initiatives to maintain leadership position across respiratory and urology therapies (India)
- Detailed mitigation plan prepared to partially offset potential trade margin cap regulations (India)
- Emerged as one of the largest players in the addressable over the counter (OTC) market in South Africa
- Tie-ups with various digital health platforms (India, South Africa)
- Strengthened business pipeline through successful product launches (Albuterol, Esomeprazole and others)
- Deployed measures to improve working capital position and manage intensified competition (US)

4 Emerging Markets – Geopolitical factors

War, economic sanctions, political unrest and a general lack of stability have resulted in heightened volatility in select and highly lucrative markets in the Middle Eastern and North African (MENA) and Latin American (LATAM) regions.

These risks mostly manifest in the form of liquidity issues and currency fluctuations.

Mitigation

- In-depth follow-up of country risk and response measures to protect our assets, employees and other local stakeholders
- Process of securing receivables in most cases through Letters of Credit or by mandating advance payments prior to supply
- Capping overall exposure to the identified countries in terms of sales, profits and invested capital, to a defined threshold at any point of time
- Leveraging presence and strength of local partners to enable effective de-risking of operations

Enhancements during the year

While geopolitical de-risking measures continued through the year, we also harnessed the following business opportunities:

- Augmented biosimilars portfolio with addition of Adalimumab
- Strategic partnerships in multiple geographies to expand respiratory portfolio

5 Supply chain disruption

The impact of Covid-19 on China led to extended periods of stoppage at the facilities of many Chinese suppliers. Owing to the significant value chain linkage with China, the ability to source APIs at competitive rates poses substantial challenges.

Mitigation

- Inventory build-up through vendors / local traders / P2P vendors
- Developing alternate vendors for critical APIs and Intermediates, which are currently being procured from China and other countries
- Exploring the feasibility to develop in-house manufacturing as an alternate source for some APIs

Enhancements during the year

- Identified multiple Alternate Vendors and made necessary filings
- Strengthened last-mile distribution capabilities in India

6 Environment, Health and Safety (EHS) Risks

EHS incidents pose critical regulatory, reputational and business continuity risks. These incidents could result in significant remedial costs and harm to the environment and communities that we operate in.

The employee health risk factor is further exacerbated by the need to operate in the highly infectious Covid-19 environment.

Mitigation

Corporate EHS function, independent of line functions, provides oversight on safety and operating exposures and issues standardised corporate EHS guidelines to our manufacturing sites

- Ensuring compliance with local regulations and best-in-class industry safety standards across our locations
- Implementation of EHS Management System (EHSMS) for timely identification of potential risks
- Periodic internal audits and Hazard Identification and Risk Assessment (HIRA)
- Implementing a host of Covid-19-specific safety measures at the workplace in accordance with statutory requirements and WHO norms.

Enhancements during the year

- Except for the requirements warranted by the COVID-19 scenario and their corresponding redressal, there were no other major changes in risk exposures and mitigation measures during the year.

7 Cyber-security and data privacy regulations

Digital security breach or disruption to digital infrastructure, due to intentional or unintentional actions, such as cyber-attacks, data breaches or human error could lead to serious financial loss, business disruption and/or damage to our reputation.

We are also aware that worldwide measures to slow Covid-19 are pushing our business operations into virtual environments which can make them more susceptible to cyber-attacks and data theft.

Mitigation

- Defined a consistent Cyber Risk Management programme that involves periodic testing and improvement of controls through simulated phishing and penetration testing exercises
- Fostering a risk-aware culture that can anticipate and prevent attacks, and where necessary, effectively respond to security breaches
- Implementing cyber risk and crime insurance policy
- Compliance with data privacy law requirements through:
  - Performing gap analysis to identify existing weaknesses
  - Policy and procedure rollouts
  - Fortification of processes to adhere to the 'Privacy-by-Design' concept
  - Creating awareness amongst employees on applicable privacy requirements

Enhancements during the year

- Multi-factor authentication controls introduced as a measure against Business Email Compromise (BEC) attacks
- Enhancements to site cybersecurity infrastructure

8 Compliance

The global regulatory environment has evolved and we have witnessed considerable increase in regulatory scrutiny as well as stakeholder expectations vis-à-vis compliance.

We recognise that non-compliance with applicable laws and regulations poses a threat to our financial and reputational standing.

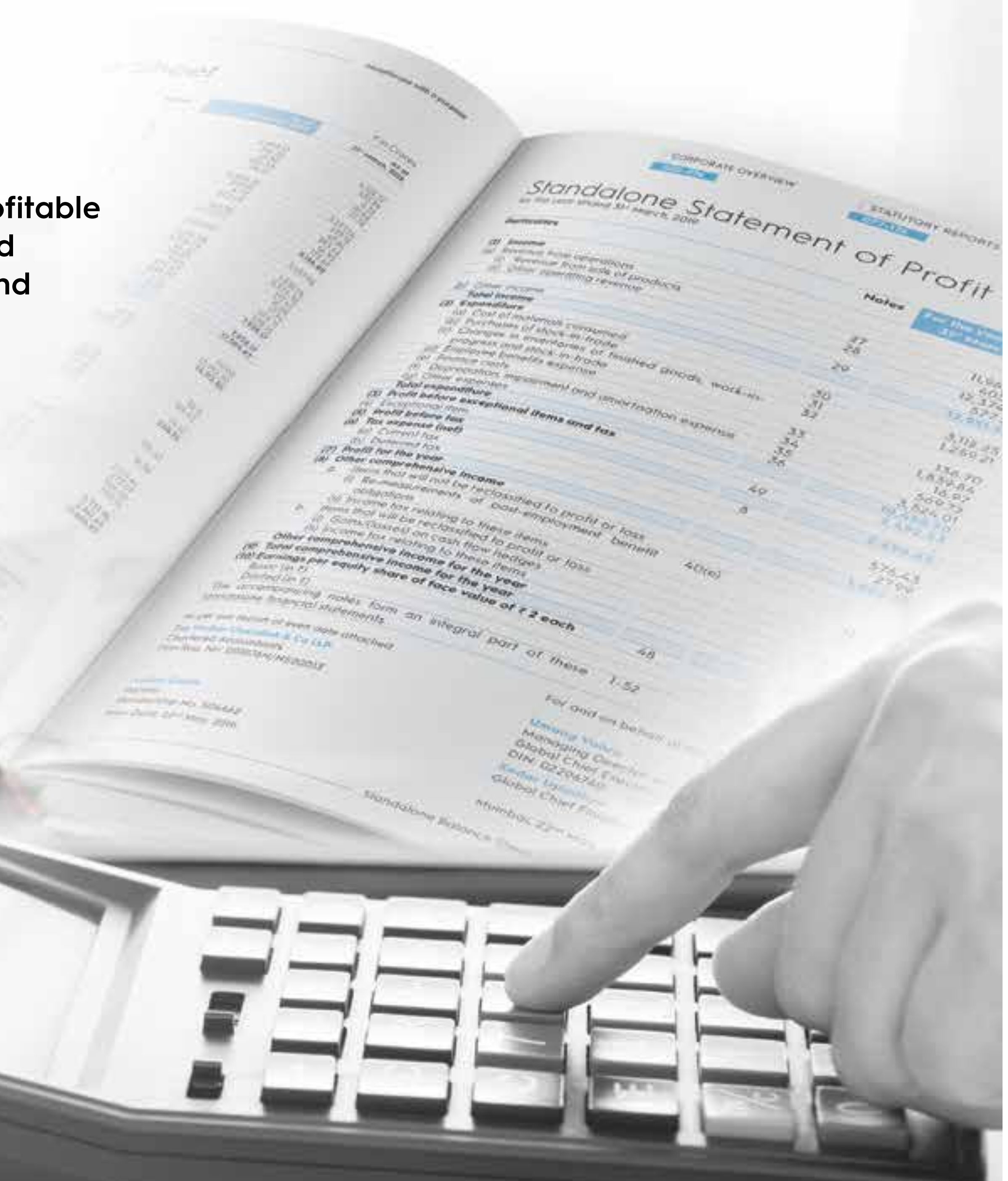
Mitigation

- Aggressive tone at the top - fostering an attitude of zero tolerance of non-compliance to laws and regulations
- Identification of changes in the regulatory environment and their associated impact in a timely manner, to stay abreast of regulatory requirements
- Implementation of robust governance mechanism with respect to Compliance processes
- Performing independent assessments to gain assurance on legal compliance if any

Enhancements during the year

- We progressed further on our journey of digitising the Compliance programme by expanding the coverage of our Compliance monitoring tool.

Financial Capital[1]



At Cipla, we continue to relentlessly focus on building a profitable and sustainable business backed by scientifically supported R&D outcomes, to improve the standards of patient care and positively impact the communities we engage with.

FY 2019-20 was yet another good year with strong revenue growth across branded markets, enhanced direct-to-market presence in the US, and unlocking of the US respiratory franchise, towards the close of the year. Cipla delivered 5% growth in revenues and maintained stable operating profitability at about 19%. We continued to drive strong cost management, cash generation and higher capital allocation to return-accretive businesses through the year. These efforts resulted in the free cash flow of ₹ 1,955 crores, prepayment of ₹ 1,939 crores debt and very healthy year-end cash balances; all of which have led to sustained improvement in our return ratios. In FY 2020-21, the Company will continue its focus on business reimagination, efficient capital allocation, cost optimisation, improvement in health metrics and creation of value for multiple stakeholders as we adjust to new realities in the post Covid-19 era.

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Our strategic focus areas include:

- Capital Productivity – balancing growth, profitability and returns
- Growth opportunities

[1] GRI 103-1, GRI 103-2, GRI 103-3

9%

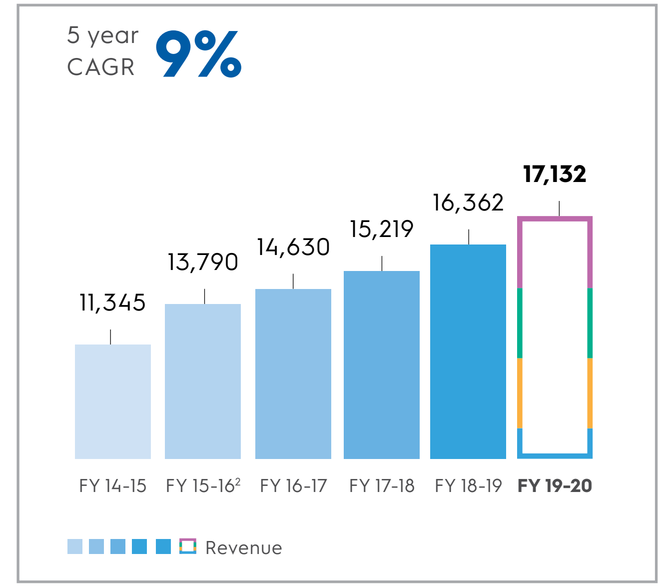
5 YEAR CAGR IN REVENUES

Revenue from Operations

FY 2019-20 revenue stands at ₹17,132 crores with five-year CAGR of 9%. The year saw strong performance across our branded business in India, South Africa and in the US generics business. Performance was partly impacted by distribution model changes in the India trade generic business to maintain long-term health of the business, certain supply related challenges and continuing geo-political volatility in emerging markets.

The Company continues to focus on driving growth in branded markets of India and South Africa, deliver limited competition launches in the US and strategically manage its footprint in emerging market territories to capitalise on the opportunities, while managing evolving risks. In FY 2020-21, the Company will also drive business re-imagination across key geographies, which will enable us to establish an agile business model and thrive in the post-Covid-19 environment.

(₹ in crores)



[2] FY 2015-16 includes one-time profit share of Esomeprazole and other items

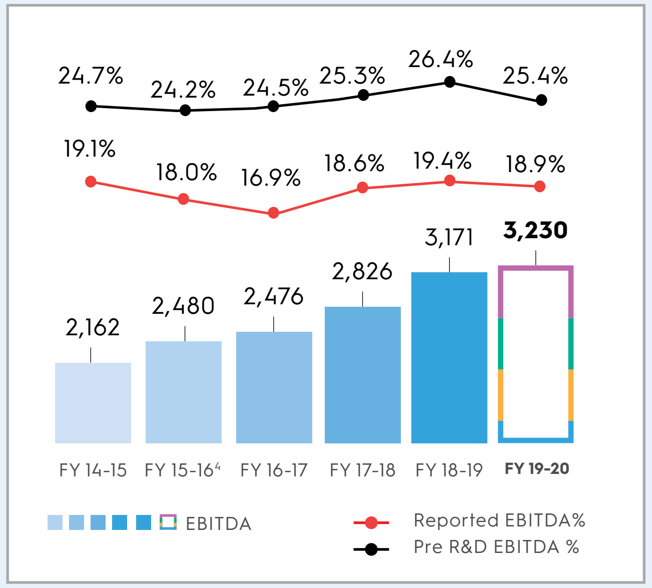
Note: Figures mentioned above for FY 2014-15 are as per IGAAP whereas FY 2015-16 onwards are as per IND AS

EBITDA[3]

Absolute EBITDA grew at CAGR of 8% over the last five years driven by growth across India, South Africa private business and new launches in the US. A strong focus on the product mix and cost optimisation initiatives have helped drive expansion in the base business EBITDA. The Pre-R&D EBITDA grew at CAGR of 9% over last 5 years.

The Company continued to maintain EBITDA at a healthy level of ~19% in FY 2019-20.

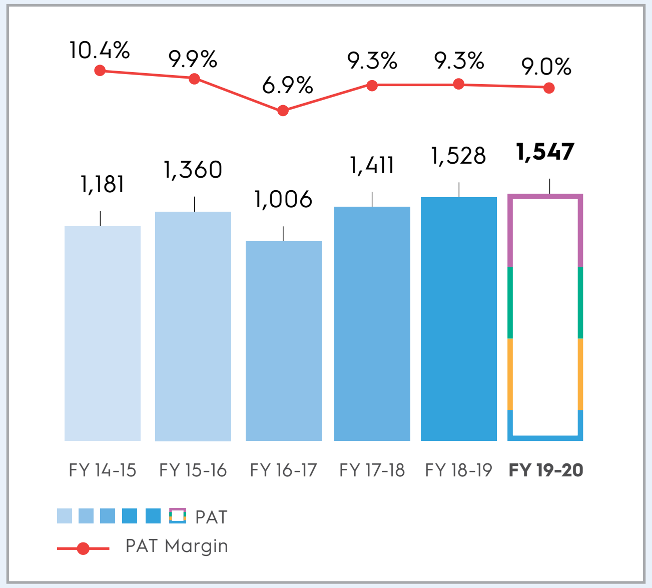
(₹ in crores)



Net Profit after Tax attributable to shareholders

For FY 2019-20, the PAT stood at ₹1,547 crores, the highest PAT ever reported by the Company. This was driven by increased operating profitability and reduced depreciation and impairment, despite a higher tax expense. The effective tax rate for FY 2019-20 was 29%.

(₹ in crores)

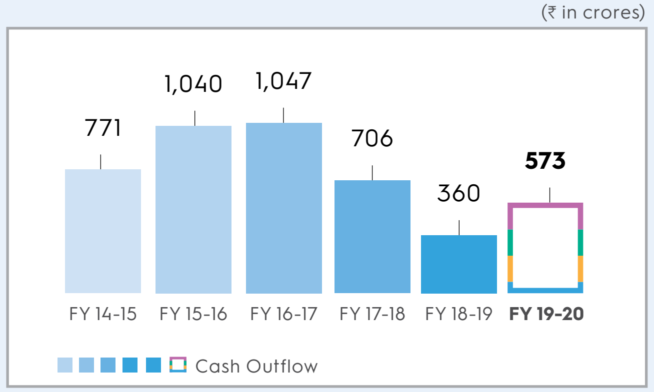


Cash spends – Tangible Capex

The Company continues to identify opportunities in select areas such as respiratory and strategic APIs, and invest in enhancing manufacturing capabilities to expand our global footprint.

Over the years, the Company has also invested in expanding capabilities in the areas of technology, automation, safety, environment and data-systems.

(₹ in crores)



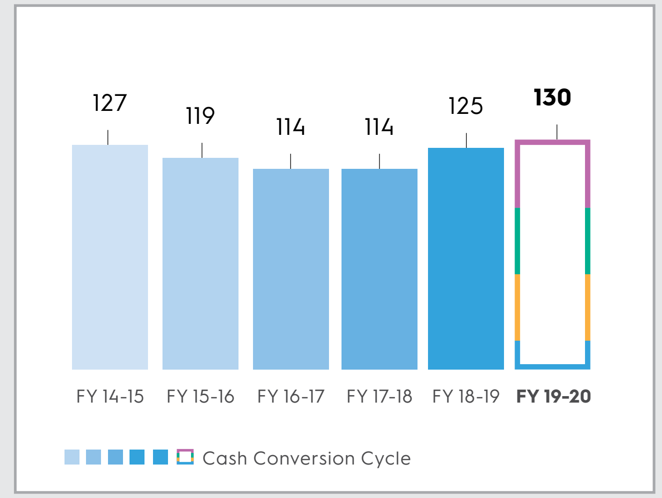
[3]EBITDA = Revenue from Operations - (Cost of Material Consumed + Purchase of Stock-in-Trade + Changes in inventory of Finished Goods, Work-in-Progress and Stock-in-Trade + Employee Benefits Expense + Other Expenses)

[4]FY 2015-16 includes one-time profit share of esomeprazole and other items. Normalised EBITDA for FY 2015-16 without one-off was ~14%

Note: Figures mentioned above for FY 2014-15 are as per IGAAP whereas FY 2015-16 onwards are as per IND AS

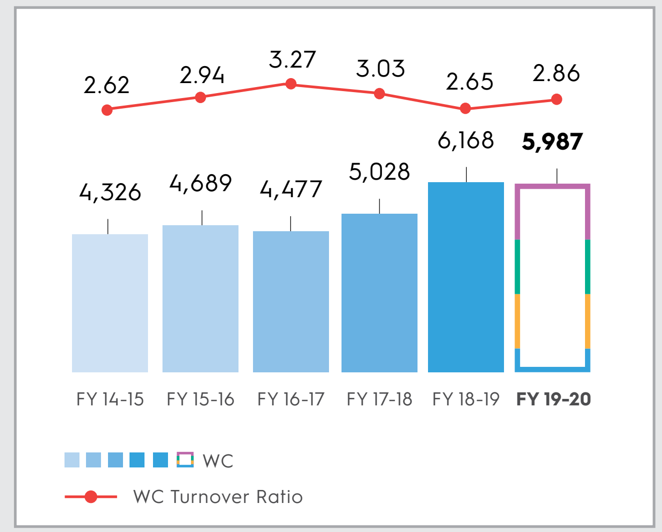
Cash Conversion Cycle[5]

(no. of days)



Working Capital[6]

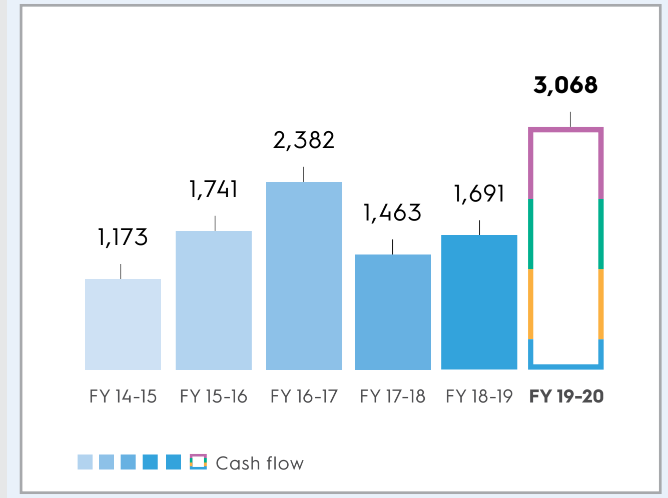
(₹ in crores)



Over the years, Cipla has maintained a strong focus on working capital management through initiatives targeted at the management of inventory, receivables and payables. In FY 2019-20, while absolute working capital has improved, working days have increased on account of higher levels of receivables, led by healthy sales in key geographies.

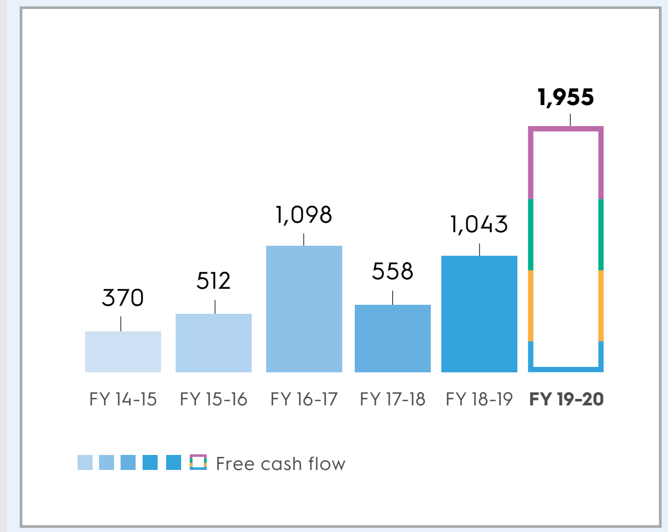
Cash flow from operations

(₹ in crores)



Free cash flow from operations[7]

(₹ in crores)



In FY 2019-20, overall cash flow further strengthened, which reflected in cash flow from operations growing to ₹3,068 crores from ₹1,691 crores in FY 2018-19 and free cash flow growing to ₹1,955 crores from ₹1,043 crores in FY 2018-19. The robust growth in cash flow was attributed to significant progress on stabilising working capital requirements and normalising growth capex.

[5]Cash Conversion Cycle = (Average Working Capital ÷ Revenue Per Day)

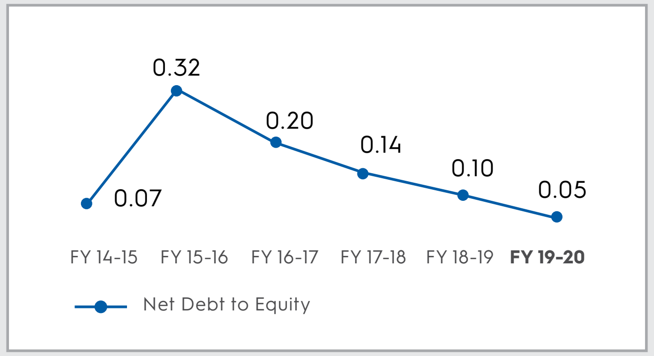
[6]Working Capital = Trade Receivables + Inventory – Trade Payables

[7]Free cash flow = Cash flow from operations (net of tax) + interest income - interest expenses – capex (tangible and intangible)

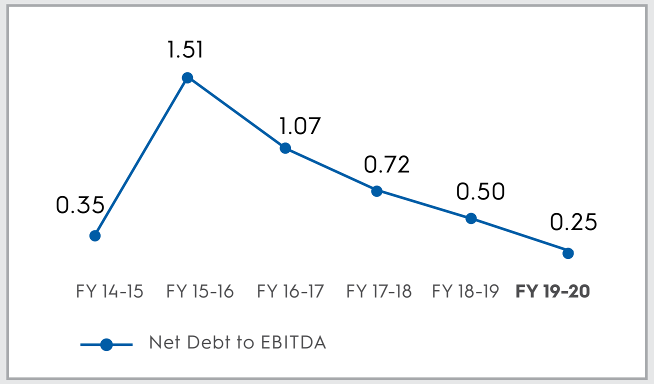
Note: Figures mentioned above for FY 2014-15 are as per IGAAP whereas FY 2015-16 onwards are as per IND AS

During FY 2019-20, strong cash flow generation enabled the Company to prepay long-term debt by ₹1,939 crores leading to improvement in the Net Debt to Equity ratio to 0.05 (FY 2018-19: 0.10) and Net Debt to EBITDA ratio to 0.25 (FY 2018-19: 0.50).

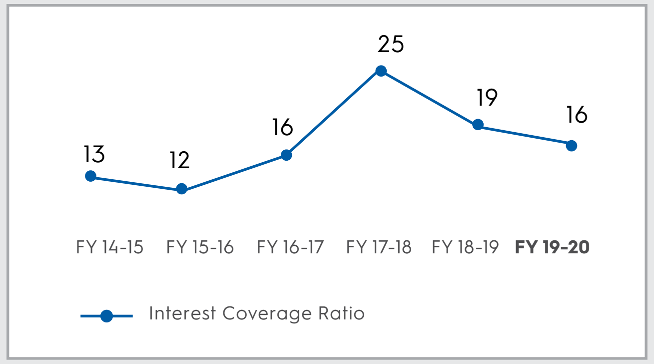
Net Debt[8] to Equity



Net Debt to EBITDA



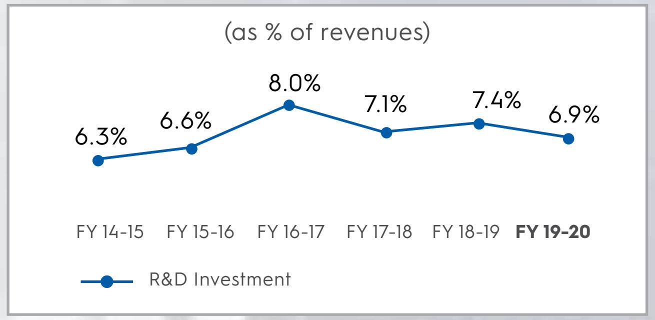
Interest Coverage Ratio[9]



R&D Investment

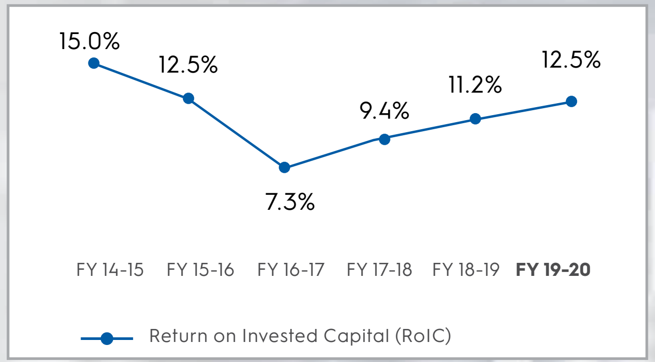
The Company continued to maintain healthy investments in R&D, which helped build a strong growth pipeline for the future. The increase over the last two years was largely driven by the clinical trials for generic Advair and other strategic assets for the US business.

With the successful completion of the generic Advair trials and subsequent filing, R&D investments will be moderate in FY 2020-21. The Company will focus on select value-accretive opportunities to drive a healthy build-up of pipeline for sustainable growth in the future.



Return on Invested Capital (RoIC)[10]

The Company has remained focused on growth investments across value-accretive businesses. These investments have driven strong growth and portfolio expansion across our key markets. From FY 2016-17 to FY 2019-20, Cipla also fully integrated its acquisitions in the US and realised targeted synergies through significant growth in the DTM business. These initiatives coupled with strong cost optimisation and margin improvement have delivered a ~300 bps increase in RoIC over the last two years with FY 2019-20 RoIC at 12.5%.



[8]Net Debt = Total borrowings less Cash and Cash equivalents including Current Investments

[9]Interest Coverage Ratio = EBITDA ÷ Total Finance Cost

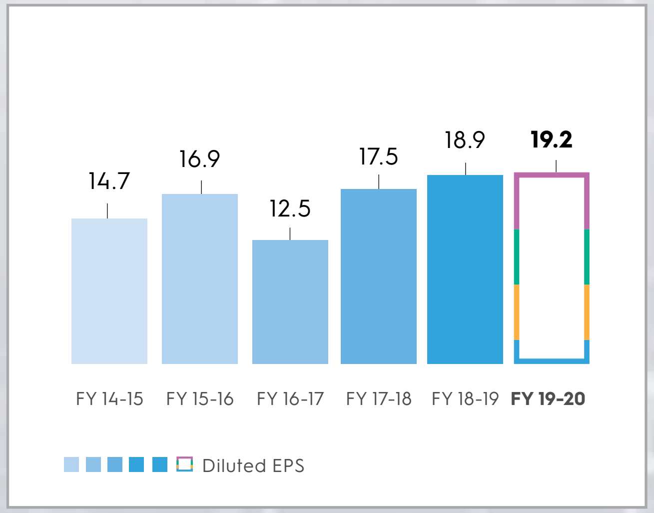
[10]RoIC = EBITDA - depreciation & amortisation ÷ Average [(Fixed assets including goodwill + Current assets excluding cash and cash equivalent) - Current liabilities excluding borrowing)]

Note: Figures mentioned above for FY 2014-15 are as per IGAAP whereas FY 2015-16 onwards are as per IND AS

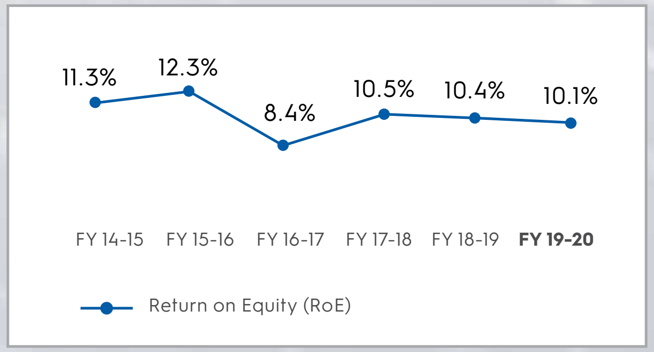
Cipla has efficiently allocated resources across the business to deliver long-term growth and value to its shareholders. Over the years, the Company has maintained a Return on Equity (RoE) of ~10%

Earnings Per Share - Diluted

(₹)



Return on Equity (RoE)[11]



[11]RoE = PAT (after non-controlling interest) ÷ Average Shareholder's Funds (excluding non-controlling Interest)

Note: Figures mentioned above for FY 2014-15 are as per IGAAP whereas FY 2015-16 onwards are as per IND AS

Manufacturing Capital

Enhancing the access and affordability of medicines worldwide is of paramount importance to us. Towards this end, we have been strengthening our manufacturing capital through state of the art technologies, cost and complexity rationalisation, product portfolio enhancement, process and yield improvements and a commitment to achieving a zero-defect standard. This approach has helped us maintain high level of safety and efficiency across our operations.

Our strategic focus areas include:

- Systems and processes
- Ensuring product quality and safe product destruction
- Pharmacovigilance
- Data integrity and digitisation

Cipla has over **1,500 products in 65 therapeutic categories and over 50 dosage** forms that serve patients globally.

Our product pipeline is driven by our state-of-the-art manufacturing facilities located in five countries, and designed with robust systems and processes for operational excellence. We also partner with over 50 loan licensees for contract manufacturing of our products. The Cipla quality assurance team continually oversees the manufacturing process, ensuring compliance to the highest standards of technical and quality specifications[1].

Capacity in FY 2019-20

34 billion units of tablets and capsules

109.6 million units of aerosols pMDI

8.6 million units of lyophilised injections

808 million units of repsules

29.9 million units of nasal sprays

93 million units of oral liquids

2.5 million units of form fill seal eye drops

Strengthening our capabilities and processes

At Cipla, we continue to enhance our manufacturing systems and processes to meet our operational excellence goals, and stay relevant to changing times. Our owned manufacturing facilities as well as the in-licensed facilities support both the generic and biotech businesses. Investments in our Manufacturing Capital include the development of new drug delivery systems, facilitation of infrastructure supporting API and formulation developments, and the strengthening of platform technologies.

In line with our mission to make our medicines more accessible and affordable, we started work in FY 2019-20 on a new manufacturing unit in Qidong, a city near Shanghai in China.

[1] GRI 103-1, GRI 103-2, GRI 103-3.

This facility will manufacture nebulisation products using Blow-Fill-Seal (BFS) technology. Nebulisation constitutes over 50% of the respiratory market in China. The Qidong facility, scheduled to be commissioned by March 2021, will be an important addition to our network of respiratory manufacturing units.

Technology today plays a key role in enhancing efficiency and helping us stay abreast of contemporary manufacturing practices. We regularly invest in the latest technologies, process efficiency upgrades and in state-of-the-art equipment. We have also introduced several automation and capability development projects at our facilites, some of which are as under:

1

Barcode project

The Barcode Project has been implemented at two formulation sites and one API site, and has been proposed for other sites as well. With unique barcodes we are now able to track the movement of raw material during the production process – from receipt to storage and dispensing. This helps us eliminate the possibility of ingredients getting mixed up due to human error, during various stages of manufacturing and packing. This barcode system has been designed for integration with SAP for better control and management of data, and also helps us meet MHRA requirements.

2

Rapid microbiology testing system for sterility

A new and improved rapid microbiology testing system is under implementation at our sites for real-time detection and enumeration of micro-organisms. This will result in reduction of lead time at our microbiology lab by up to 70%, which will result in significant increase in business velocity. The system also provides early warning of contaminated samples, making investigation, and corrective and preventive actions faster.

3

Automation with DCS

We have installed a Distributed Control System (DCS) for Reactor Process Automation at our sample API manufacturing sites. The system consists of a Controller and a Human Machine interface (HMI). The HMI provides visual representation of the entire system, allowing the operator to give inputs to the control system. This facilitates real-time tracking of critical parameters and generation of batch reports. The system also helps us comply with regulatory guidelines by maintaining data integrity.

4

Conversion of boiler fuel from HSD to LPG/ PNG

We have started the process of changing boiler fuel from High Speed Diesel (HSD) to Liquified Petroleum Gas (LPG)/ Piped Natural Gas (PNG) at three of our facilities. This is in compliance with the recommendations of the National Green Tribunal (NGT) and the Central Pollution Control Board (CPCB). This initiative has also helped us reduce our environmental footprint by cutting down emissions of SO2 and other pollutants during production.

5

Counterfeit drugs

To monitor the prevalence and spread of counterfeit drugs, we have the following measures in place:

- Track and trace systems
- Unique serialisation of all products intended for the European Union (EU)
- Serialisation on primary packaging for all US-bound products

Quality

'Caring for Life' is a tradition and a promise that we have been abiding by for the past 85 years. It means providing the highest quality medicines to our patients at affordable prices, and creating an ecosystem that effortlessly adapts to external changes. Cipla's mission is to ensure that our drugs are effective and safe to use by patients. We achieve this through a process that ensures compliance with required quality standards.

This year, we focused on three key areas - embedding a quality culture across the organisation through the TRUST initiative, leveraging the power of data and automation to improve processes, and growing the skills and competencies of our employees to deliver high quality output.

The Cipla Corporate Quality Assurance (CQA) team is entrusted with implementing our quality management system through standard operating procedures (SOPs) and policies. The system is designed to capture complete process data at each stage of drug manufacturing and the supply chain. During the year, the CQA team continued to drive effective implementation of this system using quality metrics, data-focused reviews and periodic internal audits.

Compliance is a top priority at Cipla, and we strive to improve our systems with proactive compliance and all-time audit readiness. We conducted 71 internal quality compliance audits across all our facilities in FY 2019-20. This ensured all our sites were cGMP compliant and approved by major international regulatory agencies, including the USFDA, EDQM (Europe), WHO, TGA (Australia), and SFDA (Saudi Arabia). Cipla also had 43 regulatory inspections this year by major auditors such as the USFDA, the Medicines and Healthcare products Regulatory Agency (MHRA) UK, TGA, WHO and German medical regulatory body BfArM. No critical or repeat observations were made. The Goa facility received a USFDA warning letter in February 2020. To address their observations, Cipla shared a detailed plan with the USFDA, describing the remedial actions and improvements we would undertake. We are working with external experts to achieve successful completion of these remedial actions and improvements, and are updating the USFDA regularly on the progress of our remediation and improvement plan. Cipla also witnessed 107 customer audits completed by our B2B partners. In FY 2019-20, there have been 16 recalls involving 91 batches. For each of the recalled batches, the impact on public health was assessed through a Health Hazard Evaluation. None of the batches that we recalled posed any safety concerns.

At Cipla, we also evaluate our vendors and suppliers on quality parameters, and ensure they meet cGMP requirements of in-house SOPs, which are prepared according to industry regulatory standards.

71 Internal Audits

107 Client Audits

43 Regulatory Audits

Quality targets

- **All-time audit readiness**
- **Regulatory audit observation responses to be closed within defined timelines**
- **All plants to be in a state of control and compliance**
- **Improving aseptic practices in sterile operations to reduce microbiological excursions**
- **Right First Time, for all documentation**
- **All investigations to be closed within specified time period**

Received ISO 13485:2016 certification for device manufacturing

Received, for the first time, the European Medicine Agency (EMA) approval for Virgonagar site

Developing a culture of quality

Our pool of highly competent employees help us stay true to our commitment of making a difference to patients' lives.

Gurukul- learning academy

To achieve a robust talent pipeline and to improve operational efficiency, we launched Gurukul - a learning academy, to train lab analysts and microbiologists. This year, 288 chemists and 79 microbiologists were certified by the academy with hands-on training on key techniques. We also rolled out a cloud-based learning management platform called **MiLearning** for managing training activities across the organisation.

TRUST

Our TRUST -- Towards a Robust, Unified and Sustainable (quality) Transformation -- programme is aimed at promoting a culture-led quality transformation within Cipla by inculcating the required mindset and behavioural shifts among our employees. Through TRUST we intend to create Model Quality Plants that improve the quality and availability of our products. A pilot study has been rolled out in two units at our Goa site. We have identified key interventions across different dimensions of Quality Excellence that need to be implemented. These interventions are designed to transform every employee into an involved stakeholder, committed to achieving the overall vision of quality excellence at Cipla.

Some of the interventions under TRUST programme are:

- **Communication and energisation** to encourage the right behavior towards achieving quality excellence
- Targeted leadership interventions to promote **structured role modelling** behaviour (Gemba walks)
- Best practices **Campaigns** on shop floor for all associates to drive targeted behavioural shifts
- **Capability building** for problem solving, investigation effectiveness, etc
- Strengthening of daily **Performance Dialogues (PDs)**
- **Structured quality recognition** programme to promote quality-related practices
- **Lean governance** to instil a holistic quality and delivery metrics

We have seen positive results of this initiative in terms of an improved TRUST culture index, investigation effectiveness, and reduction in non-conformance and repeat deviation:

85+ investigators have engaged in IQ capability building sessions

Rubric-based investigation quality score improved over 40%

TRUST Quality Culture Index has improved by 19%

250+ Gemba walks have been conducted, and 130+ ideas implemented for process improvement.

Safe product destruction

Safe product destruction is critical to the quality function in the pharmaceutical industry as it helps prevent the re-use and resale of defective and expired products. At Cipla, we have established detailed guidelines and SOPs to ensure the safe destruction of such products, carried out under the supervision of a designated officer. Records of expiry dates and defects are maintained for all lots that we receive, and product deactivation is done as per streamlined procedures. All expired or defective products are disposed through incineration at a Treatment, Storage and Disposal Facility (TSDF) or sent for co-processing to cement industries. All our sites have Hazardous Waste Authorisation from the State Pollution Control Board for such destruction.

Data integrity and Digitisation[2]

In order to ensure delivery of quality medicines to our patients, we follow a robust Quality Management System (QMS). Our QMS, coupled with the latest technologies, helps us stay agile and flexible while ensuring high product quality standards. It also makes our manufacturing systems sustainable, improves productivity and ensures data integrity across our value chain. This section highlights some of the digital quality improvement initiatives undertaken in FY 2019-20:

TrackWise

Most of the QMS data at Cipla, relating to areas such as complaint management, deviation management and Corrective Action and Preventive Action (CAPA), is automated through the TrackWise software system. The data is secured by a tamper-proof audit trail. This year, Laboratory Non-Conformance and Laboratory Incidence modules were implemented in the TrackWise system at our Goa site to further automate the quality control process. This system has improved our operational efficiency, transparency and risk management capabilities.

[2] GRI 103-1, GRI 103-2, GRI 103-3

Electronic Batch Record (EBR) and Supervisory Control & Data Acquisition (SCADA)

We leverage technology wherever possible to make our operations agile and transparent. We are implementing the EBR and SCADA systems in our operations to reduce human intervention. This development is critical to our goal of integrating data from the field level to the Enterprise Resource Planning (ERP) level, which will eventually help us get deeper insights using advanced analytics and business intelligence software.

Labour Productivity Management System (LPMS)

Our Labour Productivity Management system enables the management of real-time attendance, headcount and statutory compliances, along with customised dashboards and productivity reports. It also helps monitor budgets and timelines. This system comes with enhanced tools for decision making, compliance and cost control.

IT/OT Convergence Programme

We have implemented a firewall between Information Technology (IT) and Operational Technology (OT) at multiple locations to contain risks that might arise due to increased connectivity to logically isolated IT & OT networks, and to protect our OT network from the new breed of threats at the gateway level.

CLEEN

We are implementing an intelligent cleaning validation software - CLEEN, to digitise the cleaning validation process. This system assists in decision making at every step with intelligent algorithms, thus eliminating human errors. The system has helped improve our risk analysis and risk evaluation capabilities, leading to better compliance and control.

Chromeleon 7.2

We have upgraded the software for chromatography instruments like HPLC (High Performance Liquid Chromatography) and GC (Gas Chromatography) to the latest version, Chromeleon 7.2, at most of our plants. This meets quality lab requirements and improves regulatory compliance.

Pharmacovigilance[3]

As a responsible pharmaceutical company, Cipla takes appropriate measures to detect and assess any adverse effects of our medicines on patients. Our pharmacovigilance team ensures that we conform to all regulatory requirements and our products have a favourable risk-benefit profile.

We have a global pharmacovigilance system for redressal of drug safety related complaints as per well-defined SOPs. This is complemented by a dedicated phone line and mailbox to receive safety-related complaints from consumers, patients and healthcare professionals. Assessment of the safety profile of a drug is done on a regular basis by requesting relevant information from patients. Regular follow-up is an important part of this process. We also organise awareness sessions for our field team to sensitise them about the importance of patient health and safety.

In addition, the Cipla pharmacovigilance team stays up-to-date by reviewing latest literature to understand evolving drug reaction. Investing in these critical elements of pharmacovigilance captures the required improvement areas, and aids in standardising and streamlining processes within the organisation.

During the year, we were inspected by the MHRA, United Kingdom (in 2019) and TGA, Australia (in 2020). No critical observations were made. The reporting compliance towards the adverse event cases, by the Company to the respective regulatory bodies was 99.9%.

[3] GRI 103-1, GRI 103-2, GRI 103-3

Intellectual Capital

Cipla's Intellectual Capital is the bedrock of our leading role in providing innovation-led healthcare. We continue to build a strong portfolio of high-quality and affordable drugs on the strength of our exceptional research capabilities, world-class laboratories with state-of-the-art technologies and our relentless thrust on operational excellence throughout the value chain.

Our strategic focus areas include:

- Strengthening our R&D
- Focus on Innovation
- Digitisation
- Partnerships & Alliance
- Focus on intellectual property

1,180
Cumulative DMF

6
Total RnD units

288
Cumulative patents granted

52
New Products launched across the world during FY 2019-20

R&D expenditure
₹1,175 crores
6.9% of the revenue

Strengthening our R&D[1]

Our research and development (R&D) programme, which was established in 1952, is the engine that drives innovation at Cipla. We are a patient-centric organisation and are focused on delivering the finest quality medicines through our six world-class R&D facilities spread across Maharashtra, Karnataka and New York. Our highly talented pool of 1,300+ R&D colleagues is passionate about enhancing Cipla's intellectual property through innovation and excellence.

We continued with our investment in R&D with an expenditure of ₹1,174 crores in FY 2019-20. We firmly believe that our investments will lead to long-term value creation both in terms of financial benefits for the Company and by providing access to affordable medicines to patients around the world.

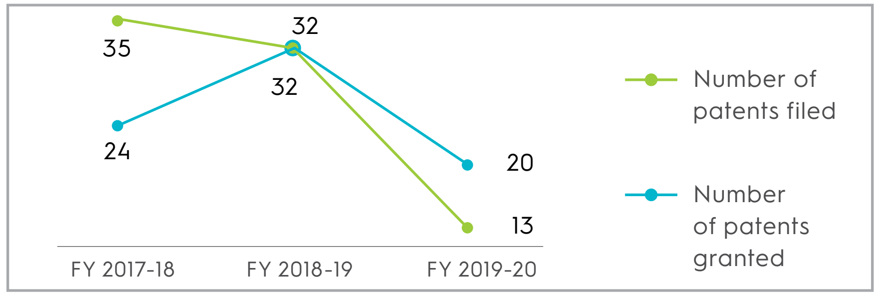
This year, we have modified our approach to product development by strategically allocating our resources to complex products with limited competition that have a greater potential to generate higher revenues. This has resulted in a reduction in the number of patents filed and our R&D investments as compared to last year. However, the positive impact of this strategic shift on revenues will be evident in the coming year.

[1] GRI 103-1, GRI 103-2, GRI 103-3

Building our intellectual property[2]

We are committed to enhancing our product profile and drug efficacy by strengthening our intellectual property. Our patent portfolio is testament to our commitment.

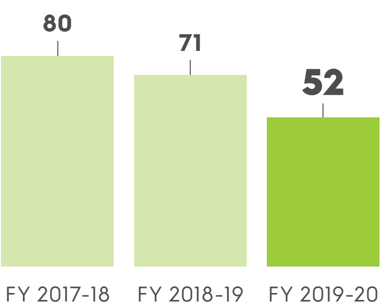
Intellectual property



New product launches

Our strong Intellectual Capital has powered our ability to consistently expand our product portfolio over the years. This year we launched **52 new products** across the world.

Number of new products launched



Geography-wise launches in FY 2019-20

8

Products in EU

including Gefitinib tablets, Fluticasone Propionate MDI, FPSM MDI and Mometasone nasal spray

13

Products in the US

including Budesonide Respule 1'S, Metoprolol Succinate ER, Pregabalin capsules, Esomeprazole granules.

3

Products in SAGA

including Dolutegravir, Tenofovir and Lamivudine tablets

6

Products in emerging markets

including FPSM MDI and Fenofibrate tablets

22

Products in India

Formoterol fumarate dihydrate and Budesonide Inhalation aerosol, Pirfenidone Tablet, Cefpodoxime proxetil dry syrup, Glycopyrrolate Inhalation Solution.

Our noteworthy products[3]

At Cipla, we are venturing into specialty R&D to strengthen our capabilities and presence in specialty products that address unmet medical needs.

Quadrimune

Given the limited antiretroviral drug options available for neonates today, a World Health Organization (WHO)-led expert group responsible for prioritising paediatric antiretroviral drugs and formulations (PADO) has indicated the need to assess the use of a 4-in-1 formulation (ABC/3TC/LPV/r) in HIV-exposed and infected neonates.

To understand how this formulation behaves in this age group, Cipla has entered into an agreement with DNDi and Stellenbosch University and Tygerberg Hospital in Cape Town, South Africa. As part of this collaboration, Cipla will supply 4-in-1 oral granules, and will also provide inputs for the study's protocols, the clinical study report and scientific publications besides facilitating regulatory discussions with the US Food and Drug Administration (USFDA) and the South African Health Products Regulatory Authority (SAHPRA).

We are also venturing into limited-competition ophthalmic products and developing a robust portfolio of ophthalmic suspensions and emulsion products by partnering with specialty Contract Manufacturing Organizations (CMOs) globally.

[2] GRI 103-1, GRI 103-2, GRI 103-3

[3] Information in line with BRR Principle 2, Question 1.

We are working to enhance our presence in the **dermatological therapy** segment to address unmet medical needs. Towards this end, we recently completed a complex in vitro penetration/ permeation testing (IVPT) study, and submitted a topical cream dossier, which has been given **Competitive Generic Therapies** (CGT) designation.

Complex drug-device combination products filings in FY 2019-20:

- **FPSM DPI:** Cipla successfully completed the clinical study and filed an ANDA.

Unique products with strong potential:

- **Synchrobreathe:** Cipla is one of the three companies in the world to have a breath-actuated (BAI) MDI device. We have launched this in India and South Africa and regulatory alignment is underway for launch in Europe.
- **Combination MDI:** We are one of the first companies in India to launch a combination MDI delivering drugs in extra-fine drug particles with superior efficacy. Development is under progress for launch in Europe.

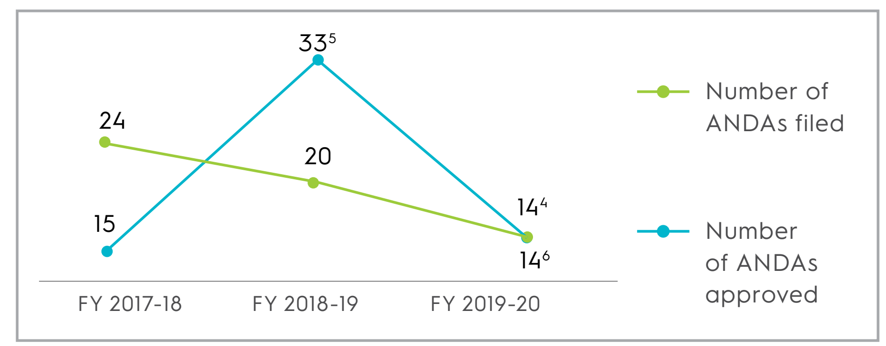
Engagement with regulatory bodies

We regularly engage with regulatory health authorities such as the USFDA, Brazilian Health Regulatory Agency (ANVISA), China Food and Drug Administration (CFDA), the Medicines and Healthcare Products Regulatory Agency (MHRA) in the UK, Australia's Therapeutic Goods Administration (TGA), South African Health Products Regulatory Authority (SAHPRA), the Drug Controller General of India (DCGI) and the World Health Organization (WHO).

Our purpose is to align with regulatory health authorities on innovative approaches, scientific discussions, prioritisation, etc. for filing and life-cycle management of Drug Master Files (DMFs), Abbreviated New Drug Applications (ANDAs), New Drug Applications (NDAs) and Marketing Authorisations (MAs).

At Cipla, we also strive to consistently meet industry benchmarks and global standards by collaborating with pharmacopoeial authorities such as the United States Pharmacopeia (USP), European Pharmacopeia (Ph Eur), Indian Pharmacopeia (IP), British Pharmacopeia (BP) and International Pharmacopeia (Ph Int).

A team of our Regulatory experts represented Cipla at the prestigious GRx+Biosims 2019, a premier scientific and regulatory event for the U.S. generics and biosimilars industries. Our team delivered presentation and posters on "Best practices and robust strategies on DMF", which was extremely well received by the USFDA. and other represntatives from across the industry. We had a dedicated DMF Booth at the event to showcase the depth of work done by our organisation and the best practices implemented by Cipla for various product filings in US.

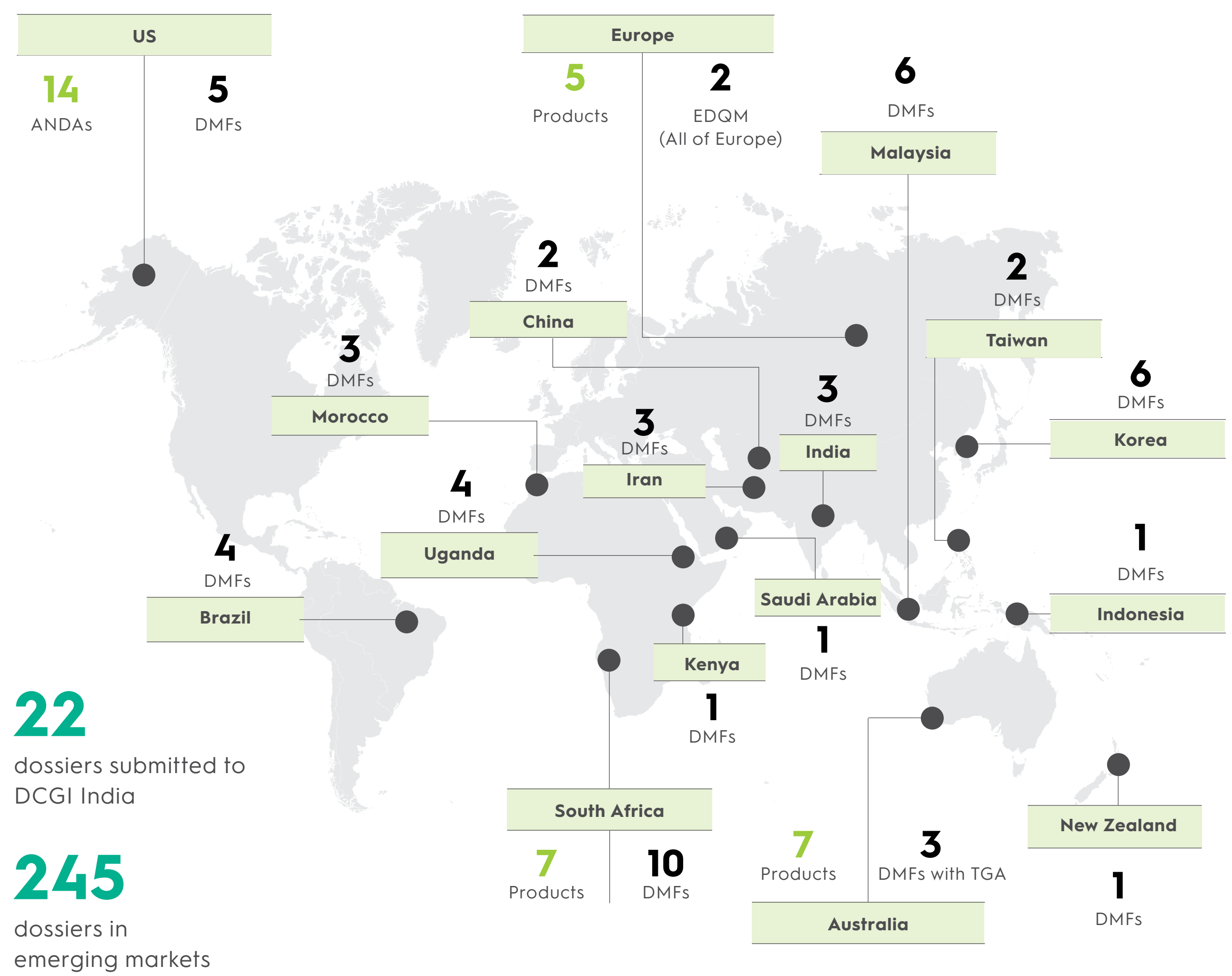


[4] Seven of these filings were moved to April and May owing to delays caused by the Covid-19 pandemic.

[5] includes approved and tentatively approved ANDAs as well as partnered ANDAs and filed under PEPFAR.

[6] includes tentatively approved ANDAs.

Some of our successful fillings in FY 2019-20 include:



Partnerships with academic institutions

Apart from strengthening our in-house efforts, we augment our R&D capabilities by partnering with external institutions such as the Indian Institute of Chemical Technology (IICT), Hyderabad, the Indian Institute of Science Education & Research (IISER) and National Chemical Laboratory (NCL), Pune. We collaborated with IISER to conduct solid state chemistry activities for our Centre of Excellence (COE) lab for polymorphism. We represent as experts in European Directorate of Quality of Medicines (EDQM), and US Pharmacopeia (USP) stakeholder forums for the elaboration and revision of their methods and texts.

Cipla encourages its scientists to enhance their capabilities by sponsoring a PhD programme in affiliation with IICT Hyderabad. As a part of this initiative, 12 scientists from the Company enrolled for various PhD programmes in FY2019-20. This initiative enables us to build our technical resources and reinforces our linkages with leading government research institutes. We also partner with reputed universities to hire new talent through our Alive Tech campus programme.

As part of our continued support and investment in research-led innovation, Cipla is in the process of in-licensing products and technology developed by the Council of Scientific & Industrial Research (CSIR) laboratories in India.

Our response to Covid-19

“We consider it a nationalistic duty to put all our resources to benefit the country.”

- Dr YK Hamied

The Covid-19 pandemic has brought untold suffering and disrupted every aspect of human life around the world. We, at Cipla, are committed to contributing to the global effort to combat this pandemic. This includes fast-tracking our drug development process, and repurposing of respiratory, asthma, antiviral and HIV drugs.

Some of the repurposing and product evaluations undertaken by Cipla are as follows:

- The Company manufactures and markets Lopinavir-Ritonavir, an HIV drug combination, which is currently being tested in patients with Covid-19. We are providing test products of this combination drug to the WHO and DNDi, for a study in sub-Saharan Africa.
- We have signed a licensing agreement with Gilead, a US-based pharma company, to manufacture and market Remdesivir, another antiviral drug that could be useful in patients who are hospitalised with severe infection. This licence is for 127 countries, and includes India and South Africa.
- We are currently marketing Hydroxychloroquine, which is recommended under various guidelines for the treatment and prevention of Covid-19.
- We are actively studying additional ways of delivering antiviral drugs to the lungs, and their potential advantages.

Several other drugs are being repurposed for the treatment of Covid-19, and Cipla is in touch with scientists and clinicians to examine the possibility of developing these drugs. We are also working with several professional bodies and medical associations to educate physicians in India and across multiple emerging markets on Covid-19 and its management. We intend to continue our research and development in this area for maximum impact and reach.

Clinical Trials

Our Clinical Research Department, which is located in Mumbai, India, is responsible for clinical development and management of global clinical trials and pre-clinical studies, both in vitro and in vivo.

We adhere to the International Council for Harmonisation and local Good Clinical Practices (GCP), ethical requirements, legislations, guidelines and regulations of the concerned jurisdictions while conducting clinical studies and trials. Cipla also registers its clinical trials with the Clinical Trial Registry-India (CTRI) and on ClinicalTrials.gov (USA), among others, before beginning any trial.

In FY 2019-20, 6 Clinical Trials were registered

We practice the highest ethical standards and follow legal and regulatory requirements in the process of collecting data during clinical trials. This includes obtaining informed consent from research subjects and strictly protecting their genetic and other confidential information. We conduct regular training sessions to keep our researchers up-to-date with current regulatory ethical standards.

Cipla conducts clinical trials only after obtaining preclinical results of in vitro and in vivo studies, as applicable, and assessing quality in chemistry and manufacturing to ensure that the drug under development is safe for human administration. We collaborate with industry experts, researchers, academic institutes, clinical site networks and non-profit R&D organisations to execute clinical and preclinical studies. We also use disruptive technologies, including Modelling and Simulation (M&S) and computational techniques to optimise clinical study designs and mitigate risks.

We are focused on developing alternative cost-effective methods for demonstrating bioequivalence based on in vitro, preclinical, and physiologically-based Pharmaco Kinetic (PbPK) modelling and simulation approaches. In FY 2019-20, Cipla worked on a number of such approaches, including the successful use of in Vitro Penetration/Permeation Testing (IVPT). We have successfully executed an IVPT study and this expertise will help in efficient filings for complex products, especially in dermatology.

Cipla has developed a clinical R&D digital vision to strengthen our execution capabilities, make trials more patient-centric, ensure data quality and comply with evolving regulatory requirements for clinical studies.

In addition to building capabilities, we have successfully conducted clinical trials in different therapeutic areas such as respiratory, pain and oncology. We regularly communicate with regulatory agencies to design efficient clinical development paths, including innovative technologies. Cipla has developed strong professional relationships with clinical sites and clinical site-networks in the US and India. Leveraging this established network, we are now capable of conducting large scale Phase 3 clinical trials in the US.

In FY 2019-20, Cipla successfully completed six clinical trials in respiratory, HIV and dermatology. In addition, we have about 14 ongoing clinical trials in India and emerging markets for post-surgical pain, Type-2 diabetes mellitus and Chronic Obstructive Pulmonary Disease (COPD).

Over 2,000 patients participated in clinical trials in India and emerging markets during the year.

Phase-3 clinical study for generic version of GSK's Advair Diskus®

In FY 2019-20, Cipla successfully completed the Phase-3 clinical endpoint study for fluticasone propionate and salmeterol inhalation powder for the registration of its generic version of GSK's Advair® DPI in the US. This Phase-3 study was successfully completed in the first attempt. The study was conducted over a period of 15 months at over 100 sites in the US, enrolling 1,400 asthma patients. The study results demonstrated that Cipla's fluticasone propionate and salmeterol inhalation powder 100/50 mcg is therapeutically equivalent to Advair Diskus® 100/50mcg. The study demonstrated therapeutic equivalence by assessing the primary end points in accordance with regulatory recommendations and guidelines. Considering the complexity of a clinical endpoint study, success in our first attempt is an important milestone and a testament of Cipla's clinical scientific and operational capabilities.

Focus on Innovation[7]

Innovation is at the heart of Cipla's success in providing high-quality, affordable medicines for all. We renewed our commitment to drive value through initiatives across APIs and formulations.

API

Every year, Cipla focuses on improving the development process in R&D by taking up new initiatives. We adopt new technologies and techniques, which lead to time and cost savings, and greater efficiency in manufacturing and sustainable technologies, among others.

Centre of Excellence Lab for Polymorphism

As part of our API R&D, we have instituted a Centre of Excellence (CoE) for polymorphism research. Our CoE laboratory has the latest equipment for screening and developing novel polymorphs, co-crystals and particle engineering, and is run by a dedicated team of polymorph specialists. In FY 2019-20, we introduced additional capabilities such as a High Throughput Screening (HTS) platform for polymorph automation, High Throughput Screening Powder X-Ray Diffraction (HT-PXRD), spray drier and hot-stage microscope.

Green Chemistry

Cipla continuously strives to improve old processes by incorporating green chemistry. Our aim is to evolve cost-effective and environment-friendly manufacturing processes. In this regard, our prime focus is on reducing, recycling and reusing solvents, avoiding the use of toxic/hazardous raw materials, reducing waste, increasing atom economy and introducing energy-efficient processes.

Safety Screening Lab

Safety is a key area of concern at Cipla. Our in-house safety screening lab is a unique initiative that helps identify hazards in our manufacturing processes and eliminates them during the development phase itself. Our R&D team plays a key support role in conducting these Hazard and Operability (HAZOP) studies.

Strengthening API Development Through Innovative Techniques

Cipla has state-of-the-art research facilities at multiple locations with dedicated teams working in the analytical development cell. Our research initiatives are enabled with the use of sophisticated instrumentation such as NMR, LC-MS-MS, GC-MS, XRPD, Raman Microscopy and G3-Id. We have adopted tools like NMR spectroscopy for structural elucidations and SCXRD for absolute chiral configurations, which enable characterisation of complex molecules.

Novel techniques like surface area/energy, Dynamic Vapour Sorption (DVS) and morphologi G3 are used to predetermine the characteristics for critical APIs. Sophisticated instruments like G3 and X-ray Powder Diffraction (XRPD) enable the approval of complex generic formulations through reverse engineering of their reference listed drug (RLD). XRPD is used to identify APIs in low-dosage formulations. We have also performed Differential Scanning Calorimetry (DSC) studies on our and other innovators' formulations to study the solid-state properties of an active ingredient in the formulation. This is one of the parameters that demonstrate sameness between the RLD and our test samples for biowaiver.

Capabilities leading to success in product development for the US market

- In-house testing for in vitro bioequivalence (BE) and in vivo pharmacokinetic BE.
- State-of-the-art orthogonal product characterisation and sophisticated clinically relevant during in vitro testing.
- Determinant of the clinically relevant fate of a drug delivered to the lung.
- In silico predictions of performance for products under development, to mitigate risk of clinical failure.
- Computational Fluid Dynamics (CFD), with applications in.
  - Optimisation of device design to ascertain desired clinical performance.
  - Determination of in vitro drug characteristics and pulmonary delivery in target patient population.

Formulation

Our formulation pipeline consists of complex molecules developed with a differentiated approach.

Our endeavour is to develop novel, differentiated and affordable medicines and drug delivery systems that address patient needs and expand access to quality medicines.

We have developed complex formulations for global markets based on inhalable technologies, nanotechnology for oral solids and injections, liposomal injections, long-acting depot injections, implants, intra-vaginal contraceptives, peptide products, micellar emulsions, self-microemulsifying drug delivery systems (SMEDDs) and multi-particulate extended release oral systems. Our focus throughout is on respiratory, anti -retroviral, anti-psychotic and oncological therapies.

Cipla has developed differentiated new products to maximise therapeutic synergy (e.g. multilayer tablets, combining nanotechnology), minimise dosing errors and ensure patient compliance (e.g. ready-to-use depot injectable formulations and drug-device combinations). Many of these developments resulted in successful commercial scale-up in FY 2019-20.

During the year, we also set up an in-house facility in the Cell Biology Division for assessing permeability of drugs across intestinal, nasal and lung barriers and confirming the

[7] GRI 103-1, GRI 103-2, GRI 103-3

mechanism of action of drugs for repurposing projects. This resulted in huge savings as we would have otherwise incurred heavy costs on outsourcing.

Smart devices development

Cipla is exploring the development of specific drug delivery through innovative in-silico explorations. The development involves the latest state-of-the-art imaging techniques coupled with sophisticated and complex computer simulations of diverse clinical conditions and scenarios. This method will enhance both efficiency and precision in clinical evaluation of drugs, thereby reducing the probability of failure of resource-intensive investments.

We are developing an advanced ecosystem of digital diagnosis and monitoring devices for select therapies. These devices can provide real-time feedback to users, and digitally connect the patients' use of products to healthcare professionals.

At Cipla, we have tested advanced invitro testing set-ups with realistic anatomical features and breathing patterns that enable early screening of potential devices and design inhalers smartly. We have also built the capability to simulate fluids and flow outcomes of complex respiratory products to enable informed decision making during clinical trial planning.

We have implemented software-based simulations like Computational Fluid Dynamics (CFD), PbPK modelling, Pharmacokinetics Pharmacodynamics model (PkPD) etc., to reduce experimental work and for prediction and reproducibility of performance. We have successfully implemented similar software-based simulations for assessing process capabilities and for scale-up.

Project management at Cipla

Cipla's project management team plays an important role in the execution and delivery of our Intellectual Property capabilities and in ensuring that all activities are in line with organisational goals. The team designs the overall strategy along with robust risk management and mitigation measures. It also plays a crucial role in resource and budget optimization. The execution consists of three major milestones – regulatory submission, clearance of deficiencies, and product launches in respective countries.

Noteworthy Recognition

Cipla's contributions to pharmaceutical research have been consistently recognised in journals and through other platforms. In FY 2019-20, Cipla featured in eight publications in journals of national and international repute with high-impact factors in the therapeutic areas of respiratory, dermatology, and ophthalmology. Five posters were presented at one of the largest respiratory conferences in the world, the European Respiratory Society's (ERS) annual conference in Madrid, Spain. In the same conference, one study was presented as a late-breaking presentation.

We presented a total of 20 posters across various conferences such as ERS 2019; the 17th Urological Association of Asia Congress in Kuala Lumpur, Malaysia; the Asia-Pacific Society of Respirology (APSR) Congress in Hanoi, Vietnam; the Indian Society of Critical Care Medicine (ISCCM); the Urological Society of India (USICON); the National Pulmonology Congress; the Indian Association of Dermatologists, Venereologists and Leprologists Conference (DERMACON); and the Association of Physicians of India conference (APICON).

Some of the key achievements include:

- Made a presentation on *Generic Industry Perspective on Monographs for Finished Products* at the International Conference organised by the European Directorate for the Quality of Medicines & HealthCare (EDQM), Council of Europe at Strasbourg, France.
- Recognised by United States Pharmacopeia (USP) for our valuable contributions to the health community at Rockville, USA, and Hyderabad, India.

A Clinician's Approach to Neurological Disorders: Indian Experience

Cipla has supported the publication of A Clinician's Approach to Neurological Disorders: Indian Experience, a new Indian textbook that highlights the basic principles in the diagnosis and management of neurological disorders. The book is written by over 90 eminent contributors, who have addressed various issues in general neurology, relevant to the Indian context. It has brought together renowned neurologists from across the country, who have shared their approach, vision, and understanding on different neurological diseases.

AMR Benchmark Project 2020

AMR Benchmark Project 2020, conducted by Access to Medicine Foundation, evaluates companies with major interests in antibacterial drugs, including both innovator and generic companies. The 2020 AMR Resistance Benchmark compares how pharmaceutical companies are helping address AMR. It covers R&D, responsible manufacturing, appropriate access and stewardship.

Cipla's performance was commendable in all evaluation areas, with a performance score of 70%, the highest among generic companies.

We also participate in AMR surveillance, and are one of three companies in FY 2019-20 to fully de-couple our sales agents' bonuses from sales volumes, a significant step in mitigating overselling, particularly as Cipla reports a global anti-bacterial sales volume of 2-3 billion units.

Digitisation[8]

At Cipla, we are our systems and processes to stay abreast of the latest technological developments.

Electronic Laboratory Notebooks (ELN)

With the adoption of ELNs, Cipla has automated the documentation process in product development. This software program has enabled us to transition towards paperless R&D and helped improve productivity by facilitating collaboration and sharing of information, besides enhancing the accuracy and precision of research. With the help of IoT tools, our R&D instruments are now directly integrated with the ELNs.

Business Intelligence (BI)

We have built a data repository for data mining and analytics for our API, formulation and analytical labs. This has helped in building BI dashboards, which help us in efficient decision making.

In-silico approach for R&D projects

Cipla completed its first in-silico project in FY 2019-20, where we built the capability to work with various service providers in a compliant environment through the implementation of appropriate technology solutions.

Partnerships and Alliances

ZEMDRI™

In FY 2019-20, Cipla acquired prescription drug ZEMDRI™ (Plazomicin) from Achaogen Inc. ZEMDRI™ is a once-daily novel intravenous (IV) aminoglycoside for the treatment of Complicated Urinary Tract Infections (cUTI), including pyelonephritis. ZEMDRI™ became commercially available through Cipla in October 2019 and was relaunched and supported by a strategically deployed sales team.

Intravenous Tramadol

In 2018, Cipla invested in Avenue Therapeutics to strengthen its presence in the specialty institutional business in the US. The novel intravenous drug delivery method of Tramadol addresses extremely crucial and unmet needs in pain management. After a successful clinical trial, this was submitted for FDA approval.

Brandmed

Cipla's South African subsidiary, Cipla Medpro South Africa Proprietary Limited, acquired a 30% stake in a healthcare company called Brandmed during FY 2019-20. Brandmed has developed a unique fully integrated end-to-end solution to address outcomes and value-based care for patients with chronic lifestyles and non-communicable diseases (NCDs) such as hypertension, diabetes, high cholesterol, asthma and chronic obstructive pulmonary disease (COPD). For more details refer Relationship Capital on page xx.

Elores

In FY 2019-20, we have signed an acquisition agreement to acquire a novel and patented anti-infective asset, Elores, from Venus Remedies Limited which is subject to fulfilment of certain completion conditions. Elores is a novel combination, which is used as an antibiotic resistance breaker (ARB). It helps preserve the efficacy of an antibiotic, using appropriate ARBs. The product is used for treating life-threatening infection caused by gram-negative bacteria. This acquisition is expected to strengthen our presence in the branded Indian critical care space. Since its launch, 17,697 patients have benefited from the product, and it is expected to reach 57,000 patients by 2021.

[8] RI 103-1, GRI 103-2, GRI 103-3.

Human Capital

At Cipla, we aim to create a conducive work environment that augments employee productivity and satisfaction. Our people are the pillars of our strength and it is their commitment and dedication to Cipla, its purpose and vision, that enables us to serve millions of patients around the world. While our people say that they are proud to be with Cipla, we maintain that Cipla is proud of its people – the driving force of our success.

3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

Our strategic focus areas include:

- Human Resource development
- Succession Planning
- Promoting diversity
- Protection of human rights
- Ensuring Employee health and safety

Great Place To Work® Certified APR 2020–MAR 2021 INDIA

2nd year in a row!

Zero fatalities across our manufacturing facilities

33.33% female representation in our Management Council

14% female representation in our global workforce

30% female representation in our Board composition

Accelerating an agile and thriving workforce

At Cipla, we believe that our employees are the most valuable strategic asset. Our people practices have been designed to promote an inclusive and healthy work environment. The Human Capital initiatives aim to attract, retain and encourage the best talent in the industry. We also invest year after year in ensuring diversity in hiring, leadership development and capability building for all our employees.

Cipla is an equal opportunity employer. Our Code of Conduct (CoC) and Corporate Responsibility Policy ensure that our people practices and systems are inclusive on aspects such as gender, race, religion, ethnicity, nationality, age, disability, HIV status, family status and sexual orientation.

In FY 2019-20, we set up an Inclusion & Diversity Council to give additional support to our efforts to build a truly diverse and inclusive workforce. This has helped us attract and retain people with diverse backgrounds, experience and expertise, while providing a safe and inclusive work environment where people can flourish and grow. We had 13 differently-abled employees working with us during FY 2019-20[1].

During the reporting period, we further strengthened our key HR processes – from onboarding talent and shaping and grooming their capabilities to ensuring their professional growth, wellbeing and safety at work.

[1] GRI 103-1, GRI 103-2, GRI 405-1, Information in line with BRR Principle 3, Question 4.

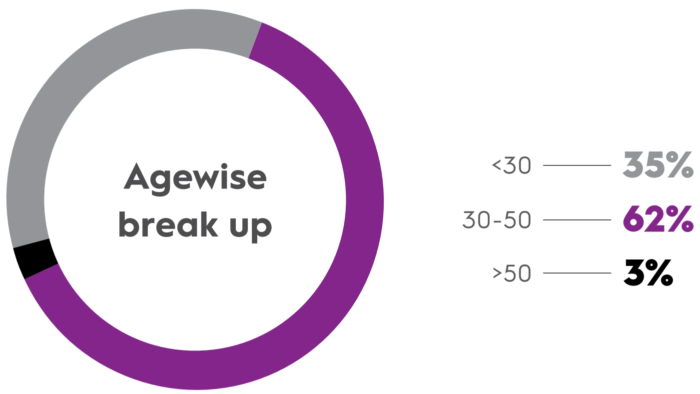
Our workforce – Our strength[2]

Diversity is one of the most essential tenets of a progressive workplace today. At Cipla, our diverse and inclusive talent strategy contributes towards creating and maintaining a healthy and vibrant work culture. The table representing break up of our workforce as on 31st March, 2020 is given below:

Headcount (India and overseas) 2019-20)	<30 Years		30-50 Years		>50 Years		Total
	Male	Female	Male	Female	Male	Female	
Junior management	7,060	988	8,843	1,525	347	128	18,891
Middle management	291	59	4,002	485	117	37	4,991
Senior management	-	-	80	10	51	11	152
Total	**7,351**	**1,047**	**12,925**	**2,020**	**515**	**176**	**24,034**
Indian Subsidiaries	467	147	942	218	33	4	1,811
Total	**7,818**	**1,194**	**13,867**	**2,238**	**548**	**180**	**25,845**

In addition, we have 9,812 contractual employees as on 31st March 2020

A healthy, multi-generational workforce comprising 20+ nationalities



Gen Z* makes up 11% of our workforce, with a 42% increase in female representation between FY 2018-19 and FY 2019-20

Strategic talent management

Our commitment to building a diverse and agile workforce is at the heart of Cipla's talent management strategy. As part of this commitment, we also support our employees in managing their careers and enhancing their professional growth.

During the year, we introduced an **Integrated Talent Management Framework** that leverages synergies of talent acquisition, learning and development, performance management and succession planning functions[3].

* Gen Z are employees who are born in the year 1995 and beyond.

[2] GRI 102-8, Information in line with BRR Principle 3, Question 1,2,3

[3] These programs cover our India operations only, unless specified otherwise.

Attracting and retaining talent

Attracting and retaining the best talent has become increasingly important for companies to stay competitive in a rapidly evolving business landscape. Cipla maintained its strategic focus on best-in-class talent during FY 2019-20. We also encouraged employees to pursue long-term careers with us by supporting them through career development programmes, a talent mobility policy and new opportunities through internal job postings (IJPs).

ALIVE

Our flagship talent acquisition platform, ALIVE (Aspire, Learn, Innovate, Voice and Engage), is designed to bring in fresh talent from leading business schools, pharma campuses and engineering campuses across India. Some of our new programmes rolled out during FY 2019-20 under the ALIVE platform are listed below:

ALIVE Summer Internship Programme

24

Summer Interns from premier campuses

ALIVE Young Manager Programme

24

YMP from premier campuses

ALIVE Tech Campus Programme

21

Hired for ALIVE IPD Tech Campus Program from premier pharma campuses

ALIVE SURGE Campus Programme

29

Therapy managers and scientific business managers hired

ALIVE Tech Campus Programme

106

Associates for Manufacturing and Quality functions

Manufacturing Selection Programme

This programme was developed to hire experienced engineering talent from premier technical education institutes during FY 2019-20.

These platforms enable us to hire some of the brightest minds across the industry for a future at Cipla.

All these initiatives have helped us in attracting new talent.

Total new joinees FY 2019-20[4]

Employee category (India & Overseas)	Age Bracket						
	<30 Years		30-50 Years		>50 Years		
	Male	Female	Male	Female	Male	Female	Total
Junior management	2,845	436	964	111	11	5	4372
Middle Management	86	24	590	55	9	5	769
Senior management	0	0	17	2	5	2	26
Total	**2,931**	**460**	**1,571**	**168**	**25**	**12**	**5,167**
Indian Subsidiaries	152	35	106	5	1	0	299
Grand Total	**3083**	**495**	**1677**	**173**	**26**	**12**	**5,466**

[4] GRI 401-1.

Succession Planning[5]

A strong leadership succession pipeline is critical for business continuity.

During FY 2019-20, Cipla identified successors for 80% of its senior management positions.

Succession planning at Cipla follows a well-defined and rigorous process. The Apex Talent Review Board, the Nomination and Remuneration Committee (NRC) and the Board of Directors are entrusted with overseeing and monitoring talent management and succession planning initiatives at the Company. Talent Review Boards (TRBs) provide inputs for job promotions and capability development programmes for senior management. **Significant hours are invested towards talent discussions and actions based onassessment.** They also identify talent actions, which are executed according to the Integrated Talent Management Calendar for the year.

Assessment Centres

52% of Mid Management Assessed

71% of Senior Management Assessed

15
Key Senior Managment roles closely tracked and internal talents groomed for these roles systematically

90+
Critical Roles Identified

iGrow - Build for the Future

In FY 2019-20, we introduced iGrow, a unique talent assessment and development centre for our field force. With iGrow, we identified potential high-performers among employees in sales and marketing. These high performers were taken through a structured learning roadmap, cross-functional assessments and partnerships with managers.

Future focused capability development

As a leading pharmaceutical company for 85 years, Cipla has continually invested in employee learning and capability building. This helps us stay dynamic, agile and ahead of the curve. We have dedicated programmes that focus on several aspects of human resource development, some of which have been outlined below:

Cipla University is our learning engine, responsible for driving the capability development agenda for the entire organisation through various academies. This provides a future-ready foundation for our employees, while strengthening their competence in areas like radical collaboration, risk-taking and advanced analytics-driven decision making. Cipla University also focuses on growing functional capabilities such as launch excellence, complex drug development, sterile capability, continuous improvement, customer centricity, regulatory awareness and go-to-market capability.

351K+
Hours of class room training*

643K+
Hours of digital training*

150K+
employee participation across various academies

56
Average training hours per employee*

* Excluding mandatory training

[5] GRI 103-1, GRI 103-2, GRI 103-3

Leadership Summit

An annual three-day senior leadership conclave conducted by renowned international faculty on the theme of 'Execution through Collaboration'.

62
senior leaders including management and business council participated during FY 2019-20

Cipla Leadership Ascent Programme (CLAP)

A nine-month programme that provides global leadership perspectives to our distinguished leaders.

55
high potential participants completed the journey in CLAP 2.0 in FY 2019-20, to be certified as future enterprise leaders at Cipla

Employees covered under other flagship programmes are:

510 LEAP
Transition management programme for first-time managers

1,906 MiCipla
Onboarding programme for new joinees

411 ignite Discovery
High Potential Individual development programmes

353 LEAD
Capability building for people managers

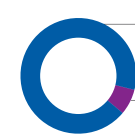
75 ICW
Interview capability building

The total training hours for FY 2019-20 are provided below:

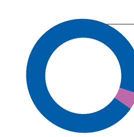
Training programmes[6]	Employees Trained		Training hours
	Male	Female	
Classroom training			
Skill upgradation (behavioural)[7]	2,787	492	31,785
Skill upgradation (technical)	26,178	2,460	2,47,861
Leadership skills	60	14	1,536
Induction	4,259	281	70,493
Digital			
Technical	98,230	5,206	6,28,281
Behavioral	11,134	2,324	5,709
Induction	75	04	209
Total	**1,42,723**	**10,781**	**9, 85,874**
Other classroom and digital training			
Policy and compliance, process training, POSH, Pharmacovigilance, Code of Conduct[8]	12,64,051		3,76,068

Training by gender[9]

Participants
1,53,504



Training hours
9,85,874



[6] GRI 404-2.

[7] Information in line with BRR Principle 3, Question 8

[8] GRI 412-2

[9] GRI 404-1, The total number of participants trained takes into account multiple trainings provided to a single individual and excludes training under other classroom and digital training.

Driving performance excellence[10]

Annual performance reviews help maximise the benefits of training provided to our employees, and evaluate outcomes. MiDNA is Cipla's online comprehensive review system, based on the 3P philosophy of Position, Performance and Proficiency.

It includes mapping and review of employee performance against defined goals, regular/ annual feedback with corrective action plans, and periodic performance monitoring. During FY 2019-20, all[11] of our eligible employees received performance and career development reviews.

For Life: The Cipla Way

Our principle of Caring for Life is also cascaded to our employees, which helps us foster and build a strong and meritocratic organisation. Towards this end, our initiatives on Employee Experience are based upon 5 core pillars.

1 Well-being

MiFitness offers health check-ups, wellness camps (**9,400+** employees covered), in-office workshops, gym memberships, nutritional counselling, guided meditation.

iCare is our comprehensive wellness philosophy that focuses on the physical, mental and financial wellness of all our employees.

Work Life Assistance Programme (WLAP) is a confidential 24*7 counselling service to equip employees and their immediate family members to cope with stress due to work or life challenges. Eight lives have been saved (through handling of suicidal cases) via this platform.

Cipla Step-up Challenge 3.0 encouraged **5,300** employees to participate and we achieved a total of **313 million** steps in FY 2019-20.

Wellness day camps facilitate essential screening, preventive tests and individual doctor consultations for employees across geographies.

Cipla also conducts **financial wellbeing programmes** to ensure that our employees stay financially prudent and invest wisely.

2 Employee engagement

Among our celebrations and numerous touchpoints with employees, we also engage via **Cipla Unplugged** and **What's Up Cipla** – our in-house radio programme and video channel, respectively.

#WeAreListening, a one-stop platform for employee concerns, feedback and ideas, was launched in FY 2019-20. Our Grievance Redressal Committee addresses any grievance within three days of receiving it at the first level, and within seven days at the next level.

Cipla Fest: Family Day was celebrated in Cipla locations across India, Sri Lanka, Malaysia, Myanmar, Algeria, Morocco, Nepal and Colombia. Around 14,000 employees and their family members participated.

[10] GRI 404-3.

[11] This excludes trainees and contractual employees.

3 Recognition

Applause is Cipla's global online and offline employee recognition platform. We celebrated the Festival of Gratitude, creating more than **30,000 moments** of appreciation. There are 101 offline Applause stations across **17 countries**.

Achievers' Awards are annual gala events hosted to celebrate employee achivements.

SPOT Recognition was introduced in FY 2019-20, and applauds outstanding performance with a monetary reward. Around **1,700** employees were rewarded during the year.

Operations Excellence Awards is a mega event to recognise shopfloor employees for their collaborative achievements. In FY 2019-20, **267 employees** were recognised in presence of their families.

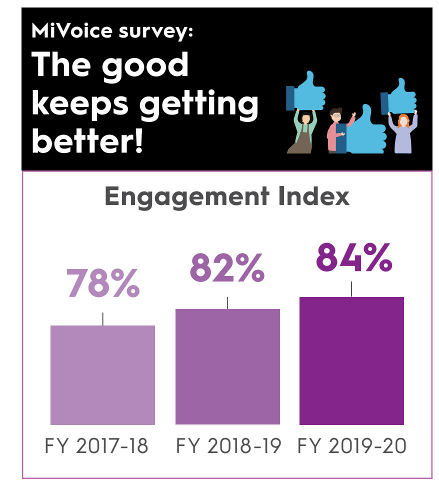
4 Leadership Connect

OneCipla townhalls ensure transparent communication and informal interaction between leaders and employees. Four global townhalls were conducted during FY 2019-20.

Reflections is a quarterly connect platform for 140 top leaders at Cipla, led by the MD & GCEO, to strategise and build a future-ready organisation.

MiVoice Pulse Survey provides a platform for associates to share their feedback with leaders. This year, 9,437 employees participated in the survey.

MiConnect empowers employees to connect with leaders and learn about their aspirations and vision ahead.



5 Inclusion & Diversity[12]

Creating an inclusive and safe work environment at Cipla embodies our Caring for Life credo. Our Inclusion & Diversity Council is sponsored by Samina Hamied, Executive Vice-Chairperson, and Dr Raju Mistry, Global Chief People Officer. It looks at five priority pillars – **gender, race and ethnicity, sexual orientation, generational differences and special abilities**. Performance highlights for our diversity parameters are provided in the introductory section of the Human Capital section.

Other policies and benefits

Cipla's policies and flexible working practices are tailored to support the work-life balance of our employees.

Choice Pay policy: This policy offers flexible 'choice pay' options for employees, in the form of meal allowances and contribution to the National Pension Scheme, among others.

Time away from Work: Cipla employees are entitled to 28 days leave and need to avail minimum 14 days leave in a calender year.

Work from home (WFH): Employees at Cipla Mumbai offices have a WFH option for two days in a month.

Adoption leave: Six months of paid adoption leave.

Medical leave: 30 days of leave to support employees with critical or chronic illnesses.

Birthday leave: Employees can take a day off on their birthday.

Work Week management: Employees can accrue four hours in a week, to be taken on any one day of the week.

Creche: Cipla provides high standard Creche/Day Care support to employees in partnership with external specialists.

[12] GRI 401-2.

Maternity leave[13]**:** Six months of paid leave to cherish the precious moments of motherhood. Of 2,340 entitled employees, 223 employees availed maternity leave during FY 2019-20.

Paternity leave[13]**:** Two weeks of paid paternity leave for male employees. Out of a total 19,260 entitled employees, 1,871 availed paternity leave.

Compassionate leave: Five days of paid leave to help employees cope with the loss of loved ones.

Accident leave: Applicable for any injury that requires more than three days leave.

Sabbatical leave: One year of unpaid leave to pursue personal obligations or interests.

In FY 2019-20[13]**:**

97% return to work rate with: 149 female employees and 1,820 male employees returned to work after their parental leave ended

252 (out of 307) female employees and 1,210 (out of 1,575) male employees were **still employed 12 months after their return to work from parental leave**

Safeguarding Human Rights[14]

At Cipla, we strive to keep the work environment free of any prejudice, bias, physical or mental harassment. Across our global operations, we have a zero-tolerance approach towards discrimination on any ground.

Our corporate responsibility, code of conduct and whistle blower mechanisms ensure that ethical business practices and respect for human rights are ingrained in Cipla's culture. These policies apply to our employees, members of the Board, contractors, consultants, trainees and service providers.[15] Violations of any nature are dealt with in an appropriate manner. This process is guided by the Audit Committee, with periodic oversight by the Ethics Committee. Anonymity and confidentiality of our employees is maintained to safeguard their interests.

During FY 2019-20, we received 45 complaints, of which 31 were resolved. The remaining complaints will be resolved after due investigation. Nine cases of sexual harassment were reported during the year, of which seven have been resolved through appropriate action, and two are pending resolution after due investigation.[16] There were no incidents of child labour, forced labour or compulsory labour reported for FY 2019-20.[17] Our code of conduct covers various aspects of human rights and the details of trainings provided for our employees are accessible under our training programs on Page 84.

We uphold freedom of association and collective bargaining among employees, by recognising and supporting labour unions across our sites. We regularly engage with labour unions to address matters related to employee health and safety, notice periods, wages paid and optimisation of processes. We have three labour associations at Patalganga, Kurkumbh and Bengaluru, with a worker representation of 8.1%, 3.9% and 6%, respectively. In our SAGA operations, about 38% of CMM employees are members of GIWUSA, while about 95% of Mirren employees are part of the Bargaining Council.[17]

[13] GRI 401-3

[14] GRI 103-1, GRI 103-2, GRI 103-3, GRI 406-1, GRI 407-1, GRI 408-1, GRI 409-1, GRI 102-41

[15] Information in line with BRR Principle 1, Question 1, Principle 5, Question 1, GRI 103-3

[16] Information in line with BRR Principle 1, Question 2. This covers our India, US and SAGA operations.

[17] This statement covers our India, US and SAGA operations, Information in line with BRR Principle 5, Question 2 and Principle 3, Question 7

Nurturing a safe work environment[18]

Cipla remains committed to providing a safe work environment for employees, contractors, visitors and the community.

Our Safety Governance Framework

Adherence to Environment, Health & Safety (EHS) principles is at the core of our operations.

We have established Safety Committees at different levels in the organisation, to guide employees on EHS matters. These Committees meet periodically to discuss, resolve and escalate safety issues at work. As part of our commitment to consciously promote safe and healthy workplace practices, we encourage our employees, supervisors and managers to take direct ownership of their safety, and the safety of their colleagues.

We have a well-documented procedure for Hazard Identification and Risk Analysis (HIRA), which helps limit safety hazards. It covers routine and non-routine works with an executed action plan that minimises risks to acceptable levels. Hazard studies are conducted through a six-level stage gate process: HS-1 through HS-6.

Our New Products Introduction (NPI) framework ensures that all new and modified products and processes in API manufacturing undergo stringent risk assessment. We also have formal processes in place for assessing risk, and allocating formulation facilities for the manufacture of potent molecules. Our EHS reports cover not only the safety aspects but the environmental footprint of our products, as well.

At Cipla, we also operate dedicated healthcare facilities across our sites, while maintaining confidentiality of employees' health-related information. All our employees and contractors are provided with pre-employment and periodic health assessments.

Process safety

Our Process Safety Cell is managed by seven engineers, and ensures effective hazard identification and risk assessment of all new and existing processes. During the year, we conducted a process safety gap assessment, and engaged a process safety consultant to implement an appropriate control strategy for Cipla. This will ensure a more efficient process of hazard identification and safety, while minimising risk.

Safety Committees[18]

We have established Safety Committees at the department, plant and regional levels to provide the requisite guidance on EHS matters, as provided below. We also support worker participation to enhance the effectiveness of our occupational health and safety management systems and programmes.

	Representation		
Safety Committee	**Management**	**Non-management**	**Frequency of meetings**
Department level	273	165	Monthly/ bi-monthly/ quarterly
Plant level	513	204	
Company/ business Unit/ regional level	93	73	

Safety Management Systems

We have implemented our Occupational Health and Safety (OHS) system at all Cipla manufacturing sites. It is based on recognised risk management system standards, and covers all our workers. We have received OHSAS 18001/ ISO 45001 certification for all our manufacturing and Integrated Product Development (IPD) sites in India.

Under this certification, OHS management and improvement plans are regularly drawn and executed. Additionally, we follow a PDCA (Plan, Do, Check, Act) cycle for effective health and safety evaluation and improvement, conforming to OHSAS 18001.

We also ensure that our sites are audited and certified through third-party agencies. Cross-site audits are conducted to strengthen the implementation of our EHS systems. Safety audits as per the Factories Act are conducted periodically at our Kurkumbh, Goa, Patalganga and Sikkim sites. Need-based external specialist audits such as process safety, electrical safety, fire and water demand assessment, ergonomic studies and site emergency preparedness are also organised.

[18] Information in line with BRR Principle 3, Question 5 and 6. GRI 103-1, GRI 103-2, GRI 103-3, GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-6, GRI 403-7, GRI 403-9

MySetu: Embedding information Technology in our safety systems

The MySetu Incident Tracking System is a digital platform where employees report safety events such as online reporting of all incidents, near misses and observations like unsafe acts and conditions. MySetu supports system-guided incident investigation and Root Cause Analysis (RCA) to provide recommendations that are converted to Corrective and Preventive Action (CAPA). While deploying controls that define CAPA, elimination/ reduction of hazards and associated risks take precedence over engineering controls. This is followed by administrative controls and deployment of Personal Protective Equipment (PPE). The MySetu system sends out email alerts at each stage of incident tracking to all key personnel at Cipla.

60
Internal audits

33
External audits

Safety Performance:

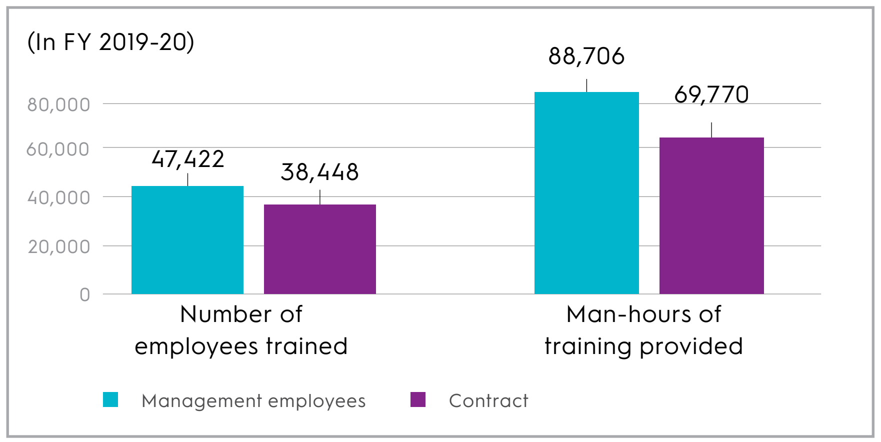
There were no cases of ill health owing to work-related hazards at any of our manufacturing sites for the reporting period. Details on safety parameters at Cipla for FY 2019-20 are provided below:

Safety Committee	Employees	Contract Personnel
Lost time injuries (Nos.)	12	5
Lost time injury frequency rate (per million man-hours)	0.38	0.22
Fatalities	0	0

Safety Training[20]

All our employees and contractors undergo regular EHS training conducted by safety experts and in-house safety personnel. Training needs are assessed in accordance with job-specific hazards at stores, and in manufacturing, engineering and quality laboratories. Along with training, periodic mock drills help improve the effectiveness of our emergency management systems across locations.

OHS Training



For FY 2019-20, we conducted **110 emergency mock drills** across our operating sites and offices

Results of efficient Human Capital Management

Our initiatives around human resource development, capability building, employee experience and caring for our employees have enabled us to keep our workforce motivated and engaged, maintaining our voluntary attrition rate at **14.98%[21]**.

[20]GRI 403-5

[21]This covers our Indian Operations only.

COVID-19: Protocols and preventive measures

As a responsible pharmaceutical company, we keep patient-centricity at the heart of how we operate while also ensuring utmost safety for our employees. The COVID-19 pandemic required more than a pre-determined emergency response. At Cipla, we have developed a structured system that ensures the safety of our employees during this time of crisis.

Employee safety

We have established a COVID-19 task force with cross-functional representation to address real-time issues of employee health and workplace sanitation measures.

Distribution of **Personal Protective Equipment** (PPE)

Self-declaration app

Medical **insurance coverage** for employees and contract workers

Enabled remote working with complete IT support for suitable roles

Recognition

We introduced several initiatives and awards to encourage and appreciate our employees and contract workers and their contribution during the COVID-19 pandemic.

Special daily **payout to contract workers** in recognition of their unrelenting service

Communication

We supported our workforce with guidance on COVID-19 prevention measures, and regular communication and informative webinars. The Cipla leadership team connected with our employees, both on a local and global scale, through the One Cipla Global Townhall, which saw 16,000+ virtual participants.

Learning and development

We encouraged and augmented digital learning initiatives at Cipla, particularly through Cipla University, Leaders as Teachers, Synchronous Virtual Learning (SVL) sessions, and bite-size learning through apps. This also helped drive need-based skill development across the organisation.

~7.67 lacs learning hours recorded, covering

~13,500 employees globally

Our contribution to the community

At Cipla, we pride ourselves on being a responsible pharmaceutical company, and consistently encourage care for the community. During the COVID-19 pandemic, we launched the COVID-19 Caring for Life Fund. In addition to the initiatives by Cipla Foundation, we also helped local communities at our sites and depots with health and safety essentials such as Personal Protective Equipment, food, sanitisers, among others.

13,600+ associates each voluntarily contributed a day's salary or more to the PM Cares Fund

Mental Well-Being

We understand that the unprecedented nature of the COVID-19 pandemic could affect our employees' mental health. We have been supporting Cipla employees and their families with professional consultation from psychology experts, as well as a range of self-help sources and personalised support from professional counsellors, to help them cope better with the effects of this ongoing global crisis.

Relationship Capital

Our purpose of 'Caring for Life' extends to all our stakeholders. Our constant endeavour is to improve the lives of our patients and other stakeholders by maximising value for them and by enhancing business transparency and sustainability. This approach has enabled us to emerge as a strong partner-of-choice to all our stakeholders across our value chain.

3 GOOD HEALTH AND WELL-BEING | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 13 CLIMATE ACTION | 17 PARTNERSHIPS FOR THE GOALS

Our strategic focus areas include:

- Enhancing availability and affordability of medicines
- Improving patient experience
- Digitisation
- Sustainable supply chain

2.4 lacs
Patients screened under Berok Zindagi Yatra

Consortium of
7,000+
Suppliers and distributors globally

Alternate vendors added for
56
Products / process

With a vision for a brighter future, Cipla aims to enhance the affordability and availability of medicines, improve patient and customer experience, implement sustainable business practices and maximise stakeholder value. In our endeavour to increase outreach and deliver meaningful impact, we have continued to build strong partnerships and alliances with our stakeholders. In FY 2019-20, we introduced a Supply Chain Management Sustainability Policy and a Supplier Code of Conduct[1] to facilitate seamless and successful business operations. In addition, we have put robust grievance mechanisms in place to monitor the effectiveness of our initiatives[2].

Our key stakeholders Include:

- End Patients
- Healthcare Professionals
- Shareholders and Investors
- Customers
- Collaborations for combating AMR
- Channel partners
- Governments and associtaions
- Suppliers and vendors

engaged with more than
~50K
doctors through both physical and virtual programmes

1.5 lac
Healthcare professionals reached by Multichannel Marketing

Augmenting accessibility and availability of medicines:

We strongly believe accessibility and affordability of medicines is of paramount importance. To address this, we constantly work towards strengthening our communication and relationship with our customers and patients. Our ongoing partnerships with global scientific research organisations provide the impetus to develop innovative, effective and affordable formulations for the key therapeutic areas we operate in. Some of Cipla's key initiatives during FY 2019-20 are outlined below:

Quadrimune

While there are medicines and treatments available to help patients with HIV/ AIDS, these are usually pills or fluids containing alcohol. At Cipla, we have developed the HIV drug Quadrimune in a powdered granular form, making it easier for children to consume, which helps improve outreach and impact in this area. Another advantage of Quadrimune is that it does not need to be refrigerated, making the drug more suitable for developing countries where electricity and refrigeration are not widely available, especially in rural areas. For further details on Quadrimune and clinical trials, **please refer to our Intellectual Capital section.**

[1] Effective from 12th May 2020
[2] GRI 103-1, GRI 103-2, GRI 103-3

Ciphands sanitiser

With the onset of Covid-19, the World Health Organization (WHO) prioritised hand sanitisation as an effective measure of protection against the novel coronavirus. With an unprecedented spike in demand for sanitisers, we launched Ciphands in March 2020 to ensure availability of a quality product. Ciphands demonstrates the high agility in our operations.

As part of our initiative **#WithOurHeroes**, we provided **20,000** hand sanitiser packs to the Mumbai Police and Brihanmumbai Electricity Supply and Transport (BEST) authorities.

Cipla has provided India's frontline heroes with Maxirich, a multivitamin supplement to help boost their immunity

Niveoli™

In FY 2019-20, we leveraged our expertise in respiratory inhalation therapy to launch India's first extrafine ICS-LABA combination HFA inhaler for adults, Niveoli™, which targets drug delivery to the small airways. A recent meta-analysis shows that small airway disease is prevalent in 50-60% of asthma patients.[3] Hence, with Niveoli™, we address an unmet need associated with obstructive airway diseases (OAD) such as asthma and chronic obstructive pulmonary disorder (COPD).

Quetiapine

In FY 2019-20, Cipla concluded an exclusive agreement, securing originator and authorised generic brands of an atypical anti-psychotic drug, Quetiapine. The transaction also allows Cipla to market and distribute the medicine in South Africa and its neighbouring countries. The existing portfolio consists of the brand Seroquel® and the authorised generic brand, Truvalin®, a medication that is used to treat mental health conditions such as schizophrenia, bipolar disorder and major depressive disorder.

[3]Respir Med 2016; 116: 19-27

Pregabalin capsules

During the reporting period, Cipla received final approval from the USFDA for Pregabalin, an AB-rated generic therapeutic capsule, which aims to address better management of neuropathic pain associated with diabetic peripheral neuropathy and spinal cord injury, postherpetic neuralgia and fibromyalgia.

Pregabalin is also indicated for adjunctive therapy in the treatment of partial onset seizures in patients who are 17 years of age and above.

Elores

During FY 2019-20, Cipla strengthened its presence in the branded Indian critical care anti-infectives space by signing an agreement to acquire the novel and patented anti-infective product Elores for the Indian market. **The benefits of this drug have been further elaborated in Cipla's Intellectual Capital section.**

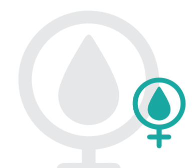
Acquisitions and partnerships

Joint venture in China

In FY 2019-20, we formalised an 80:20 joint-venture agreement with Jiangsu Acebright Pharmaceutical Co Ltd, China, with Cipla as the majority shareholder. The partnership aims to enhance our business of manufacturing, selling and distribution of pharmaceutical products, as well as research and analytical development services in China. This move is in line with our purpose of providing high-quality and affordable drugs to our patients and customers.

Mirren acquisition

The Mirren aquisiton has played a crucial role in Cipla's endeavour to increase the accessibility and affordability of medicines to our stakeholders. Mirren commands a strong position in the South African market as a local manufacturer, and has gained significant advantage in light of the Covid-19 pandemic and related supply challenges. This has helped us ensure the availability and supply of key pain, cold and flu medicines throughout the pandemic and winter season in South Africa.



Acquisition of four key brands from Wanbury Limited

During the year, Cipla acquired four key brands – CPink, CDense, Productiv and Folinine - from Wanbury to further strengthen our presence in women's health. These nutraceutical products address health needs for conditions arising due to nutritional deficiencies or insufficiencies, and include supplements such as multivitamins, multiminerals and antioxidants for adolescent girls, pregnant and lactating women, women going through menopause, and male and female reproductive health.

Brandmed acquisition

During the year, Cipla acquired

30%

stake in Brandmed (Pty) Ltd, which offers connected healthcare solutions that predict risk, guide diagnosis and monitor non-communicable diseases (NCDs) such as hypertension, diabetes, obesity and asthma. We expect this pill+ solution to grow our market share across the Chronic Management portfolio by enabling a COPD risk assessment. BrandMed is an innovative platform that provides comprehensive, contextual and standardised assessments at the point of care. The initiative is regulated towards patient home monitoring through the Kardiofit and KardioPro solutions. The BrandMed technology architecture takes us further towards the future of Genomics.

Enhanced industrial alliances for policy advocacy[^]

Our continuous dialogue with key stakeholders provides us with keen insights into future policy developments. To strengthen Cipla's position as a thought leader in the pharmaceutical industry, we identify and position our senior leaders as panelists in noteworthy pharmaceutical forums organised by various industry associations. In FY 2019-20, we engaged with the Indian Council of Medical Research (ICMR) and collaborated on their event themed 'Positioning India as a leader in the global South through innovations spearheaded by the pharma industry'. This also served as a platform for discussions on key regulatory matters between the Government of India, industry thought leaders and Cipla's senior leadership.

We serve as active members in industry associations for public advocacy, a few of which are mentioned below:

- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Indian Pharmaceutical Alliance (IPA)
- Pharmaceutical Export Promotion Council (PHARMEXCIL)
- Bombay Chamber of Commerce & Industry
- Federation of Pharma Entrepreneurs (FOPE)

List of a few Government bodies with whom Cipla engages for policy advocacy

- Ministry of Health and Family Welfare
- Ministry of Chemicals & Fertilizers - Department of Pharmaceuticals
- National Pharmaceutical Pricing Authority
- Central Drugs Standard Control Organisation (CDSCO)
- Ministry of Finance
- Ministry of Corporate Affairs
- Ministry of Commerce & Industry
- Ministry of Environment, Forest & Climate Change
- Ministry of External Affairs
- NITI Aayog

^GRI 102-12, GRI 102-13, Information in line with BRR Principle 7, Question 1, 2.

Improving patient experiences

At Cipla, we value patient satisfaction as this guides us in improving the quality of our products and services. Accordingly, we undertake various campaigns that seek to improve patient experience while inculcating a responsive culture within the organisation.

Berok Zindagi

Our campaign objective is to address myths and misconceptions surrounding asthma and to make patients aware of the benefits of inhalation therapy. **Campaign outreach - 30 crores people**

One of our major mass-media initiatives is **Berok Zindagi, which is a continued campaign to improve patient awareness on asthma** and its right treatment. This year, the campaign was bigger with the addition of many more voices, bolder with a strong message **'Asthma ke liye #InhalersHainSahi'**, and better with increased outreach in towns across India. The campaign adopted a 360-degree approach through TV commercials, social media, public relations (PR), print, radio, cinema and on-ground activities. We followed a digital-first approach this year, kickstarting the campaign on social media. We also received tremendous support from key opinion leaders and recognition at major industry forums.

Some of the highlights for FY 2019-20 are provided below:

On-ground reach

- Campaign outreach of 1 lacs doctors and 1 lacs chemists across India
- Supported patient screening through Berok Zindagi Yatra with 1,300+ camps conducted in 65 days and 2.4 lacs people screened, as compared to 1.7 lacs people in FY 2018-19

Awards

Received seven awards in FY 2019-20, with a total of 12 awards for the campaign, so far. The award genres include Best Integrated Campaign, Best Social Media Brand in Cause Marketing, Best Healthcare Pharma Brand, and Best Use of Social Media

Social media highlights

Conducted a Facebook Live event titled 'What's the truth about asthma', for awareness about asthma

Supported pledge videos of personal stories by influencers who have overcome asthma, and videos by doctors dispelling myths around asthma on social media

Radio

Engagement with 41 doctors across 41 cities for 15 days, facilitating the dispelling of myths around asthma and inhalers, with an outreach of 50 lacs people

Breathefree

Breathefree is one of our biggest patient support programmes. It aims to support respiratory patients throughout their journey, from awareness and acceptance of the disease to the adherence of treatment.

For FY 2019-20, our outreach expanded to more than two million respiratory patients, the highest in any year. This was supported by 600+ educators and 5,800+ doctors. We counselled patients on better disease management with focus on disease monitoring and device hygiene. Some of our patient testimonials are provided below.[5]

"If you ask people around me, they don't even believe that I have asthma because of the life I have been living...as normal as any other person, all thanks to my loved ones for supporting me, my doctor for guiding me and, of course, my inhaler."

- Zahid Khan*

"Today, my daughter is healthy and happy. She uses her inhaler on a regular basis and can play like any other child her age. She even thrives in cold places. Thanks to her inhalers, I now have high hopes for her future."

- Jyothi Ramki*

During the year, we also consolidated the Breathefree chemist network and trained 5,000+ chemists on respiratory illness and inhalation devices. Today, Breathefree chemists help train patients on devices and encourage them to adhere to inhalation therapy. Breathefree Educators are Cipla-trained personnel who support patients through counselling at doctors' clinics. In FY 2019-20, we provided tablet devices to our Breathefree Educators, enabling them to better understand patient needs and use smart digital tools to counsel them. The patient data recorded through the device also helps in research and for publication purposes.

Saas Cha ta Aasch Cha

In FY 2019-20, we launched a campaign titled Saas Cha ta Aasch Cha (Where there is breath, there is life) in Nepal, which aimed to generate mass awareness on chronic obstructive pulmonary disease (COPD) and encourage early detection among the people of Nepal. According to a detailed study by the Nepal Health Research Council, COPD has a prevalence of 11.3% in the country. Awareness about the disease, though, has been limited, with people taking cough symptoms lightly and often misinterpreting shortness of breath as a sign of ageing. Diagnosis of COPD thus happens at a very late stage, usually through an exacerbation episode, and leads to a high mortality rate. This campaign is efficiently modelled to address these concerns and drive mass awareness around COPD for early detection and treatment.

Change of Device (CoD) campaign

In Nepal, we found that due to lack of awareness, patients had been using the same inhalation device for three years or more. The normal recommended duration for optimal use of the device is six months. As part of our Change of Device (CoD) intervention, we directed Breathefree Educators to counsel patients on the correct use of devices, with emphasis on periodic replacement as per the recommended frequency.

Over 6,000 inhalation devices were replaced on time, within 6 months from launch of this campaign

[5]Information in line with BRR Principle 9, Question 4
*Patients name has been changed.

Combating Anti-Microbial Resistance (AMR)

Globally, AMR has been observed to reduce the effectiveness of anti-microbials treatments. It particularly pertains to the ability of micro-organisms (bacteria, viruses and parasites) to prevent anti-microbials (antibiotics, antifungal and antivirals) from working effectively. The number of deaths related to AMR is predicted to increase to 10 million a year, making even routine minor surgeries a serious risk.

Cipla is a member of the AMR Industry Alliance and the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) in addition to being a signatory to the Davos Declaration, 2016. We support these partnerships as our commitment to provide sustainable solutions to combat AMR. We represent the Indian Drug Manufacturers Association on the expert committee for developing standards for antibiotic residues in pharmaceutical industry effluents. This also supports the India National Action Plan on combating AMR.

We conducted one round of assessment of our own antibiotic manufacturing facilities in India.[6] Based on the AMR Alliance Common Antibiotic Manufacturing Framework, we have engaged an international agency to assess our antibiotic supply chain. This includes our antibiotic API suppliers, formulation loan licensing facilities and B2B suppliers.

As part of our endeavour to add greater depth and synergy to our pipeline of specialty products, and continuing our consistent efforts to combat AMR, Cipla acquired worldwide rights (excluding Greater China) of a novel drug, Zemdri™, with its allied assets and limited liabilities during the year. Zemdri™ is the latest milestone in Cipla's history of proactive and humanitarian leadership to increase access to life-saving drugs. Additional details can be accessed in our Intellectual Capital section.

Interactions with healthcare professionals (HCP)

In FY 2019-20, we continued to engage with HCPs across different specialties for scientific programmes such as speaker meetings, advisory boards, conferences and webinars. Our HCP engagement programmes brought cutting-edge and relevant scientific topics for discussion and direction in the interest of patient care. We introduced the Doctor Empanelment initiative – a forum to obtain advice from key opinion leaders and thought leaders in relevant therapy areas on disease pathophysiology, diagnosis and the latest treatment modalities.

Our CiplaMed initiative grew exponentially during the year, paving the way for virtual meetings such as webinars, e-advisory boards and delivery of science-driven content across the specialties of chest physicians, cardiologists, diabetologists, intensivists, surgeons and obstetricians.

Cipla reached out to **over 50,000 doctors** through both physical and virtual programmes and provided support through the dissemination of scientific abstracts and journals

[6] Cipla does not manufacture antibiotics at its overseas sites

Closed Loop Marketing (CLM)

Our Closed Loop Marketing (CLM) tool helps boost our customer service standards. The Company's 8,000-strong field force uses CLM to engage in meaningful discussions with healthcare providers within a limited time-span. The CLM system automatically analyses physician preferences and equips the sales team to deliver personalised content that closely matches their interests and needs.

Improved interactions with more than **6 lacs** healthcare professionals across India

Maximising shareholder value

At Cipla, we value our investors and their interests, and address their concerns through our Investor Grievance Redressal Policy. We engage with investors through shareholder feedback surveys, earnings calls, presentations, meetings and conferences. Clear and transparent communication is established to assist them in understanding our business operations and strategic vision so as to support informed decision-making among shareholders.

We continued to enhance our engagement with shareholders and investors through 100+ one-on-one interactions, meetings and participation in over 15 domestic and international conferences. During the reporting period, we also conducted a shareholder feedback survey at the Annual General Meeting (AGM). The survey's responses indicated an excellent level of satisfaction among our shareholders. To cut down our environmental footprint, we have ensured that all documents pertaining to the AGM, dividends, annual report, etc. are sent through electronic mail to shareholders who have registered their email addresses with us.

Paperless communication with more than 80% shareholders having a registered email address

FTSE4Good

For the second consecutive year, Cipla secured its membership of the FTSE4Good Index Series, which demonstrates our sustainable foundation. FTSE4Good, a global sustainable investment index series, identifies companies that demonstrate strong environmental, social and governance (ESG) practices, as measured against international standards.

Cipla was among the top six companies in the 'Leadership' category of S&P BSE 100 companies, ranked as per the Indian Corporate Governance Scores-2019, evaluated by BSE Ltd, the IFC-World Bank Group and Institutional Investor Advisory Services (IiAS)

Customer Satisfaction[7]

At Cipla, we value our customers and prioritise their satisfaction and feedback. We believe this is essential for the continued success and health of our business.

In FY 2019-20, we continued to upgrade our Corporate Quality Assurance (CQA) system, which contains well-developed standard operating procedures (SOPs) to respond to customer complaints on product quality. We have an advanced customer complaint tracking system, which enables us to maintain customer data securely and facilitates deeper investigation through a fair process. We acknowledge, thoroughly investigate and respond to all complaints as per these SOPs to ensure there is no repetition of such complaints. This has resulted in a 4% decrease in the number of complaints received in FY 2019-20 as compared to FY 2018-19. During FY 2019-20, 3,055 complaints were documented, of which 3,006 were resolved and 49[8] complaints are under due investigation.[9] We also received 77 complaints from regulatory bodies. For the reporting period, there were no significant cases filed or pending against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour.[10]

We value the health of our customers, and ensure that 100% of our products are assessed for improvements in terms of health and safety impact. For FY 2019-20, there were no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impact of our products and services. To further grow consumer awareness, we adhere to all packaging and labelling standards and regulations, and advertising guidelines.[11] Additionally, information displayed on our products conform with mandated product and packaging norms, and are assessed for compliance with such procedures.

We have established a robust review process, wherein every product and labelling information prepared by the packaging team is reviewed by Cipla's medical and regulatory affairs department, and subsequently approved by our corporate affairs, supply chain and quality assurance teams.

For FY 2019-20, there were no incidents of non-compliance with regulations or voluntary codes concerning product and service information and labelling.

We received the SIES SOP Star Award in 2019 in the 'Product Packaging' category for Cipla MESALO Foam.

MESALO Foam

Mesalo Foam is a unique product from Cipla that requires a precise drug dose to reach the site of inflammation. The packaging of this product is designed to clearly depict a step-by-step procedure for its use, storage and disposal.

Sustainable supply chain

As a responsible pharmaceutical Company, we are aware that the timely supply of high-quality medicines to our customers and patients is vital for enabling better access to healthcare. This is reflected in our expertise in responsible supply chain management. During FY 2019-20, we identified 7,000+[12] upstream and downstream active suppliers across 28 countries to make our supply chain more robust.

Quality in our Supply Chain[13]

Enhancing the quality of our supply chain requires a strict screening process to ensure that our suppliers conform to ethical and sustainable standards of operation. In keeping with this, we have implemented a Supply Chain Management Sustainability Policy and Supplier Code of Conduct[14], which extends to all our suppliers and contractual business

6,500+ Non-Critical suppliers and 465 Critical suppliers identified

[7] GRI 416-1, GRI 416-2, GRI 417-1, GRI 417-2, GRI 418-1

[8] As on 15th May, 2020.

[9] Information in line with BRR Principle 9, Question 1

[10] GRI 417-3. Information in line with BRR Principle 9, Question 3

[11] Information in line with BRR Principle 9, Question 2

[12] An increase from 1,000+ suppliers in FY 2018-19. The augmented number of suppliers for FY 2019-20 pertains to the incorporation of both, Cipla's direct suppliers globally and indirect suppliers in India.

[13] Information in line with BRR Principle 2, Question 3. GRI 102-9 and GRI 102-10

[14] Effective from 12th May, 2020

partners. The Policy and Code of Conduct outline the criticality of adhering to environmental and social parameters. This ensures that present and future business relationships with Cipla are built on ethical values to realise sustainable economic, social and environmental benefits. The Policy and Code also encourage increased transparency in disclosure, strict adherence to human rights and effective environmental stewardship. We have ensured that all our suppliers and vendors are aware of the compliance requirements of our Supplier Code and Sustainability Policy. To know more about the Supplier Code and Policy, please visit https: https://www.cipla.com/investors/corporate-governance

To ensure quality procurement within our supply chain, vendor or new site additions are based on a strict site audit conducted every three years for API, excipients and packaging, as per Good Manufacturing Practices (GMP) regulations. We also conduct site audits for our third-party suppliers contract manufacturing organisations (CMOs) and principal to principal (PTP) contract vendors. Periodic audits as per the Cipla audit policy are conducted, with a timely closure of audit observations and monitored Corrective Action Preventive Action (CAPA) closure.

During FY 2019-20, 201 vendor audits were conducted against parameters such as GMP, facility compliance, quality management system controls and documentation.

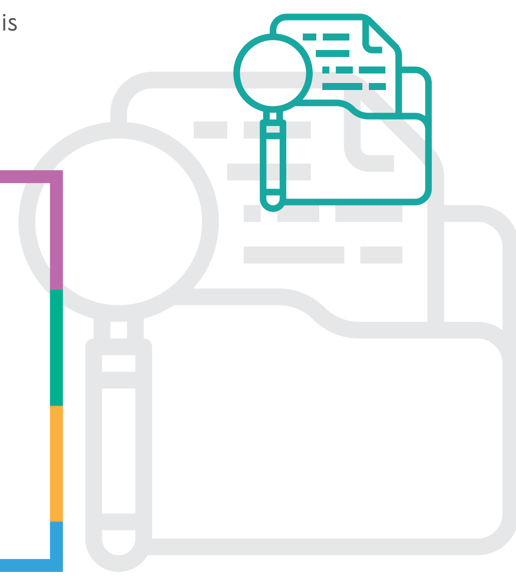
We also evaluate our vendors on their EHS governance as part of the vendor qualification process.

For FY 2019-20, we identified 35 vendors as part of our vendor engagement strategy, and assisted them with compliance improvement and quality management systems.

This was conducted in line with regulatory standards.

Our supplier performance evaluation was conducted through on-site and paper audit. As part of this mechanism, we perform a detailed risk assessment of our suppliers. A Risk Priority Number (RPN) is calculated based on this assessment. Accordingly, the next performance evaluation of the supplier is dependent on this RPN. During FY 2019-20, Cipla evaluated our top 25 suppliers on this scorecard and all of them complied with our standards. To augment the quality of our supplier scoring process, we developed an automated digitised scorecard in March 2020 to calculate the supplier performance score directly from our SAP and QA systems. This will help us identify opportunities for improvement, and assess the impact on business-critical parameters through a built-in RCI mechanism.

Our supplier grievance mechanism follows the same process as our whistleblower mechanism. We have a dedicated email address for supplier grievances, segregated by operational and ethical perspectives. The Cipla Ethics Committee investigates these documented grievances internally or sources them externally, when required. All grievances received are aggregated with a status update for the Audit Committee every quarter, in addition to board oversight. For the reporting period, we received two supplier grievances, both of which were duly resolved.



Our vendor quality team performs an audit of vendors as per cGMP compliance standards based on:

- Working hours at the Company
- Health and medical examination of employees
- Safety measures available at site
- Waste management processes at the vendor's end in line with in-house SOPs and based on regulatory guidance

Efficacious de-risking of the supply chain

Our responsibility and progress towards sustainable business practices does not end with compliance. We work to elevate the quality of our processes and practices. We have taken this forward through a Continuous Improvement Programme, which focuses on the optimisation of processes through cost-effective procurement of raw materials and reductions in the cost of APIs. Additionally, a 360-degree review is conducted with geographical and climatic parameters to assess vendor performance and potential, catering to varying levels of demand. We take a proactive approach in identifying bottlenecks to resolve logistical challenges in our supply chain. Our Alternate Vendor Development (AVD) strategy ensures uninterrupted supply of raw materials. We completed 56 AVD processes aimed at de-risking and serviceability in FY 2019-20, as compared to 28 AVDs in FY 2018-19. Our supply chain team identifies opportunities to reduce any negative impact on the environment by utilising environment-friendly materials. In line with our OneCipla motto of Caring for Life, we encourage practices like consolidation and optimum vehicle utilisation, thereby reducing the number of trips for overall operations. This helps us cut down on our carbon emissions and derive cost benefits.

Encouraging local sourcing[15]

With **615** local suppliers, **49%** of Cipla's total procurement budget is spent on local sourcing[16].

We undertake a variety of support measures to enhance the capacity of local and small vendors. These include imparting monthly trainings to our contract manufacturing organisation staff on cGMP practices and compliance, data integrity, GDP for production and risk assessment, among others. We hold periodic meetings with our vendors, sharing industry trends and insights to help them upgrade their capabilities. We also provide certifications to select vendors to enable them to render their services in line with supply chain management or industry compliance standards.

Driving an innovation-centric supply chain

Our journey towards sustainability is accompanied by our drive for innovation. This can be seen in some of our initiatives outlined below:

Material availability dashboard

A common access tool for our procurement, planning and manufacturing teams, this dashboard addresses possible delays and risks to material availability.

Predictive analytics

Cipla Global Supply Chain Management (GSCM) rolled out two predictive analytics models in supply and demand planning during FY 2019-20 in order to improve forecast accuracy and on-time delivery through proactive risk mitigation. This also enhanced the prescriptive dashboard for inventory control.

Field force automation

We developed an indigenous field force automation software that enables daily reporting of production data and dispatches from contract manufacturers. This initiative also supports monthly production scheduling and monthly visit planning for field staff.

Primary freight Phase-1 integration into SAP

We implemented the SAP LE Transportation (LE-TRA) module involving our pan-India depots and hubs. SAP automation has led to better control on logistics expenses and tracking of movement, and other such efficiencies in our operational processes.

e-auctions and Ariba catalogue

With 40% addressable spends available on Cipla's catalogue, requesters can directly order specific items through the platform. We conducted 809 e-auction events in FY 2019-20 with e-sourcing capabilities to enhance visibility of supply requirements, purchase, delivery and invoicing status.

IBP project

SAP IBP (Integrated Business Planning) is one of the advanced cloud-based business planning platform. As an early adopter of technologies that drive efficiency, Cipla implemented SAP IBP with SAP ECC (ERP Central Component) in FY 2019-20 for end-to-end planning of demand, supply and materials.

We implemented a fully digitised B2B supplier network in FY 2019-20, using the reverse auctioning tool to procure direct and indirect materials worth

₹ 2.6 Bn

[15] Suppliers from country of operations (India, South Africa, USA and Uganda) are treated as local suppliers. Information in line with BRR Principle 2, Question 4.

[16] GRI 204-1. Local Suppliers includes the supplier of Direct material and Finished goods only.

Recognition for excellence – Cipla GSCM

Won two awards at CargoConnect Awards 2020

- Supply Chain People Development
- Best Innovative Use of Technology in Procurement

Won two awards at 5th India Logistics & Supply Chain Awards 2019

- Supply Chain Excellence in Collaboration
- Best Distribution Practices for Outbound Supply Chain

Awarded **Best Digital Supply Chain Enterprise** at the Manufacturing Supply Chain Awards 2020

A fortified response to Covid-19

With the Covid-19 pandemic resulting in an alarming number of infections and deaths, even advanced countries are struggling to find a strong strategy to combat this crisis. At Cipla, we are proud to stand tall with our global operations which have rolled out strong initiatives to keep people safe. We stay committed to serve our stakeholders and are determined to help combat the devastating effects of the pandemic by bringing necessary drugs to patients in the shortest possible timeframe.

Adopted innovative ways to connect with doctors through webinars and digital channels, disseminating knowledge around our Covid-19 products and therapeutic measures

Since the start of the lockdown, our employees attended all hotline calls and helped in the supply of products, benefiting patients and chemists

Social Capital[1]

Cipla Foundation furthers Cipla's long-standing, purpose-driven and socially conscious legacy. The Company's patient-focused values reflect in our community-centered approach to social change. Cipla's deep-rooted culture of responsibility, innovation and integrity guides our vision to build an equitable world on the foundation of 'Caring for Life'. In our endeavor to empower communities, we create collaborations and build partnerships to co-evolve solutions for lasting social change.

Our strategic focus area include:

Community engagement

41.81

AMOUNT SPENT (₹ IN CRORES) ON CSR IN FY 2019-20

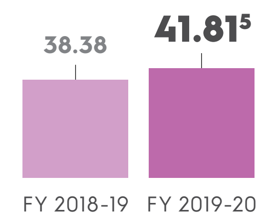
Cipla received the Golden Peacock Award for CSR in FY 2019-20

Governance for a Brighter Tomorrow[2,3]

At Cipla, we understand the potential as well as the responsibility of our business activities to drive positive change in society. Our CSR initiatives are implemented through Cipla Foundation. We also have an established governance structure and mechanisms that are aligned to our CSR policy. The Foundation works with credible institutions, nongovernmental organisations (NGOs), government agencies, domain experts and visionaries and other philanthropic foundations to enhance the outreach of our CSR initiatives in line with the CSR policy. Additionally, the Foundation maintains the highest standards of diligence, and audit and monitoring mechanisms for the partners and stakeholders it engages with.

Cipla Foundation works across four key CSR focus areas – health, skilling, education and disaster response – in India and South Africa. We consistently aim to maximise our CSR outreach, and contribute to our identified CSR priorities while remaining flexible in responding to unprecedented disasters like the Covid-19 pandemic.

CSR Spend[4] (₹ crores)



[1] Information in line with BRR Principle 8, Question 1

[2] Information in line with BRR Principle 8, Question 2, 3, 4.

[3] GRI 103-1, GRI 103-2, GRI 103-3, GRI 413-1, GRI 413-2

[4] Information in line with BRR Principle 8, Question 4. Represents global spend including statutory spend of ₹36.31 crores by Cipla Limited

[5] Represents global spend including statutory spend of ₹36.31 crores by Cipla Limited

Strong CSR governance structure, based on three pillars;

Board
- Constitute CSR Committee
- Approve CSR Policy and Budget
- Approve thematic areas for CSR projects and ensure that CSR projects are executed

CSR Committee
- Prepare and propose CSR Policy
- Approve and recommend CSR plan based on thematic areas
- Institute a transparent and monitoring management

Quarterly update to Board

Cipla Foundation/Others
- Identify CSR projects under agreed thematic areas
- Implement and monitor CSR projects
- Online Project Management System for measuring and monitoring CSR activities[5]
- Update the CSR Committee on the status of CSR projects

Regular update to CSR Committee

Our FY 2019-20 highlights are detailed below.

Health | Skilling | Eduation | Disaster Response

HEALTH

The Foundation takes Cipla's efforts of accessible health care to patients, to the communities we serve. We strive to bring quality primary healthcare services within the reach of those in need and align our efforts with national and global health mandates. In India, we prioritise palliative care and respiratory health, while our initiatives in South Africa focus on HIV and mental health. Additionally, we aim to respond to the health needs of communities around Cipla units as well as those of underserved and marginalised groups. This includes women, children, the elderly and individuals with disabilities[6].

The Palliative Care Centre has reached out to

17,500+

patients over 23 years

105,000+

Free-of-cost health check-ups by Mobile Health Units (MHUs)

Cipla Foundation partnered with

15+

Government Health Institutions

Reached out with medical care in South Africa to

42,000+

individuals through Owethu and Sha'p Left initiatives

[5]Information in line with BRR Principle 8, Question 5.

[6]Information in line with BRR Principle 4, Question 2

1 Creating Access to Palliative Care Services[7]

As few as 4% of people in India with serious health conditions have access to pain relief or palliative care.[8] We strive to bridge this unmet need by building access to palliative care services and by training general health practitioners in this specialised line of care. Our work is primarily anchored in the Cipla Palliative Care Centre in Pune. We additionally support palliative care organisations across the country. We also work with the National Health Mission in Maharashtra to provide community-based palliative care services and integrate palliative care into the public health system.

Cipla Palliative Care (CPC) & Training Centre- Growing Cipla's legacy of compassionate care

Cipla's purpose-driven approach is reflected in the establishment of the Palliative Care Centre in Pune, way back in 1997 - an initiative that the Foundation has been taking forward. Here, through a unique family care model, cancer patients and their care givers receive free-of-cost holistic care by a professional multi-disciplinary team. CPC also provides free-of-cost palliative homecare services and runs outpatient clinics at public and charitable hospitals in Pune. Additionally, CPC facilitates various training courses for healthcare professionals and volunteers:

	FY 2019	FY 2020
Patients served	4,700+	6,000+
Home care visits	3,900+	4,800+

CPC is the only official recognised training centre for the End-of-Life Nursing Education Consortium (ELNEC) course in India.

Scan QR code for more information on ELNEC

We believe Palliative Care is:

Responsive Care

Personalised to suit the individual needs of patients and their loved ones

Not Just End-Of-Life Care

Starts right from the time of diagnosis of a serious illness

Needed Beyond Cancer

Every chronic life-limiting illness requires palliative care

National palliative care outreach

With the aim to increase access to palliative care services beyond CPC, we support 15 palliative care providers across the country. This enables us to serve patients in remote communities and roll out training programmes for healthcare professionals.

Served through partners in FY 2019-20

7,400+

patients

15,000+

family caregivers

3,500+

healthcare providers received **'train-the-trainer'** module of palliative care training in FY 2019-20

[7]Information in line with BRR Principle 4, Question 3

[8]Alleviating the access abyss in palliative care and pain relief - an imperative of universal health coverage: The Lancet Commission Report, March 2018

Integrating palliative care into public health systems

For the second consecutive year, we supported the integration of palliative care into the Non-Communicable Disease (NCD) Programme with the National Health Mission, Government of Maharashtra and Aga Khan Health Services (India). Under this innovative multi-partner project, in two blocks (Bhor and Purandar) in Maharashtra's Pune district, we are supporting the training of doctors and community health workers to diagnose and identify palliative care needs in the community, and drive referrals to public health facilities.

35+
District doctors and medical officers trained in palliative care

700+
cases identified and referred by trained ASHA workers

290+
ASHA workers trained to identify and refer patients

Intervention covers
3,00,000+
people through 11 Primary Health Centres across two blocks of Pune district

2 Respiratory care: Supporting national health priorities

Chronic obstructive pulmonary disorder (COPD) is recognised as one of the five surging non-communicable diseases in India, with lack of timely diagnosis identified as one of the biggest challenges in managing this condition. Cipla Foundation recognises the urgency to address the growing national burden of COPD, and applies a multi-stakeholder approach through a range of initiatives.

Project ASHWAAS – Co-creating solutions for change

Under this innovative multi-partner collaboration with Ambuja Cement Foundation, we are supporting the training of frontline workers (Sakhis) to include COPD and asthma into existing health interventions for non-communicable diseases.

Project Ashwaas is a unique community-based intervention for creating awareness, early diagnosis and management of COPD

Partnering with the Government for scalable change

We have been collaborating with the governments of Maharashtra, Madhya Pradesh, Punjab and Rajasthan to run pilot initiatives to scale access for respiratory care and to include COPD into the existing Non- Communicable Disease Control Programme. We supported the setting up of a Centre of Excellence in the Government Medical College in Chandrapur, Maharashtra. Additionally, we supported COPD clinics with necessary equipment and training in government hospitals in Dhar and Chandrapur. Through the 'Inhale' Project, we aim to include COPD into the existing Non-Communicable Disease Control Programme in Ludhiana city with successful training for frontline healthcare workers.

3 Alignment with Global Health Mandates: Eliminating Hepatitis

Reaching the unreachable

In line with the WHO global campaign, 'Finding the Missing Millions', we continue to support Liver Foundation in Sonarpur West Bengal. Over a sustained period of six months, we conducted free of cost drive for awareness, screening and immunisation in two villages of Purulia district.

100%
population screened in Sitarampur village, Purulia district in West Bengal for Hepatitis B and 56% received third dosage of vaccination out of the total screened and the project continues

84%
of the total population screened in Katabuni village, Birbhum district in West Bengal for Hepatitis B and 92% received second dosage of vaccination out of the total screened

Project Prakash

To enable better management of viral hepatitis, we continue to support training sessions for healthcare professionals on diagnosis and management of the condition. This is being rolled out in partnership with the Institute of Liver & Biliary Sciences (ILBS), New Delhi through online sessions, using WHO curriculum.

4,600+
paramedics and doctors trained in FY 2019-20, as compared to 1,200+ in the previous year

4 Other health initiatives

We continue to **respond to the primary healthcare needs** of communities living near Cipla units, and also strive to serve underserved health needs that include detection and management of disabilities.

Doorstep Health - Mobile Healthcare Units

In partnership with HelpAge India, we support Mobile Healthcare Units (MHUs) that provide free-of-cost primary healthcare services including diagnosis, medicines, treatment and referrals to patients in remote communities. This especially benefits vulnerable patients such as women, children and the elderly. Through this initiative, we aim to additionally support patients with chronic conditions like hypertension, diabetes, respiratory disorders and arthritis, among others.

1,05,000+
free-of-cost health checkups provided through MHUs, as compared to 1,10,000+ in the previous year

Owethu Model of community health services and Sha'p Left Nurse Surgeries for primary healthcare

The Foundation's Owethu and Sha'p Left initiatives in South Africa continue to provide access to affordable quality healthcare in remote communities. This year, the Foundation established five additional Nurses Surgeries to decongest government healthcare facilities and provide communities with essential primary healthcare services.

Reached out people

35,000	42,000+
FY 2018-19	FY 2019-20

Project HOPE - Health Opportunities for Prevention and Empowerment

We believe that sustained health awareness and community engagement has the potential to create positive health seeking behaviour. With this in mind, we brought HelpAge India and Americares India on a single platform, to improve health outcomes of communities around Patalganga in Maharashtra. Detailed sessions have been conducted by trained community health workers on diabetes, hypertension and respiratory issues, and on empowering communities to leverage government health schemes.

Reached out to

24,000+

participants through BCC (Behaviour Change Communication) in FY 2019-20

Conducted

4,127

training sessions through BCC in FY 2019-20

Screened

2,493

students for respiratory ailments in FY 2019-20

Sha'p Left Chronic Medicine Pick-up-Point Units: Access to medication for stable chronic State patients

The Foundation in South Africa has established 22 chronic medicine Pick-up-Points for patients who would otherwise rely on collecting medication from government health facilities.

This project has been co-funded by USAID to the value of USD 4 million

Medication dispensed

20,000+	**43,000+**
FY 2018-19	FY 2019-20

Maternal & Newborn Health (MNH)[9]

Our sustained support to the community-centered MNH programme that we have been running in partnership with SNEHA, Mumbai, has shown impressive outcomes in achieving its objective of strengthening the public health system and building community ownership with an underlying sense of sustainability. In addition to building community awareness and participation, the programme has streamlined referrals into the public health system including primary health centres and hospitals in Municipal Corporation of Greater Mumbai (MCGM), Thane Municipal Corporation (TMC) and Vasai Virar Municipal Corporation (VVMC).

51,400+

connects established with the communities in FY 2019-20

18,290

people directly benefitted through health trainings, counselling and referrals in FY 2019-20

Supporting technological innovation for scalable health solutions: Moving knowledge, not people

Project ECHO (Extension for Community Healthcare Outcomes) represents the movement to augment best practice care for underserved communities across the world by harnessing the power of online knowledge sharing. ECHO operates on a hub-and-spoke model using an internet technology-based platform. Experts and specialists (comprising the hub) disseminate practical, case-based knowledge to health practitioners (spokes) who in turn cascade this to more professionals, and apply it in their own medical practice. We support ECHO training sessions in underserved and specialised therapies such as pediatric rheumatology, autism spectrum disorders, respiratory and palliative care.

85+ ECHO sessions conducted with **950+** healthcare professional from **30+** locations

Developmental disabilities

With support from Cipla Foundation, Ummeed Training Center advanced the upskilling of professionals and caregivers in multiple states of India and overseas. Ummeed now serves with the 'Ummeed way' philosophy of training and aims to enable better understanding and integration of disability into programmes run by governments, corporates, healthcare practitioners and the community at large.

1,310+

professionals trained at the Center with an outreach of **20,000+** children with disabilities

Thalassemia treatment and management: Rare needs Care

We are proud to grow our work in the management and treatment of thalassemia, an orphan disease that Cipla has long been committed towards. To take this forward, we have established partnerships with organisations in Mumbai, Pune and Bengaluru. This includes support towards setting up the Comprehensive Thalassemia Care Pediatric Haematology - Oncology and BMT Centre in Borivali, Mumbai that has gained exemplary recognition.

61

lifesaving bone marrow transplant surgeries Supported

999

blood transfusions Supported

Cleft lip surgery- A global initiative for cleft lip treatment for children

A Cipla Foundation South Africa initiative in partnership with Operation Smile, 'Miles for Smiles' creates awareness and raises funds to facilitate life-saving reconstructive surgery on children born with clefts.

EDUCATION

At Cipla Foundation, we recognise that access to quality education is critical for children and youth to achieve their full potential. Towards this objective, we support schools in communities near Cipla units and work to strengthen higher education government institutions across the country.

Supporting the setting up of a world class chemistry lab at IISER, Pune

With the aim to advance innovation and research in India and foster industry-academia collaboration, we have supported the setting up of a world-class Centre for Chemistry Education & Research at the Indian Institute of Science Education & Research (IISER), Pune. Comprising four state-of-the-art laboratories built across a 27,000 square feet area, the Centre will enhance learning for undergraduate chemistry students on the varsity campus by giving them access to best-in-class equipment, including virtual learning facilities.

Additionally, the Centre will also serve 5,000 students and 1,000 teachers every year from proximate schools and colleges that do not have access to such high-end learning facilities. This is in line with the Student-Scientist Connect Programme - a national initiative to extend learning outreach for school children.

Computer labs and e-learning equipment

Through this initiative, we helped set up Mini Science Centres in schools. These centres are equipped to teach innovative and interactive concepts in science and mathematics using the STEM (Science, Technology, Engineering and Mathematics) education model. This model encourages a practical approach to science activities and stimulates curiosity, while developing student aptitude and skills.

13

Mini Science Centres in **13** schools Supported by Cipla benefiting

5,572

students

Unit-level infrastructure support

Cipla Foundation has contributed to better infrastructure support for government-run and government-aided schools near Cipla units, in line with the national priorities of the Sarva Shiksha Abhiyaan and the Swachh Bharat Abhiyaan. This

Undergraduate Chemistry Lab, IISER Pune

9 Information in line with BRR Principle 4, Question 3

includes setting up of sanitation blocks for girls, boys and teachers, computer labs and e-learning equipment, as well as libraries and provision for grade-relevant books.

Supported more than

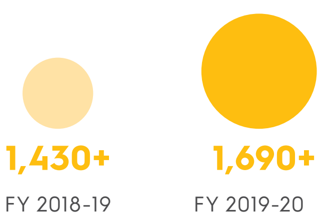
100

schools

3,300+

students benefited from this initiative

Children benefitted in India and South Africa through the Ajuga and Balvatika initiatives



Merit award scholarships

We continued encouraging exemplary students by presenting financial merit awards to rank holders from government-run and government-aided schools.

We Felicitated 629 students with merit awards (including 47 students with disabilities) from 134 schools across the country

Mobile Science Labs (MSL)

This nationally lauded programme aims to ignite the interest of science among students by augmenting teaching with innovative low-cost models and providing access to quality learning in remote communities. Each van, equipped with over 100 science models, drives to government-run and government-aided schools, where trained professionals conduct grade-relevant science learning sessions. We have been supporting seven MSLs under this programme, where teachers from government-run and government-aided schools are trained through teacher training programmes, and communities are engaged and educated in science through community visit programmes.

Early childhood development centres (ECDs)

We support ECDs in India and South Africa for children in the age group of 2-6 years, who live in communities near Cipla manufacturing units. Through these facilities we aim to cater to the needs of nutrition, education and safety of children in the critical formative years of their lives.

7 MSLs engaged for 97,000+ exposures to students in practical science learning, as compared to 60,000+ for the previous year.

SKILLING

As a responsible corporate citizen, we aim to play a part in India's National Skill Development Mission. In our endeavour to contribute to this initiative, we focus on creating opportunities for underserved youth to maximise their potential.

Professional skilling[10]

Together with Baddi University in Himachal Pradesh, we have designed a unique professional training programme wherein youth from the community earn a 3-year graduate BSc medical degree at the University while receiving on-the-job training at the Cipla manufacturing unit in Baddi. This initiative enables financially disadvantaged yet meritorious youth to gain both the theoretical as well as practical skills needed to excel in a competitive work environment. Students from the first batch, who graduated in 2018, have been successfully pursuing professional careers since.

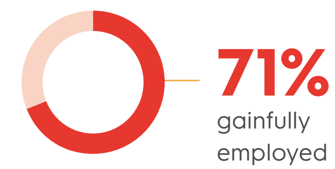
Skilling individuals with disabilities- Every life matters

A joint initiative between Cipla Foundation and Ambuja Cement Foundation, the Skill Development & Rehabilitation Centre (SDRC) in Ropar, Punjab, provides vocational skills in areas such as bakery, pottery and jewellery-making to persons with disabilities (PwDs). We also support job readiness skills for PwDs to facilitate increased employment opportunities. 57 youth have been trained at this Centre during the last three years, to build on their potential and equip them to lead a life of dignity through financial independence.

Short-term vocational skilling

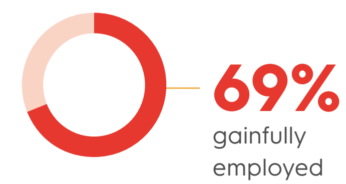
We partnered with Ambuja Cement Foundation in Baddi and the Industrial Training Institute (ITI) in Sikkim to grow skill enhancement opportunities for financially disadvantaged youth. This includes providing technical and functional skilling opportunities through trained professionals in areas such as plumbing, electrical, sewing, beautician courses, etc.

Youth trained in Baddi



200+

FY 2018-19



345+

FY 2019-20

[10]Information in line with Principle 4, Question 3

Project Eyeway[11]

Along with Score Foundation, Cipla Foundation continues to support the EyeWay helpdesk at the Victoria Memorial School of Blind in Mumbai. The helpdesk is a one-stop resource and information repository that aims to increase access to resources, information and counselling for people with visual impairments.

2,300+

visually impaired individuals engaged through the EyeWay helpdesk

DISASTER RESPONSE

Cipla has always been at the forefront in supporting communities affected by natural disasters, providing medicines in the immediate aftermath of a crisis. Cipla Foundation takes this legacy forward by partnering with like-minded organisations to provide essential supplies, hygiene items, rations and more for disaster-hit communities across India.

Maharashtra floods

We provided non-food items, safe drinking water kits and, mother and child care kits. With this, we extended care to families, pregnant and lactating women, and children below five years in Sangli and Kolhapur districts of Maharashtra. Additionally, we reached out to over 1,000 families with free-of-cost health checkups by deploying our mobile healthcare units to the disaster areas.

Cyclone Fani

During this time of crisis, we reached out to communities in Odisha with 1,500 water testing kits, dry food ration, mosquito fogging machines and tarpaulin sheets. Additionally, we also distributed saplings and initiated tree plantation drives to help farmers rebuild their lives.

[11]Ground work has been reduced due to COVID-19. The data is only available till Q3 for the same purpose.

Covid-19 pandemic

During the unprecedented pandemic that hit the world in early 2020, Cipla Foundation supported Covid-19 initiatives by working with the government, public health institutions, local administration, healthcare workers and vulnerable patients in India and South Africa. The focus of these response initiatives has been to care for vulnerable patients, frontline healthcare workers and communities.

Partnering With Government and Public Health Insitutions

- Support towards setting up of Covid testing facility in JJ Hospital, Mumbai with reagents/ kits for testing 4,000 cases
- Set up Mahashtra's only pediatric Covid isolation ward at BJ Wadia Hospital for Children, Mumbai
- Supplied personal protective equipment like gloves, sanitisers and gowns at Nair Hospital, Mumbai
- Innovatively modelled and deployed five containers to serve as testing facilities in high-risk communities in South Africa

Partnering With Local Administration

- Existing Sha'p Left Nurse Surgeries provided primary healthcare services in South Africa to ease the burden on government facilities

For more updated information on our ongoing Covid-19 response initiatives, visit: covid-care.ciplafoundation.org

Partnering With NGOs and Communities

- Cipla Palliative Care & Training Centre, Pune continued to provide 24/7 care for patients and families
- Distributed food parcels to Ajuga-Early Childhood Development Centres in South Africa and provided food vouchers for the teaching staff. Partnered with UNICEF to distribute learning material
- Provided food packets and meals to migrant workers in India

We remain embedded in the values of Cipla with the well-being of communities as our core focus. Together with like-minded partners, we are striving to empower individuals to build a healthier and productive life, and stand by with support during natural disasters and unprecedented crisis, like Covid-19.

Natural Capital

At Cipla, we believe in living by our ethos of contributing towards a greener environment and sustainable value creation. We recognise the impact of our business activities on the environment, and consistently strive to ensure responsible environment management and conservation to encourage sustainable profits for people and the planet.

Our strategic focus areas include:

- **Energy efficiency and managing our carbon emissions**
- **Water Management**
- **Waste Management**

34%

QUANTITY OF WATER RECYCLED AND REUSED

9.1%

ENERGY FROM RENEWABLE SOURCES

Governance for Natural Capital management[1]

At Cipla, we are committed to environmental sustainability across our business operations, to ensure that resources are utilised in a safe and responsible manner. Our senior leaders closely monitor the Company's environmental footprint and drive sustainability initiatives through technological innovation in our operations and products. This approach delivers a positive impact for the environment and benefits all stakeholders.[2] Cipla's ongoing commitment to sustainability is ingrained in our Environment, Health and Safety (EHS) policy, which acts as an overarching guidance manual for our stakeholders. All our subsidiaries and joint ventures have either adopted this policy as it is, or are aligned with it.[3]

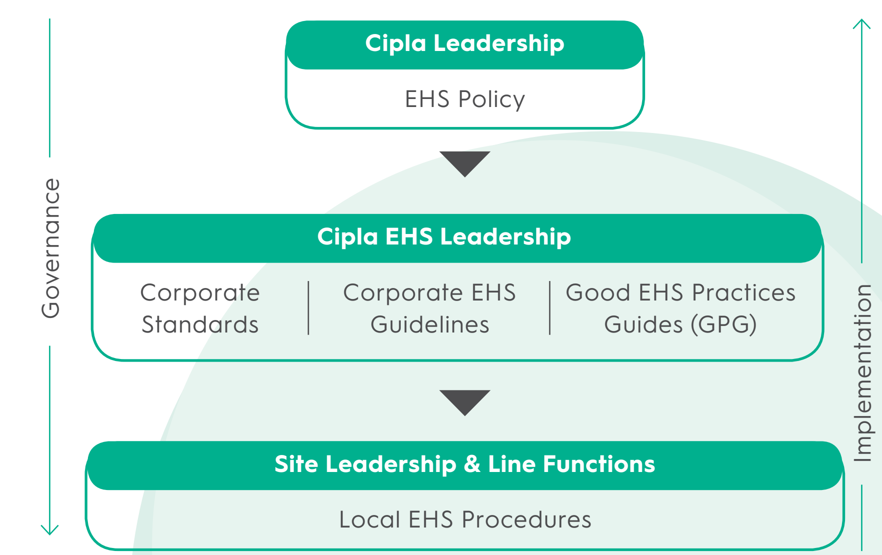
We believe that successful adoption of policy is dependent on a strong governance system. With an established, top-down approach to our governance system, we ensure that implementation is rolled out through a bottom-up approach. Governance and execution of the EHS policy, along with the mitigation plan for critical EHS risks, are overseen by the Investment and Risk Management Committee.[4]

The Local EHS Procedures (LEPs) at our sites are based on corporate EHS standards and guidelines defined by the leadership, which forms the basis for a sound EHS implementation. We released seven LEPs during the year, as compared to five LEPs introduced in the previous year. Committees have been set up at the department, plant and division levels to ensure adherence to the EHS policy.

Further, all our manufacturing sites across India (Sikkim II, stage I audit completed) are certified for the Environment Management System (EnMS) and Occupational Health and Safety Management System (OHSMS) on ISO 14001 and OHSAS 18001/ ISO 45001, respectively. These systems push us to do better, and hence the assessment of our practices is a vital focus area for us. An established auditing process helps ensure consistent improvement in these areas. This year, we conducted 33 external and 60 internal audits which showed no major non-compliances / observations.

During FY 2019-20, we were compliant with all applicable environmental regulations. Air emissions, effluent discharge and hazardous waste were within regulatory permissible limits. Due to our active monitoring and actions through EnMS, we do not have any open show cause/ legal notices, and no penalties were levied by environmental regulators. Our operations do not impact environmentally sensitive zones as all our manufacturing and R&D facilities are located in permitted areas.[5]

Cipla's EHS framework lays equal emphasis on capacity building, periodically conducting mandatory and need-based EHS training for our employees. During FY 2019-20, we identified nine EHS training topics and developed training calendars which were followed by employees in the API, Formulation and IPD divisions. Details on EHS training are provided under the Human Capital chapter of the Integrated Report on page number 084.



[1]GRI 103-1, GRI 103-2, GRI 103-3
[2]Information in line with BRR Principle 6, Question 2
[3]Information in line with BRR Principle 6, Question 1
[4]Information in line with BRR Principle 6, Question 3
[5]Information in line with BRR Principle 6, Question 6, 7

Energy Management[6]

Energy management is one of the prime focus area under Natural Capital at Cipla, since it has a direct impact on emissions and cost of operations. Our energy management strategy is based on a two-pronged approach – improving energy efficiency across our operations, and enhancing the proportion of renewable sources in our total energy consumption mix.

Cipla has always believed in putting robust systems in place to ensure the accuracy and stability of its strategy. In line with this thinking, we have implemented a strong Energy Management System in each of our locations. Our API and formulations sites in Goa and Indore are certified as per the ISO 50001 Energy Management System standard.

Internal and external audits at our manufacturing locations keep track of our energy management performance, and help identify areas for improvement. Internal audits are conducted every six months, and a surveillance audit is done annually, while external re-certification is carried out once every three years.

Energy Savings

We undertook several initiatives in FY 2019-20 to reduce our environmental footprint. This was possible because of the active participation from all our locations. Some of the initiatives that helped reduce energy consumption at Cipla are:

- **ON/OFF logic operation for Air Handling Units (AHU)**
- **Installation of energy efficient pumps (heat pumps)**
- **Installation of rooftop solar units**
- **Process modifications, installation of LEDs, installation of VFDs and more**
- **Interchange of high gravity chillers with low gravity chillers**

Solar rooftop capacity increased from 820 kW (including 410 kW of depots) in FY 2018-19 to 1,789 kW in FY 2019-20.

We were able to generate 10.4 lacs kWh from solar rooftop installations

For the FY 2019-20, 223 lacs kWh electricity was sourced through solar/wind third-party PPA (non-captive). This grew by 23% over last year

In FY 2019-20, we were able to save around **13,027 GJ** of energy through our energy saving initiatives

[6] GRI 302-1 and GRI 302-4. Information in line with BRR Principle 6, Question 5

During FY 2019-20[7], we continued to grow the share of renewable energy across our sites by encouraging and establishing new installations for renewable energy generation. This includes the commissioning of a 693 kW solar rooftop plant under the Renewable Energy Service Company (RESCO) model in December 2019 at Baddi in Himachal Pradesh, and a 276 kW solar rooftop plant in January 2020 at Bommasandra, Bengaluru. A total of 2.96 lacs kWh of power were generated through these installations during the year.

Installed solar rooftop capacity in previous years totaling to 820 kW (including 150 kW in Goa, 175 kW in KKB + PTG, and 85 kW in Vikhroli and 410 kW at depots), continued to generate 7.45 lacs kWh of power during the year.

We have continued to grow our renewable energy initiatives this year, as well. Through the third-party open access route (solar and wind), we sourced 85% of the total electricity requirements at our Bengaluru units (Virgonagar and Bommasandra) from renewable energy sources. (Total electricity consumption at Bengaluru was 248 lacs kWh, out of which solar and wind Open Access contributed 210 lacs kWh). For the Vikhroli R&D centre in Mumbai, we sourced 12.68 lacs kWh via the third-party Open Access route during April-November 2019.

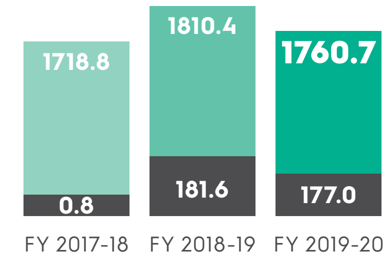
Sustained efforts to shift from conventional to renewable sources of energy have helped reduce Cipla's overall environmental footprint. We have now adopted new targets to keep growing our energy mix in the coming years. During FY 2019-20, we invested ₹9 crores of share capital (26%) in a special purpose vehicle, AMPSolar Power Systems Private Limited, for setting up a 30 MW DC capacity captive solar plant in Maharashtra. The project is under advanced stages of construction, and is scheduled for commissioning by Q2 of FY 2020-21. From this plant we plan to source power under the captive Open Access route for our Kurkumbh and Patalganga units, and shift ~55% of their combined annual power requirement to green energy.

At our Goa site, 2,477 kW of solar rooftop capacity under the RESCO model is slated to be commissioned soon. Another 1,100 kW of solar (rooftop and ground mounted) plants are under construction at our Sikkim site (units 1, 2 & GC) and are scheduled to be commissioned by Q3 of FY 2020-21.

Considering the share of renewable energy in electricity purchase from various DISCOMS across our manufacturing units (according to data from the Ministry of Power, Government of India) and our internal efforts, we estimate that 19% of our total electricity supply for India locations during FY 2019-20 has come from renewable sources. We plan to continue our focus in this area in FY 2020-21, as well.

The figures and table below provide an overview of energy consumption within Cipla[8]

Energy Consumption (TJ)



Conserving energy in our operations is a continuous process at Cipla. Our initiatives in this area have led to a 3% reduction in overall energy consumption for FY 2019-20, as compared to last year. We are also taking active measures to reduce our consumption share of energy sourced from fossil fuels (High Speed Diesel and Furnace Oil), as compared to the previous year. Capital expenditure of ₹5.27 crores was approved for these interventions in FY 2019-20, of which a part was spent during the year.

Energy reduction in GJ compared to previous year

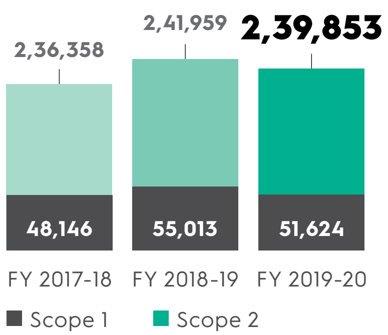
Total **39,253**

[7] We have included data for Mirren from South Africa and Depots data from India in the calculations for this year.
[8] Includes energy from nonrenewable sources (779 TJ from fuel and 1107 TJ from electricity) and renewable sources (93.03 TJ from fuel and 83.08 TJ from electricity). We have included data for Mirren from South Africa and Depots data from India in the calculations for this year.

Greenhouse gas emissions[9]

At Cipla, we understand the imperative to reduce Greenhouse Gas (GHG) emissions in our operations. Accordingly, we have aligned our targets with the global goals and the national agenda for reducing GHG emissions.

Emissions in tCO2e



Our emissions intensity (tCO2e/GJ) remained unchanged from the previous year at 0.15.

Our GHG emissions are generated from diesel, natural gas, furnace oil (residual fuel oil) and electricity consumption. We have used The Intergovernmental Panel on Climate Change (IPCC) AR 4 emission factors for fuels [Global warming potential (GWP), as per AR 5] and CEA (Central Electricity Authority) emission factors for grid electricity in India. We have also used country-specific emission factors for our electricity consumption in other countries.

In addition to an overall reduction in GHG emissions through conventional energy sources, we were able to further cut down on emissions with the help of our renewable energy initiatives, by 19,133 tCO2e.[10]

Our efforts and actions have helped reduce our Scope 1 emissions by **6%** and Scope 2 emissions by **1%**, as compared to the previous year

19,133 tCO2e emission reductions from offsets due to use of renewable energy. Our investments in renewable energy have led to an increase in carbon emissions offset by 3,883 tCO2e as compared to the previous year.

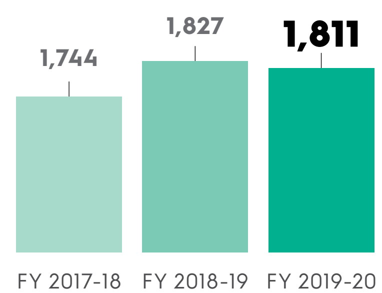
[9]GRI 305-1, GRI 305-2 and GRI 305-4
[10]Emission reduction from offsets calculated basis - renewable energy in GJ*0.82

Water management[11]

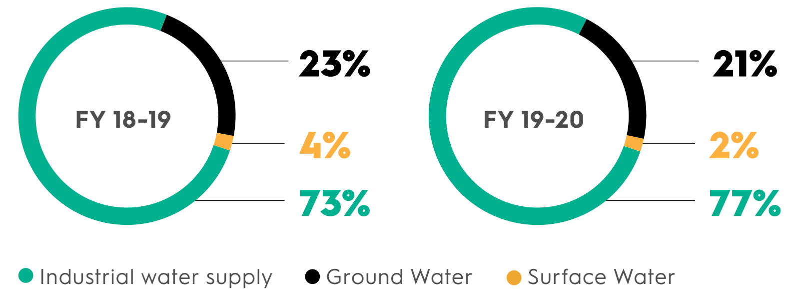
Water is a valuable natural resource, and is used throughout our manufacturing process. Water management is therefore one of the most important parameters in our sustainability agenda. Cipla takes all possible precautionary measures to manage and improve its water footprint. We actively monitor water consumption levels and have adopted the 5R approach – reduce, recover, reuse, recycle and rethink – for efficient water management.

This has helped us reduce our overall water consumption by 3%, as compared to the previous year. The graph below represents our water consumption by source for FY 2019-20.

Total water consumption (kL x 1,000)



Water Consumption break-up by source



Some of the initiatives in FY 2019-20 that helped reduce water consumption at Cipla are:

ETP RO treated water reused for utility makeup (for Cooling Towers) purposes	**Reuse of water after backwashing of filters used for processes**
Water usage optimisation in canteen and wash areas by providing auto taps	**Throttling of incoming potable water lines of manufacturing block**

In addition, we have also started harvesting rainwater at sites where the runoff water from rooftops is being used in the cooling towers. At a few sites, rainwater is also used for non-GMP purposes. However, the quantity was not significant for FY 2019-20. We plan to increase this capacity in the coming years.

[11]GRI 303-1 and GRI 303-3

Wastewater management[12]

We have been constantly working to improve the efficiency of our water usage. We have undertaken Zero Liquid Discharge (ZLD) projects to improve our wastewater management systems. All our API manufacturing sites (except Patalganga) are now zero liquid discharge sites. At Patalganga, we treat the total generated wastewater, of which a part is discharged to a Common Effluent Treatment Plant (CETP) under obligation of discharge in-line with the agreement. We are also working to convert our existing ETPs to ZLD at our Sikkim plant.

The total wastewater generated in FY 2019-20 was 8,39,494 kL, of which 2,12,062 kL was discharged from Cipla's operations at Patalganga, Baddi, Vikhroli and overseas sites into CETPs and Publicly Owned Treatment Works (POTW), in compliance with the consent/ permit conditions. The quantity of water recycled and reused during the year was 6,09,624 kL, which amounts to 34% of our total water consumption.

Our constant efforts have helped us manage our wastewater more efficiently and consistently for the last three years. We now recycle and reuse **more than 70%** of wastewater generated.

[12]GRI 306-1

Waste Management[13]

In line with our focus on sustainable business operations, Cipla seeks to minimise the generated waste at source, where possible, and recycle the rest. A considerable portion of the waste generated in the pharma industry is classified as hazardous and requires safe handling. We ensure that the waste generated by our operations is handled and disposed off in an environmentally responsible manner, and in full compliance with applicable government regulations.

We also monitor our waste management processes and procedures regularly so that adequate and safe treatment is available for the waste generated across our facilities. Solvent recovery systems installed at our API sites enable the recovery of prescribed amounts of used solvent. These amounts are then reused, while the rest is sold to authorised recyclers. At our formulation site, primary waste generated consists of packaging waste, rejected materials and shelf-life expired products. These are sent to Treatment, Storage and Disposal Facilities (TSDF) or subjected to thermal destruction in external incinerators or sent for co-processing.

The global ban on single use plastic promotes the use of paper-based carton boards for packaging, which has led to more sustainable industrial practices. Most of our product packaging – particularly secondary and tertiary packaging components – is manufactured using recycled materials such as paper and board. Use of recycled paper also helps preserve forests by lowering the demand for wood, generates less pollution during production, and helps optimise costs. Cipla ensures that approximately 10% of recycled material is used in the development of its new cartons and shippers. In line with our goal of increasing this share year-on-year, we follow a comprehensive protocol assessment of factors such as recyclability, nature of the material, single material usage, product to packaging ratio, ease at the manufacturer's as well as at the user's end, design for distribution and its disposal, etc.

Cipla has also been registered as a Brand Owner under the Plastic Waste Management Rules by the Central Pollution Control Board (CPCB), as per the Extended Producer Responsibility commitment. This allows us to recycle and process plastic waste. Till 31st March, 2020, we channelised around 4,500 MT of plastic waste generated from our products through recycling and co-processing, thus preventing it from being dumped at urban landfills.

The summary of waste generated from our operations in FY 2019-20 is provided below: [14]

Hazardous waste

1,367 MT
Secured landfilling (SLF)

1,576 MT
Incineration (solid)

937 KL
Incineration (liquid)

13,584 KL
Reprocessing/ recycling (spent solvent)

4,173 KL
Reprocessing/ recycling used oil

38 MT
Reprocessing/ recycling containers/ acid etc

2.4 MT
Reprocessing/ recycling e-waste

Non-Hazardous waste

8,446 MT
All scrap (PVC, shoes cover, box paper, MS, GI parts, etc.)

1,01,428 Nos
Scrap (plastic drum, fibre drum and can, MS drum and EC/FD, etc.)

[13]GRI 306-2, GRI 306-3 and GRI 306-4
[14]Information in line with BRR Principle 2, Question 5

For FY 19-20, there were no spills reported. All non-hazardous waste, such as metal scrap, paper, etc. were sent to recyclers.

95%
of liquid hazardous waste recycled[14]

1.34%
of solid hazardous waste recycled[15]

Some of the active measures and interventions to reduce processed waste from our operations are:

- Polyhouse used for drying ETP sludge, which reduces water content in solid waste
- RO rejects (good quality) from freshwater purification are re-engineered and used in utilities, instead of being sent for treatment
- Condensate recovery used for boiler feed water
- Installation of automatic and spray taps
- Compost created from canteen and garden waste
- Utilisation of hazardous waste for co-processing, instead of conventional methods such as TSDF
- E-logs instead of manual paper recording, in manufacturing and packaging

Environmental Awareness and Employee Engagement

Cipla has been regularly organising employee engagement activities to foster awareness around environmental conservation. This year too, we celebrated World Environment Day on 5th June, 2019 across all our locations. Various initiatives like sapling plantation, distribution of recyclable bags, outdoor waste collection, etc. were undertaken.

Some of our notable initiatives are:

Renovation of masonry check dam

A masonry check dam was constructed by the government about 15 years ago at Kheda village near our Indore unit. Through years of neglect, the dam gradually lost its water storage capacity due to heavy siltation and erosion of its walls. The Cipla Foundation rolled out initiatives to renovate the check dam and restore its functional structure. This helped increased the availability of water through better retention and storage, and also recharged ground water and thus helped raise the yield of wells in the area.

Storage capacity of the Kheda dam near Indore has been increased from ~10,000-11,000m3 to ~14,000-16,000m3

Benefits accrued to 650 households with a total population of around 4,500 people

Tree plantation at Kallabalu village lake

The Kallabalu lake is located in Kallabalu village, Jigani Hobli in Anekal taluka in Bengaluru, barely two kilometres away from Cipla's Bommasandra unit. Realising that the lake was polluted to an alarming extent, the Jigani Industrial Association, the Kallabalu Panchayat Committee and the Jigani police station came together for an environment protection initiative. This involved removal of sewage and silt from the lake bed, and construction of a walkway and fence around the lake boundary to prevent dumping of garbage. To help in these greening efforts, Cipla Foundation supported the planting of grass and saplings over a 54,000 sq ft area around the lake. The rejuvenated Kallabalu lake and its surroundings now offer a healthy environment for aquatic life and birds to flourish, and is a preferred location for physical fitness activities. The lake also serves as a source of water for farmers nearby.

[15]Information in line with BRR Principle 2, Question 5

Management Discussion and Analysis[1]

The following Management Discussion and Analysis Report (MD&A) has been drafted considering business as usual through FY 2020-21.

The Covid-19 pandemic has caused unprecedented disruption in global economic activity, reflected in severely weakened macro-economic indicators.

Global GDP numbers are being revised depending upon stimulus packages initiated by respective governments and central banks, and the recovery potential of economies through the pandemic. All these will lead to significant volatility in the near to medium term across key economic indicators, including currency, liquidity and inflation. Despite the perceived immunity of the pharmaceutical sector, the Covid-19 pandemic is likely to cause major shifts in chronic and acute drug usage and healthcare delivery in developed and developing markets, impacting the operations of pharmaceutical companies across the globe.

Since March 2020, most governments worldwide have accelerated containment measures to restrict the spread of the virus and utilise healthcare infrastructure and resources for Covid-19 treatment. This translates into fluctuating demand for medicines in hospital channels due to restricted patient flow for routine ailments (OPD) and rescheduling of non-critical surgeries. Restricted patient visits are likely to adversely impact prescriptions and medication refills, field force engagement, new product launches and inventory levels in the distribution channel, depending upon the duration and the severity of the pandemic. The pandemic may also cause interruptions in the procurement of raw material supplies, manufacturing operations and therefore the supply of medicines as the Company ensures the safety and well-being of its employees and stakeholders.

The above factors have created an environment of significant uncertainty, which limits the ability of the company to make appropriate projections about business trajectory in the coming year(s). Evolving demand patterns can also have an impact on financial health as we extend liquidity support to our channel partners and suppliers.

Cipla is taking proactive measures to manage the crisis and adapt to new realities to ensure sustainability of its procurement, manufacturing and distribution, and deliver on its strategic goals.

Overview

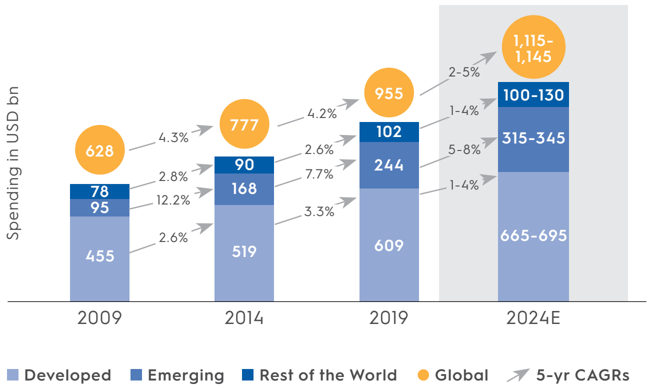
Cipla's relentless commitment and contribution over the last 85 years towards improving healthcare outcomes and standards of care has positively impacted the lives of patients in more than 80 countries globally.

Our purpose of **Caring for Life** enables us to deliver unmatched capabilities across the care continuum in various therapeutic areas, including the widest range of drug-device combinations and cementing our position as a lung leader in India and other key emerging markets. Our R&D engine and manufacturing operations are well-positioned to unlock opportunities emerging from the evolving healthcare ecosystem, and deliver superior value to patients, shareholders and all other stakeholders.

[1]GRI 103-1, GRI 103-2, GRI 103-3

Global pharmaceutical industry structure and key developments

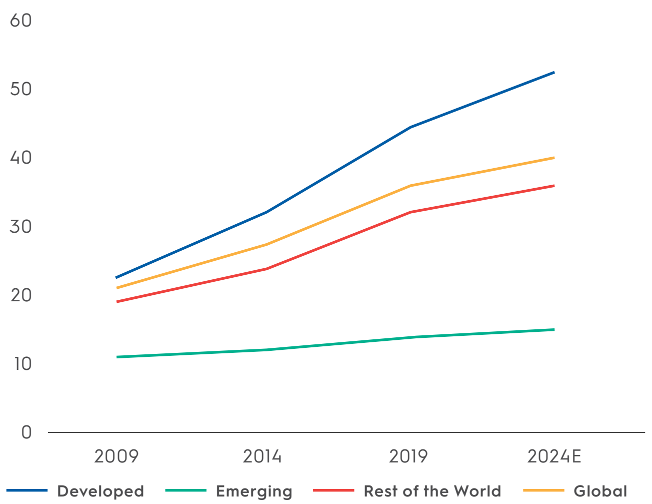
Global Medicine Spending Growth 2009-2024E



Source: IQVIA Market Prognosis, Sep 2019; IQVIA Institute, Dec 2019

As per a recent IQVIA[2] report, global medicine spending is projected to grow at 2-5% annually and exceed USD 1.1 trillion by 2024. Most developed markets are expected to continue investments in specialty medicine and new branded product spending at a lower growth rate of 1-4%, given that price and volume growth will slow down owing to pricing pressures and loss of exclusivity on patented medicines. In volume-driven emerging markets, medicine spending is expected to grow 5-8%. These markets will continue to see increased access, leading to higher volume and uptake in novel therapies. New payments infrastructure to manage high cost therapies would be critical to lessen the impact on spending.

Global Medicine Specialty Share by Region



Source: IQVIA Market Prognosis, Sep 2019; IQVIA Institute, Dec 2019

Specialty investments in developed markets are expected to be higher in niche areas like oncology, orphan indications, and cell and gene therapies. The projected lower spending in emerging markets is in line with historical levels attributed to high out-of-pocket expenses, limited reimbursements and disease morbidity differences leading to lower uptake.

Cipla has been at the forefront of offering complex respiratory products such as inhalers, nasal sprays and other dosage forms such as injectables and biosimilars via organic development, and through partnerships in key geographies. This allows greater access to cost-effective medicines and treatment options, to positively impact healthcare outcomes. In India, Cipla expanded its portfolio offerings through acquisitions and partnerships such as Vysov® (anti-diabetic DPP4-Inhibitor) and brands in the nutraceutical-women's health space to reinforce its strong offerings in the domestic market. The Company also entered into multiple agreements with MNCs across key geographies, which include partnerships with AstraZeneca in South Africa and Novartis in Australia and Sri Lanka, and is looking to grow its in-licensed biosimilar franchise in emerging markets. More recently, Cipla has partnered with Gilead Sciences for the manufacture and sale of Remdesivir, which is currently being considered as a potential treatment drug for hospitalised patients suffering from Covid-19.

[2]Global medicine spending and usage trends (March 2020)

Expected trends for global pharmaceutical markets

Demographics

Improved standards of living, and evolving demographic and epidemiological trends will drive demand in emerging markets. Here, the ageing population and rapid incidence of non-communicable diseases (NCDs), especially cardiovascular disease, cancer and diabetes, will see growing investments towards control and prevention

Artificial intelligence and Machine learning

Artificial Intelligence (AI) and Machine learning can serve pharmaceutical companies in

- Improving the sophistication of digital engagements with physicians and patients
- Optimising the selection of candidates for drug discovery and clinical trials in a cost-effective manner

Digital health systems

Digital technology has been a transformative force in the creation of modern infrastructure to evaluate patient engagement and medical outcomes and shape future strategies. Accelerated adoption of digital services is likely to promote convergence of healthcare systems in developed and developing economies

Access

Continued expansion of national healthcare schemes by South-East and East Asian countries in response to rising demand, demographic and epidemiological trends to drive spending

Global pricing action

Governments are exploring a range of policy options to negotiate the pricing of prescription drugs to reduce cost and increase access for patients

Diversity in innovation launches

Specialty, orphan, biologic and oncology will represent an increasing proportion of innovative product pipelines in the developed markets. At the current rate, biosimilars are likely to see increased uptake. Gene-based therapies, backed by genomic data, will see higher relevance in product approvals and outcomes

Evolving regulatory framework across key markets[3]

Regulatory developments and government initiatives in India

During the year, the Indian regulatory authorities announced several initiatives around generics, APIs and clinical trials.

- The government continues the focus on revising and updating the National List of Essential Medicines
- Expansion of Jan Aushadhi stores offering affordable medicines continues to provide price competition to pharmaceutical companies.
- The Ayushman Bharat programme, the world's largest state sponsored health insurance scheme, will continue to drive access to healthcare services in the country, and can potentially trigger a rise in demand.
- Introduction of telemedicine guidelines led to the formal recognition of this practice in India, legally. This is expected to improve patient convenience as consultations can be done remotely through any form of communication media.
- The Union Cabinet has proposed schemes with an allocation of approximately ₹10,000 crores towards construction of bulk drug parks, incentives to boost domestic output and reducing dependency on imports. The government has also identified 53 APIs that it would like domestic drug companies to focus on. From a manufacturing perspective, implementation timelines of such schemes and timely product approvals will be key to reduce dependency on imports over the medium to long term.
- E-pharmacies, entering into their fifth year of existence, will continue to evolve their business models to integrate into the overall healthcare ecosystem. The continuation of discounting models

[3]GRI 103-1, GRI 103-2, GRI 103-3

and focus on profitability may lead to channel consolidation, with potential pricing implications for pharmaceutical companies.

- New Drugs & Clinical Trials Rules, 2019, were introduced to improve the scope of existing regulations to include provision for bioavailability and bioequivalence studies and inclusion of geriatric and pediatric population for relevant conditions, relaxation of local clinical trials for launching drugs marketed in foreign jurisdictions recognised by the health ministry, and introduction of the concept of investigational drugs and orphan drugs.

Regulatory developments in the US

The US pharmaceutical market continues to be the top export destination for Indian pharmaceutical companies. Over the years, Indian pharma companies have adopted the strategy of pruning R&D pipelines to focus on complex formulations where competition and pricing pressures are limited.

- The pandemic has led the US government to realise its over-dependency on imports to support domestic demand for medicines. To increase long term self-reliance and to curtail shortages, the US government is likely to encourage increased indigenous capacities, as well as sourcing from a diversified pre-qualified import base. Indian pharmaceutical companies will need to reassess their manufacturing base and distribution channels, and prepare for such shifts over the medium to long term.
- US pharmaceutical market witnessed an increase in approvals for novel products based on unmet clinical needs via expedited regulatory pathways, through 2018 and 2019.
- Pricing pressures will remain for market participants, given the focus to reduce drug prices and out-of-pocket costs for patients. Efforts to boost market access for generics by increasing competition and lowering prices are expected to continue through programs such as Generic Drug User Fee Amendments and Competitive Generic Therapies.
- The number of inspections and adverse classifications of manufacturing sites by the USFDA have increased through 2019. Indian companies are working towards resolution of regulatory observations given the high importance of the geography from a long-term growth perspective.

Other global regulatory developments

In addition to India and the US, Cipla's operations are subject to a variety of regulations in other jurisdictions across the world, impacting the sales, marketing and distribution of its products as well as ongoing product development.

South Africa

- The South African Health Products Regulatory Authority (SAHPRA) is committed to clear the massive backlog of regulatory applications inherited from the Medicines Control Council (MCC) that it replaced in February 2018. In its annual strategy document, the agency has targeted to re-engineer approval processes to reduce the regulatory decision timeline to 275 working days for new chemical entities and 180 days for registration of generic products, and reduce the regulatory backlog in two years. The agency also plans to strengthen its human resource capacity, introduce a new fees model and digitise its key processes. Furthermore, adequate funding has been raised from key stakeholders to implement the strategy. This is likely to significantly increase approval rates and benefit Cipla's developmental pipeline in the region, thereby improving access to life-saving medicines and generics. It could also potentially increase competition in the South African market as multiple players receive product approvals.
- In August 2019, the National Health Insurance (NHI) Bill was introduced to provide all South Africans essential health services as part of the government's initiatives to improve universal healthcare access for all its citizens.

Europe

Key priorities for governments across Europe included price control initiatives and improvement in patient access. In Germany, the GSAV Bill for more safety in the supply of pharmaceuticals, was introduced to increase patient safety and is likely to have implications on biosimilars and orphan drugs. In France, a new health law was adopted in July 2019 which targets transformation of the current health system, with emphasis on greater control of chronic diseases.

Italy's new pharmaceutical governance strategy, launched in end-2018, outlines measures to address issues affecting the underfunded healthcare system in the country. In the UK, a new voluntary pricing system for branded medicines was made effective in January 2019. Initiatives such as the Accelerated Access Collaborative (AAC), and reforms to the Cancer Drugs Fund will expedite patient access, and extend uptake of new medicines in the UK. Given the dynamic and diversified nature of European countries and their regulatory authorities, Cipla will focus on key large DTM markets for a well-entrenched footprint.

Cipla continues to maintain a robust quality management system to ensure full compliance with regulatory requirements, with manufacturing processes that produce high-quality products exported to various markets globally.

Financial performance

In FY 2019-20, the Company made significant progress on its key priorities across businesses. The consolidated PAT was historically the highest at **₹1,547 crores**.

Cipla's capital continues to be allocated in value accretive businesses, which has led to a year-on-year (YoY) strengthening of the balance sheet and a sustained improvement in RoIC. FY 2019-20 witnessed continued traction in branded markets of India and South Africa, along enhanced direct-to-market presence in US and strong traction in the respiratory franchise, with successful filings and launches at the close of the year.

"We continue to maintain our aggressive investment stance in established branded franchises of India and South Africa, and calibrated investments in the US generics and specialty businesses, which will drive further improvement in our return metrics. We will remain focused on ensuring a healthy cash position and reimagining the cost base across our businesses in these times."

– Kedar Upadhye
Global Chief Financial Officer

Growth in key markets

- **The India Rx business continues to deliver strong market beating performance with 9% growth on a YoY basis while maintaining ranks and market shares across key therapies - respiratory, urology, anti-infectives and cardiology.** The trade generics business came back strongly after distribution model change in Q1 of FY 2019-20, and delivered strong growth in H2 of FY 2019-20. This year, the three businesses, namely Rx, trade generics (Gx) and Consumer (Cipla Health Ltd; CHL), were converged under the One-India strategy to harness synergies of these businesses. This is likely to see significant traction in the coming fiscal with synergies playing out across distribution and portfolio management.

- **The South Africa business grew by 8% in local currency terms, driven by strong performance of 11% local currency growth in the private and OTC markets, significantly outpacing the market growth.** The Sub-Saharan Africa business was impacted by receivables-related challenges, and the CGA business rebased during the year.
- **In the US, the Company optimised an IP-led opportunity of Cinacalcet (gSensipar) amongst other approvals, and scaled-up revenues to USD 547 million.** Recent pipeline developments such as generic Albuterol approval and gAdvair filing, FTFs (Esomeprazole 10mg) and other limited competition approvals will help drive the business in FY 2020-21 and beyond.
- While the European business continued its strong market performance, the emerging markets business was impacted by supply constraints and geo-political and associated economic instability. The Company continues to focus on key value-generating DTMs across the EU and emerging markets.
- The API business grew by 5% in $ terms during the year with higher margins driven by healthier product mix. The business exhibited continued momentum in global seedings and lock-ins.

Key financial highlights

In FY 2019-20, the Company reported

₹17,132
Revenues (in crores)

₹3,230
EBITDA (in crores)

19%
EBITDA margin

For the year, the consolidated PAT was historically the highest at ₹1,547 crores. On a YoY basis, PAT margins were maintained at 9%. The diluted EPS (earnings per share) for the year stood at ₹19.16 (FY 2018-19: ₹18.93).

The Company further improved its net debt position to ₹807 crores (FY 2018-19: ₹1,581 crores) by repaying ₹1,939 crores debt ahead of schedule. The net debt/equity stood at a solid 0.05 for the year (FY 2018-19: 0.1).

Net debt

₹807 crores
In FY 2019-20

₹1,581 crores
In FY 2018-19

In FY 2019-20, the free cash flow improved by 87% to ₹1,955 crores (FY 2018-19: ₹1,043 crores), led by significant progress on stabilising working capital requirements and normalising growth capex.

Free cash flow

₹1,955 crores
In FY 2019-20

₹1,043 crores
In FY 2018-19

Core margins (quality of earnings)

Overall, Cipla reported stable EBITDA margins of ~19% during the year. The Company is focused on improving core margins by driving value accretive growth and evaluating the cost base for efficiency improvement and productivity.

Balance sheet health

Cipla continued its focus on strengthening the balance sheet by optimising capex and working capital investments. The Company deployed its capital to support scale and to enhance product portfolio. **Improved cash generation enabled the Company to prepay debt by ₹1,939 crores, and fund growth investments.**

The expenditure on tangible assets for the year was ₹573 crores (FY 2018-19: ₹360 crores), spent on routine maintenance capex and new lines in India, and upgradation at facilities in the SAGA region. The capital expenditure for the year in intangible assets (net of sales) was ₹427 crores (FY 2018-19: ₹167 crores) spent on brands acquired and in-licensed in India and USA.

The Company's leverage and debt metrics remained healthy with the net debt-to-equity improving to 0.05 (FY 2018-19: 0.1) while the net debt to EBITDA improved to 0.3 (FY 2018-19: 0.5). The Return on net-worth was marginally lower as compared to last year.

FY 2019-20 financials

The Company's consolidated income from operations during FY 2019-20 grew by ~5% to ₹17,132 crores. EBITDA for the year was ₹3,230 crores or ~19% of sales. Profit after tax for the year stood at ₹1,547 crores or 9% of sales.

Total income from operations

Revenue growth in FY 2019-20 was driven by the India, South Africa, North America and Europe operations. The Company's consolidated income from operations during FY 2019-20 grew by 5% to ₹17,132 crores (FY 2018-19: ₹16,362 crores).

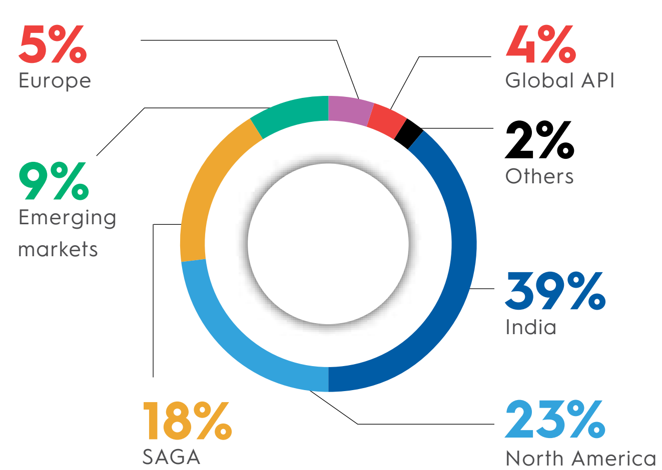
Consolidated income from operations

₹17,132 crores
In FY 2019-20

₹16,362 crores
In FY 2018-19

↑ 5%

Revenue split by business



Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

The EBITDA for the year was ₹3,230 crores, with EBITDA margin at ~19% to sales. Operational profitability continued to remain at healthy levels across key businesses of India and South Africa while improving significantly in US driven by strong commercial execution and contribution from an IP-led opportunity.

Employee expenses

Cipla's employee expenses for the year stood at ₹3,027 crores, an increase of 6% over FY 2018-19. The increase was largely driven by annual increments and other performance linked components.

Other expenses

The other expenses which include R&D, quality, sales and marketing, regulatory, manufacturing and others, stood at ₹4,908 crores for the year, growing by ~6%. The other expenses at 28.6% to sales remained largely stable, against FY 2018-19. This increase was largely driven by growth investments in the India business, including the Omnigel consumer campaign, growth investments such as expenses related to specialty acquisitions and product development in the US, and remediation costs for the Goa plant.

R&D investments[4]

Total R&D investments stood at **₹1,175** crores or **6.9%** of revenue with significant contribution from investments in Respiratory portfolio such as the Advair development.

[4]GRI 103-1, GRI 103-2, GRI 103-3

As on 31st March, 2020 Cipla had a total of

259* ANDAs

175 approved

22 tentatively approved

62 under-approval

FY 2019-20

12 approvals received by the Company

launched **13 ANDAs**

filed **6 ANDAs**

Depreciation and amortisation

During FY 2019-20, depreciation and amortisation expenses (including the impact of change in lease accounting) stood at ₹1,175 crores (FY 2018-19: ₹1,326 crores). The FY 2018-19 depreciation and amortisation charge included a one-time impairment linked to the Company's US acquisition.

₹1,175 crores
In FY 2019-20

₹1,326 crores
In FY 2018-19

Finance costs

During FY 2019-20, finance expenses increased by 17% to ₹197 crores (FY 2018-19: ₹168 crores). The increase is largely attributable to the inclusion of leases as per Ind AS 116, excluding which the increase was marginal. Pre-payments on long-term debt were done in two tranches, with a higher amount paid in Q4 of FY 2019-20, and hence the reduction in finance costs is expected in FY 2020-21.

Income tax

The effective tax rate stood at 29% for FY 2019-20. The Company continued with the old tax regime for FY 2019-20 to utilise the available MAT balances. In FY 2020-21, the Company will transition to the new corporate tax structure.

Profit after tax

Profit after tax for the year at **₹1,547** crores or **~9%** of sales.

Debt-Equity

In FY 2019-20, the Company demonstrated strong improvement in balance sheet health and related financial metrics. At 31st March, 2020 the Company's long-term debt stood at USD 315 million, out of which USD 275 million is towards the InvaGen acquisition, and ZAR 720 million for the Mirren acquisition in South Africa and other operational requirements. The reduction in long-term debt was on account of pre-payment of USD 275 million in two tranches in July 2019 and February 2020 in FY 2019-20. Working capital loans of about USD 41 million and South African ZAR 280 million, act as natural hedges towards the Company's receivables. Total net debt-to-equity remains healthy at 0.05.

Furthermore, the outstanding forward and option contracts with the hedge for receivables as of 31st March, 2020 are USD 197 million and ZAR 510 million. Outstanding cash flow hedges as of 31st March, 2020 are USD 121 million and ZAR 312 million.

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

*includes approved, under approval and tentatively approved ANDAs for Cipla, InvaGen as well as partnered ANDAs and filed under PEPFAR

FY 2020-21 Outlook: Combatting the pandemic and driving continued growth across key markets

Managing supply across all key markets is a priority for Cipla. The Company has robust plans in place for manufacturing, supply chain, R&D and marketing with a focus on cost optimisation and cash management. The Company is proactively working on ensuring adequate inventory levels for critical raw material and finished goods in the channel.

Business Continuity Planning

- Managing supply
- Focus on cost optimisation
- Cash management
- Prudent Inventory management

Quality & Compliance

- Comprehensively address observations at Goa plant
- Operate our facilities globally with the highest level of compliance and control

India

Driving market beating growth in India business through focused execution of the One-India strategy

Engage with channels via digital platforms and continue to track emerging demand patterns

US

Drive share and focus on maximising value opportunity across key assets, including Albuterol

Continue to track respiratory filings closely; focused R&D investments going forward

Finalise out-licensing for CNS specialty assets; work with USFDA on IV Tramadol

South Africa

Continue growth momentum in the private market portfolio to deliver growth in the overall business

Sustain the dominant play in the OTC space and drive further growth in the Mirren portfolio

EU & EMS

Continue to focus on top DTM markets with product offerings that create long term value for our patients

Potential evolving developments and risks to the outlook

The Company continues to operate in a challenging and dynamic environment. The nature of the pharmaceutical business exposes the Company to various competitive and regulatory risks in the near term:

- Evolving pressures on commoditization in India led by disruptive business models and potential impact on the branded generics business in India
- Consolidated customer base, high competition, regulatory requirements impacting product approvals and continued pricing pressure in the US
- Increasing regulatory scrutiny, leading to delay in product approvals for the US markets including potential delay in resolution of observations received for the Goa plant. Geo-political uncertainties in middle-eastern markets could impact business growth opportunities in the emerging markets region
- Shifts in drug usage and healthcare delivery in developed and developing markets, on account of Covid-19 and associated supply chain disruptions

Business performance

"Inspite of the continued uncertainty, our business teams have actively reimagined their operating models which include aspects such as creating a digital roadmap for the future, optimising overall resourcing across businesses, speed and agility, and making informed choices to drive value." – **Umang Vohra**, MD and GCEO

[A] India

Over years, the Indian pharmaceutical industry has played a significant role in delivering life-saving drugs to patients across the country. Indian pharmaceutical companies, including Cipla, have invested significantly towards building strong R&D, manufacturing and marketing capabilities. This has positioned them as strategic partners for multinational pharma companies, and helped bring innovative new therapies to Indian patients, which were otherwise only available in developed economies.

India's regulatory and policy framework has undergone multiple interventions to establish policies to drive availability of medicines to the general population. These include the expansion of the National List of Essential Medicines (NLEM), and the introduction of the Jan Aushadhi and Ayushman Bharat (PMJAY) programmes. The Indian pharma industry will also play a pivotal role in helping the economy achieve its dream of becoming a USD 5 trillion economy.

The Indian pharmaceutical market continues to be one of the most important and focused markets for the Company. Cipla continues to be the 3rd largest pharma company in India with strong presence across both chronic and acute therapies. In FY 2019-20, the Cipla India business, which included the branded prescription, trade generics and consumer health businesses, delivered ₹6,741 crores or 39% of total revenues for the Company. To further leverage Cipla's strengths across the India branded prescription, trade generics and consumer health businesses, the current year saw the three businesses come together under the One-India strategy, where strong synergies across portfolio, distribution and consumer-focused initiatives would be leveraged. This will help drive market beating growth and structure the overall India business for long-term success.

India (Rx + Gx + CHL): Rx continues the momentum with market beating double digit growth; Gx fully recovered post model change

YoY	Q2	Q3	Q4
Cipla Rx	13%	14%	12%
IPM[1]	13%	10%	10%
Cipla Gx	Model change being implemented	8%	15%

Rx delivered 3 quarters (starting Q2) of market beating double digit growth

9% FY 2019-20 YoY

Gx revives strongly since Q2 highlighting the fundamental strength of the business

15% YoY (Q4 YoY Growth) (Adjusted for CHL product transfer in base)

CHL

FY 2019-20: ₹ 201 crores **36%** YoY

Strong growth momentum across organic brands and ramp-up of products transitioned from trade generics

Note: 1 Market data as per IQVIA quarter numbers

India branded prescription business

For the full year FY 2019-20, the India branded prescription business grew by 9%,

with three consecutive quarters of market beating double-digit growth since Q2 of FY 2019-20. Cipla's product portfolio spans various therapeutic areas including respiratory, anti-infectives, cardio-metabolic, urology, gastro-intestinal etc. The Company has been further strengthening the portfolio in therapies such as diabetology, women's health, IVF and oncology, through various acquisitions and partnerships. FY 2019-20 also saw the launch of Berok 2.0, which is the second version of Cipla's flagship patient-focused initiative in respiratory therapy.

Market Performance

Growth for FY 2019-20 was primarily driven by **inhalation, cardiac, gastro-intestinal, pain, dermatology and diabetes.**

Consistently achieved double-digit growth in cardiac; Moving Annual Total (MAT) March 2020 growth is **12%.**

8 brands in the top 100 brands of Indian pharmaceutical market (IPM), and

22 brands in the top 300 brands

Chronic Business Growth: Chronic therapies are increasingly becoming a major growth driver for the Company. As per IMS, Chronic therapies now contribute **54%** of sales.

In FY 2019-20: Cipla's chonic business grew by **12%** over FY 2018-19 in secondary terms while maintaining the number two position in chronic therapies and growing consistently better than the market.

Cipla's market performance for key therapies (as per IQVIA MAT Mar'20):

	Cipla's Rank in market	Market share	Cipla growth	Cipla CAGR (17-20)
Respiratory	1	22%	14%	14%
Respiratory Inhalation	*1*	*68%*	*13%*	*14%*
Cardiac	4	6%	12%	13%
Urology	1	15%	10%	13%

Respiratory in India

Cipla's respiratory portfolio maintained its leadership in the entire respiratory market in FY 2019-20 with a share of

21.59%

In the inhalation market, Cipla continues to be the leader with a healthy market share of

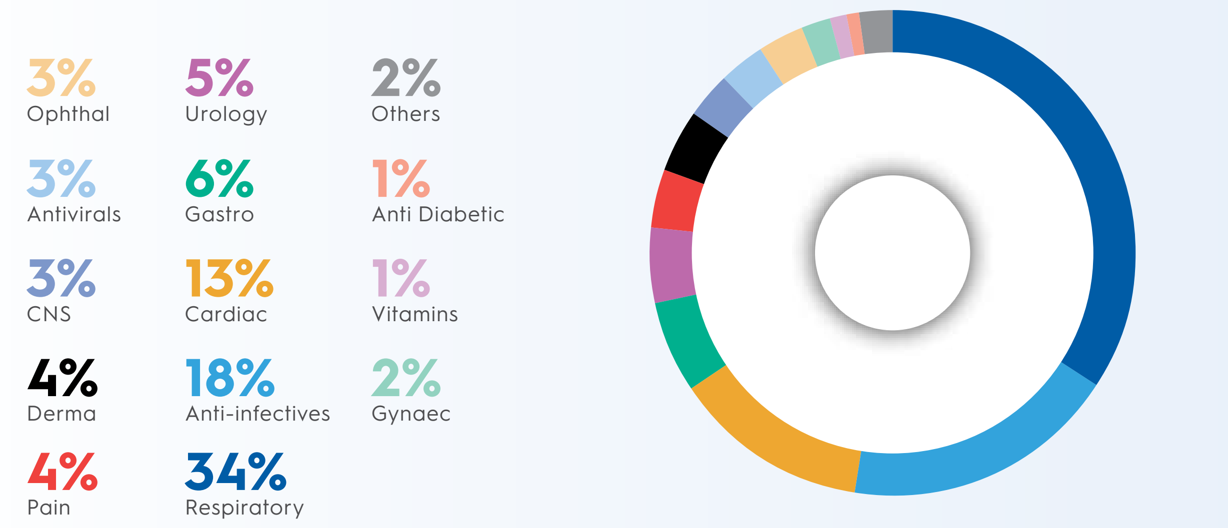
68%

in FY 2019-20.

Cipla Respiratory's mega brands in top 50 brands of IPM:

Brand	FORACORT	DUOLIN	BUDECORT	SEROFLO
Rank	10	24	31	32

Therapy-wise share split of Cipla India business (as per IMS MAT March 20)*:



*Balance 1% in the therapies mentioned is account of rounding off figures

Portfolio build-up through in-licensing and M&A during 2019-20

Partner	Therapy	Molecule / Brand	Partnership structure	Status
Venus Remedies	Anti-infectives	Elores	In-Process of acquisition	**Launched**
Wanbury	Women's health portfolio	CPink, CDense, Productiv and Folinine	Acquired	**Launched**
Stempeutics	Diabetic foot ulcer	Stempeucel	Co-development, supply and marketing partnership	**In clinical development**
Reliance Life Sciences	Severe allergic asthma and urticaria	Omalizumab	Exclusive marketing deal	**Launched**
Novartis	Anti-diabetic	Vysov & Vysov M (Vildagliptin)	Acquired brand name and trademark rights	**Launched**

India trade generics business

The Company continued to drive strong synergies between the branded, OTC and generics businesses by focusing on product transfers. During the year, the Company invested in strengthening its channel partnerships, rolling out digital connect initiatives with retailers, expanding product offerings and developing greater consumer connect with its key brands. The Company continued to maintain its leadership position in the traded generics segment in terms of revenues and profitability.

In FY 2019-20, Cipla's trade generic business in India has undergone distribution reconfiguration this year, in order to stabilise the health metrics of the business and build the base for sustainable growth in the future. A number of initiatives were rolled out in Q1 of FY 2019-20, to address issues related to sales concentration, rationalisation of channel incentives and reconfiguration

of channel partners. During FY 2019-20, the generics business contributed approximately 1/5th of the overall domestic pharmaceutical revenues for the Company. The business recovered from distribution re-modelling in H1 of FY 2019-20, registering YoY growth of 8% in Q3 of FY 2019-20 and 15% in Q4 of FY 2019-20, adjusted for CHL product transfers.

The business continues to operate in a dynamic regulatory environment with uncertainty governing rationalisation of trade margins and proliferation of national as well as regional competition.

Cipla Health Limited (CHL)

Cipla Health Limited is the Company's consumer healthcare subsidiary. During FY 2019-20, CHL strengthened its existing brands through line extensions, and successfully transitioned trade generic brands such as Prolyte (ORS), MamaXpert (Pregtest), and Maxirich (Multivitamin) to establish these as consumer brands.

The Company's flagship smoking cessation brand, Nicotex, continued its momentum while retaining market leadership in its category. Nicotex offers a range of products that help control the urge to smoke, and aids in quitting smoking. The new campaign theme, 'We Believe You Can', launched in September, 2019, saw a shift in brand ideology from the earlier 'Helps Quit Smoking' to come across now as 'a friend who understands your struggle, and trusts and supports you along the way', positively impacting consumer offtake. The campaign was recognised at the e4m Health Marcom Awards 2020, winning Gold in the Best Television Campaign and Best Brand Identity categories, and Bronze in the Best Integrated Campaign category.

CHL's efforts in building the Cofsils franchise reaped benefits, with the brand growing at more than 50% (in value terms) in FY 2019-20 on a year on year basis and outperforming the market. Brand extension to two new flavours of herbal lozenges, Dry Cough Syrup, Wet Cough Syrup, and Experdine Gargle has further cemented the brand's presence as an expert in the sore throat and cough category. The brand was awarded the Best Healthcare Brands 2019 award by The Economic Times.

During the year, three Cipla trade generics brands – Cipla ORS, Pregtest and Maxirich – were transitioned to CHL under the One-India strategy to drive portfolio synergies. With this, CHL has started promoting its ORS range under the Prolyte brand in OTC and FMCG channels. This has also paved the way for further extensions under the Prolyte brand, which is a fruit-based energy drink. CHL has rechristened Pregtest as MamaXpert, and will launch a range of products to care pregnant mothers during various stages of pregnancy. The first launch among the extensions is MamaXpert Intimate Hygiene Wash. The Maxirich brand was transitioned to CHL in Q4 of FY 2019-20, helping CHL strengthen its portfolio in the multivitamins category.

CHL also launched Ciphands (sanitisers and handrub) in March 2020 to cater to the increasing demand for hand hygiene essentials amidst the Covid-19 outbreak. The launch was managed within five days of conceptualisation.

With an enhanced product portfolio, CHL is now poised to achieve its mission of 'Improving Consumer's Lives, Everyday', and towards strengthening its position as a formidable player in the consumer healthcare industry.

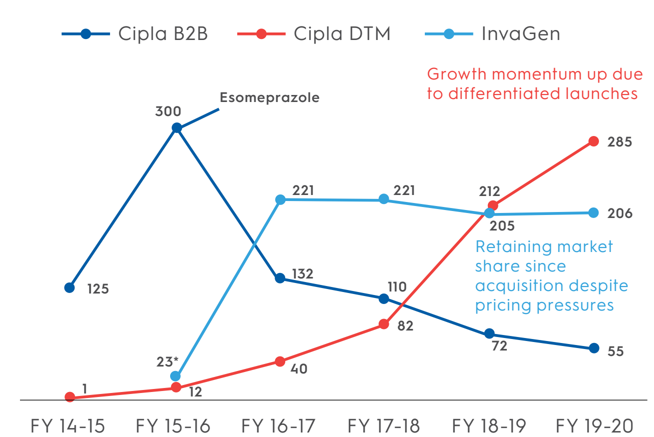
[B] North America

US Generics

Over the last six years, Cipla has significantly expanded its portfolio and presence in the US, the world's largest pharmaceutical market. This has been a result of a well-designed strategy to balance capital allocation across organic and inorganic initiatives. **Building further on the commercial frontend acquired through InvaGen Pharmaceuticals Inc and Exelan Pharmaceuticals Inc, North America reported revenues of USD 547 million in FY 2019-20, growing at 12% over FY 2018-19 and driven by contribution from an IP-enabled opportunity. North America contributed 23% to the Company's total revenue in FY 2019-20.**

During FY 2019-20, the Company continued its R&D investments for the US market, which has resulted in pipeline expansion to include multiple differentiated assets.

Business-wise sales ramp-up (USD m)



*invagen consolidated for 2 months in FY15-16 post-closing

FY 2019-20 - Pipeline Portfolio Update

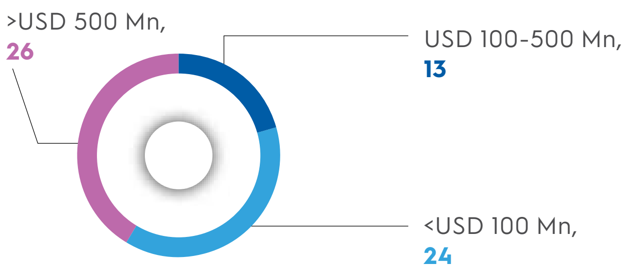
During the year, Cipla filed 6 new ANDAs. The Company received approval for 12 ANDAs during the year. 63 of Cipla's ANDAs are under approval or are tentatively approved. This represents a strong pipeline for the US generics business, which will drive growth in this geography.

ANDAs Under Approval / Tentative Approval

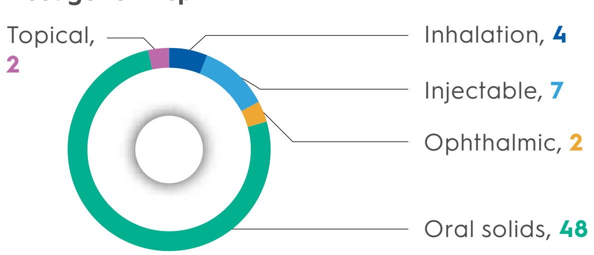
Total UA/TA March 2019	69
Filed in FY 2019-20	6
Final Approvals (FA+TA to FA) in FY 2019-20	12
Total UA/TA Mar 2020	**63***

*Includes only Cipla and InvaGen

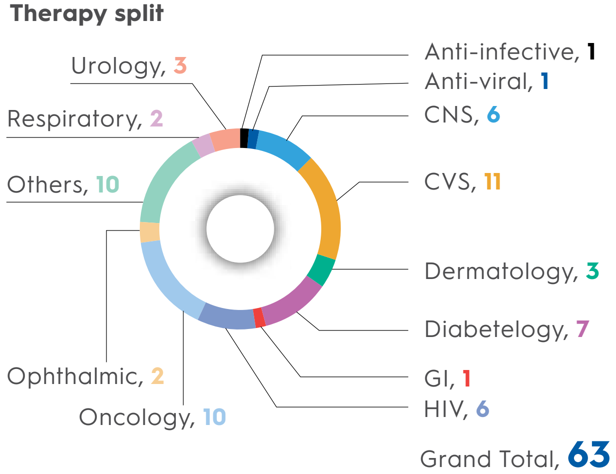
Market size split



Dosage form split



Therapy split



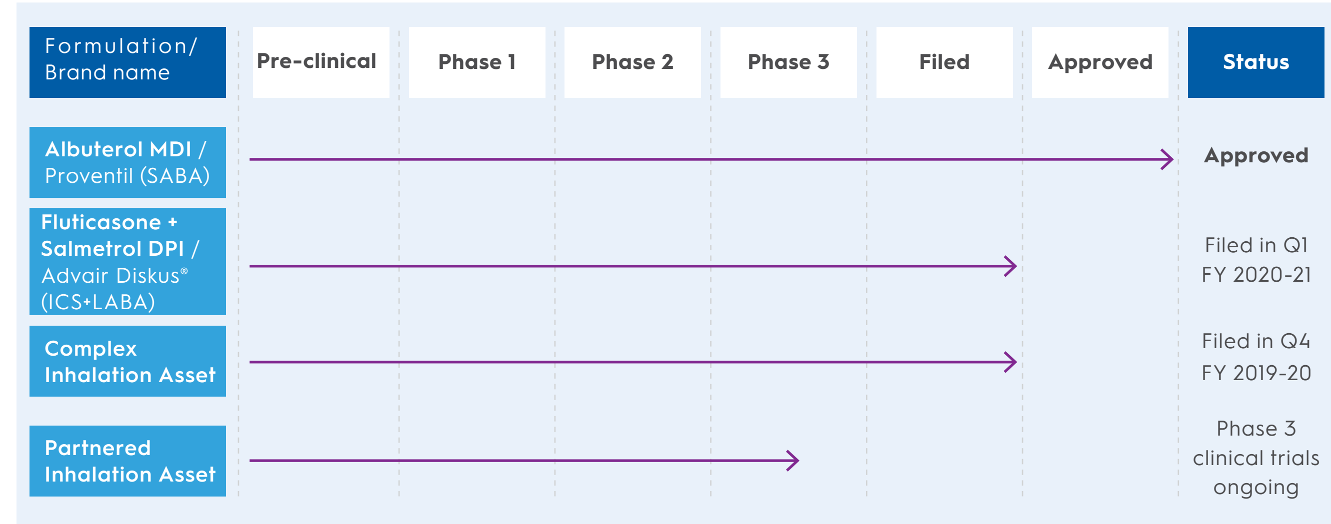
Respiratory franchise in the US

Cipla has been leveraging its existing respiratory capabilities and investing significant resources with a vision to expand its respiratory franchise in the US. Currently, the Company is working towards developing respiratory products under various categories like **ICS+LABA, LABA, LAMA and LAMA+LABA.** The USFDA has approved Cipla's generic albuterol sulfate inhaler, which is a Proventil® inhaler equivalent. This is the first **generic of Proventil®** HFA (albuterol sulfate) metered dose inhaler, targeted at patients aged four years and above with reversible obstructive airway disease, and also aimed at preventing exercise-induced bronchospasm in this age group.

The Company has successfully completed the Phase 3 clinical end-point study for fluticasone propionate and salmeterol inhalation powder (100/50 mcg). The Phase 3 study, successfully completed in the first attempt, was conducted over a period of 15 months at over 100 sites in the US, enrolling 1,400 asthma patients. The study results demonstrate that Cipla's fluticasone propionate and salmeterol inhalation powder 100/50 mcg is therapeutically equivalent to Advair Diskus® 100/50mcg. The study demonstrated therapeutic equivalence by assessing the primary end points, which is in accordance with regulatory recommendations and guidelines. There were no safety concerns identified during the trials. Cipla's fluticasone propionate and salmeterol inhalation powder was subsequently filed in Q1 of FY 2020-21 with the US FDA.

Unlocking of Respiratory franchise in the US:

Approval for generic Albuterol, filing of generic Advair® and filing of another complex respiratory asset



The Company continues to support patient demand for respiratory products with supplies of Budesonide, further supplemented by the launch of Albuterol inhaler in April 2020. With Albuterol, Cipla has become the first Indian company to get an approval for a metered dose inhaler (MDI) in the US, demonstrating expertise in delivering drug-device based products. This further enhances Cipla's global respiratory footprint into the US, where it had already launched respules. In addition, the Albuterol MDI is only the second ANDA for any MDI to be approved by the USFDA.

Specialty business

Business overview

Cipla Therapeutics, the US specialty business, is built on two pillars - commercialising near-term branded institutional products, and developing a platform for portfolio augmentation of other institutional products. To achieve the first objective, Cipla is leveraging its anti-infective expertise with Zemdri™ (plazomicin injection). Zemdri™ was approved by the USFDA in June 2018, launched in July 2018, and acquired from Achaogen in August 2019. Cipla Therapeutics now has full commercial rights to the asset globally (ex-China) and has been fully integrated into the US specialty business. Additionally, the New Drug Application (NDA) for IV tramadol (tramadol hydrochloride injection) was filed with the USFDA through 505b2 route, in partnership with Avenue Therapeutics. The NDA was accepted and PDUFA is due in Q3 of FY 2020-21.

Cipla continues to evaluate the capability, longevity and risk-reward ratio of such unique opportunities. At an appropriate time, the Company may also look at partners to complete the development and full commercialisation of its specialty assets. This would allow a more sustainable pathway to deliver the intended medical outcomes.

[C] South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)

Overall SAGA region

The SAGA region contributed 18% to the Company's overall revenue for FY 2019-20. During the year, the Company continued its strong private market franchisee in South Africa and strengthened its market leadership in the OTC space as the tender business normalised across the region. The Company continues to remain committed towards expanding its reach in Africa through portfolio expansion, partnerships, strategic acquisitions and relationships with regional governments.

South Africa

With annual revenues of over ZAR 4.6 billion, Cipla is the 3rd-largest pharmaceutical player in South Africa. The Company has a strong presence in both the private and tender markets in the country.

The private business contributed 68% in FY 2019-20, while the remaining 32% was contributed by the tender business. As per IQVIA MAT March '20, Cipla continued to remain the third-largest private market company in South Africa with a market share of 6.9%, growing six times the market growth rate.

Overall, the South Africa business grew at **8%** in local currency terms with a strong growth in private market at **11.8%** and tender market at **3.2%**.

During the year, the OTC portfolio exceeded ZAR 1.0 billion in revenue and contributed 34% to overall private market revenue. In the addressable market under the OTC portolio, Cipla OTC business emerged as the top player in South Africa.

Cipla is partnering with the South African regulatory body SAHPRA to ensure faster product approvals under the Starburst initiative by the regulator. This will help the Company expand its portfolio of lifesaving medicines in the country. Cipla received eight product approvals under Project Starburst during the FY 2019-20.

Mirren

Mirren continues to be a key focus for the Company, and forms a part of the strategic focus on its expansion in the OTC category. Mirren achieved 100% GMP compliant status within a short span of nearly a year.

Local manufacturing places Cipla in a strong position de-risking the supply chain. The Company can ensure its ability to deliver key pain, cold and flu medicines throughout the pandemic and winter season in South Africa.

BrandMed

Cipla Medpro announced the acquisition of a 30% stake in BrandMed (Pty) Limited in April 2019. BrandMed offers connected healthcare solutions that predict risk, guide diagnosis and monitor NCDs such as hypertension, diabetes, obesity, asthma and COPD.

BrandMed is focused on developing an innovation led platform to provide comprehensive, contextual and standardised assessments at the point of care.

Cipla Global Access

Cipla's long-standing partnership with global funding organisations has been at the forefront of providing access to affordable care and has played a pivotal role in expanding access to drugs for HIV/AIDS. Since its inception to the year 2001, when the Company offered a paradigm-changing triple anti-retroviral therapy for HIV/AIDS to patients in Africa, and till today, Cipla has always followed a humanitarian approach to medicines. The business reported revenues of USD 58 million in FY 2019-20.

Sub-Saharan Africa

Cipla's focus remains to expand its portfolio in prioritised DTM markets of Kenya, Tanzania and Uganda, exploit synergies with the South African business and drive profitable growth.

A joint venture, Cipla Quality Chemicals Industries Limited (CQCIL) was established to support Cipla's aspiration of 'In Africa, For Africa'. The CQCIL plant is a state-of-the-art manufacturing facility in Uganda with focus on antiretroviral (ARV), anti-malarial (artemisinin-based combination therapy; ACT) and hepatitis B medicines, and supplies to the Ugandan markets and exports to other African countries.

The business reported revenues of USD 66 million in FY 2019-20 as sales were restricted owing to receivables challenges in a certain market. During the year, CQCIL implemented the third shift for manufacturing ARVs for South Africa. Technical transfer of four products was completed during the year. The facility successfully completed audits from WHO, NDA and ZAZIBONA during the year.

[D] Emerging Markets

To ensure access to lifesaving medicines to patients, Cipla continues to be present in geographies which are generally considered volatile, given their currency, economic and geo-political challenges. The emerging markets region for Cipla comprises all markets outside of India, North-America, South Africa/ sub-Saharan Africa and Europe but includes North Africa and Australia/New Zealand. Cipla is present in 51 countries in this region, including direct to market operations in 11 countries.

Emerging markets contributed USD 206 million, declining ~17% on a YoY basis. The decline was largely driven by geopolitical challenges in middle-eastern markets and currency devaluations across EMs. Cipla's efforts are towards building a strong and sustainable business by focusing on select DTM markets in the region and managing the footprint for growth.

- **Synchrobreathe:** Cipla's own innovative next-generation breath actuated inhaler launched in Colombia and Nepal
- **Ultibro:** Unique LAMA+LABA combination for COPD, in-licensed from Novartis and launched in Sri Lanka and Australia
- **Flohale:** Fluticasone inhaler launched in Algeria

Respiratory in emerging markets

Over the years, Cipla has established respiratory as a key growth driver for emerging markets. The Company continues to be a respiratory leader in Sri Lanka, Nepal, and Morocco. In its effort to capitalise on its respiratory capabilities, Cipla has launched multiple new products to strengthen the respiratory portfolio across key markets.

The respiratory franchise is key business driver for emerging markets, with a contribution of ~60% across DTM markets.

Improving respiratory access

'Breathe-free' is an initiative by Cipla to counsel asthmatic and COPD patients on the management of this disease, and the usage of inhalers. Cipla introduced this initiative to new countries (Myanmar and Morocco) and further strengthened the existing team in Nepal and Sri Lanka. The 'Breathe-Free' initiative has reached out to more than 60,000 patients in Sri Lanka and Nepal.

New launches and approvals

For the asthma portfolio, Cipla has launched its novel product, Synchrobreathe in Colombia in October 2019, in Nepal in April 2019 and its fluticasone inhaler in Algeria in November 2019. The Company has received the approval for Synchrobreathe in Oman in March 2020.

To strengthen the COPD portfolio, Cipla has in-licensed the Novartis' brand of Ultibro (LAMA+LABA combination) in Sri Lanka in Q3 of FY 2019-20. In Australia, the Company has in-licensed the Novartis respiratory portfolio, including Ultibro, to ensure better access to advanced respiratory medications. The approval has been received for Tiotropium in Morocco, and is expected to be launched in June 2020.

Strategy ahead

The Company continues to focus on deepening its presence in Australia, Brazil and China through the respiratory portfolio and through a combination of in-house pipeline products and partnerships. Cipla filed over 200+ products across key markets to capitalise its position in those markets.

The Company incorporated a joint venture in China and started the construction of a dedicated respiratory factory. The focus will continue to remain towards building strong and sustainable businesses in identified markets through portfolio building, in-licensing opportunities and partnerships.

With the vision to build broad portfolios, Cipla also entered into exclusive licensing and distribution agreements for more than 30 products across key markets (Australia and Latin America). These will help bolster its revenues by the third year and help fill portfolio gaps. The agreements for the top biosimilar products (Adalimumab, Trastuzumab, Etarnercept and others) were signed with partners and filed in top DTM markets across emerging markets (25 product-country combinations signed).

[E] Europe

Cipla's Europe business continued to demonstrate sustainable growth, despite the challenges of Brexit and a slowing economic outlook, with a robust 14% growth over FY 2018-19 to deliver USD 114 million in revenues. The direct-to-market (DTM) business in the UK, Germany, Spain and Norway led with 44% primary growth over last year, alongside a strong growth in the focused B2B business relationships. The Europe business continued to demonstrate higher profitability in DTM countries.

Strategy ahead

Cipla will continue to invest and drive growth in the DTM markets and acceleration of the portfolio in the European region. Through its extensive and deep partnerships in various countries in Europe, Cipla expects to service more patients. Respiratory, as a therapy, will continue to lead the growth, followed by oncology, complex injectables and anti-retrovirals. Cipla will continue to work closely with the health authorities in various countries of Europe to identify the needs of the healthcare systems and patients, and to suitably address those.

Key products

Cipla's flagship product FPSM pMDI continued to gain momentum across markets, ending the calendar year 2019 with ~20%[5] share of the overall FPSM pMDIs market in Europe. Respiratory therapy overall contributed to 68% of Cipla's Europe business, with FPSM pMDI making up ~21% of the business.

In the UK, Cipla relaunched Soltel (salmeterol pMDI), along with Seroflo (FPSM pMDI) and Kelhale (beclometasone pMDI). These three brands have made up 40% of the UK DTM business in a span of two years. Similarly, the respiratory franchise makes up 70% of the Company's German DTM business. Overall, the DTM businesses in Europe, contributed to ~22% of the total business. In DTM Spain, oncology leads with ~47% contribution to the total business.

[F] Active Pharmaceutical Ingredients (API)

Capabilities

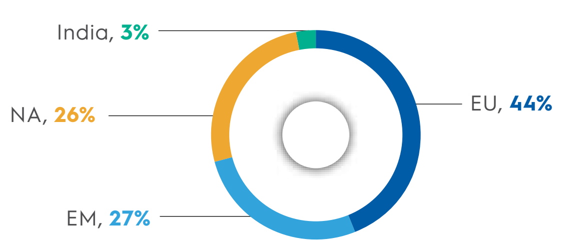
Cipla's API legacy spans over five decades of having serviced the world's largest pharmaceutical companies with more than 200 generic and complex APIs. Cipla takes pride in its state-of-the- art API plants, which meet stringent quality and current Good Manufacturing Practices (cGMP) requirements, and are approved by the USFDA and other major international regulatory agencies. Cipla's APIs are supplied to 63 countries across the globe, helping local pharmaceutical companies reach out to their patients. Due to its focus on niche molecules and quality, the Company continues to be a preferred partner to many large generic pharmaceutical companies globally.

Cipla's API business covers a broad spectrum of therapies, with over 1000+ Drug Master Files (DMFs) filed till date. FY 2019-20 saw 50+ DMF filings by Cipla in various countries. The Company has a strong pipeline of over 50 APIs across regulated markets, in various stages of development. The Company is expected to continue the strong pipeline building momentum in the coming years, as well.

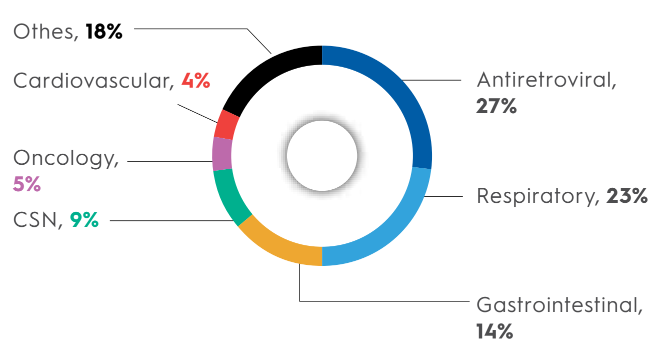
Performance in FY 2019-20

The FY 2019-20 revenues for the API business stood at USD 106 million of which 44% was contributed by Europe, followed by 27% from emerging markets and 26% from North America. The key therapy segments that contributed to these were antiretroviral (27%), respiratory (23%), gastrointestinal (14%) and central nervous system (CNV) (9%). This ~5% growth over last year is a result of successful deliveries of differentiated product mix, improved traction in seeding and lock-ins, and products launched with key accounts.

API Revenue, By Geography



API Revenue, By Therapy



[5] internal estimates

The Company continues to expand its customer base and aspires to be a preferred supplier to companies working on novel 505(b)(2) projects. Cipla has focused on productivity and yield improvements to provide better realisations to its partners, and has demonstrated higher number of seeding and lock-ins for achieving sustainable growth. As the Company continues to unlock its respiratory pipeline and strengthen its oncology presence, it plans to enhance API R&D and manufacturing capacities in these therapeutic areas and backward integrate for manufacturing of key starting material and critical API intermediates to achieve better supply chain control.

API manufacturing capabilities

Cipla has four cGMP compliant sites, approved by major international regulatory agencies including the USFDA, EDQM (Europe), PMDA (Japan) WHO, TGA (Australia), and KFDA (Korea). These sites include dedicated facilities for oncology, hormones and corticosteroid APIs. Cipla offers a total capacity for API manufacturing of over 1,000 MT, along with high competency in handling a broader range of batch sizes and expertise in micronisation to meet required particle sizes for respiratory APIs.

The Company has three API R&D centres, two pilot plants and two process safety screening labs. All facilities and plants have zero liquid discharge waste water treatment facilities that include ETP with Multi Effect Evaporators (MEE), Agitated Thin Film Dryer (ATFD), Vertical Thin Film Dryer (VTFD) and Reverse Osmosis (RO) facilities.

[H] Stempeutics

Stempeutics Research Private Limited (Stempeutics), a joint venture between Cipla and the Manipal Group, has been focused towards driving cutting-edge stem cell research and developing transformative therapeutics that meet unmet patient needs. Stempeutics has worked with regulators for establishing a regulatory framework for bio cosmetics using stem cells secretome. On the operations front, the Company completed recruitment of patients in Critical Limb Ischemia clinical trials – both in CLI-BD and in CLI-PAD – and submitted the dossier for CLI-BD to DCGI for full marketing approval. The Company also completed recruitment of patients in a Phase 3 osteoarthritis study and started recruiting patients for a Phase 3 diabetic foot ulcer study. It also added perianal fistula, a new unmet medical indication, in its portfolio. The Company has also started building a global manufacturing facility at Bangalore. It awaits the final approval of three key cosmetic products – Cutisera (skin care product), Trichosera (hair care product) and Optisera (under-eye care product).

Human resource management and industrial relations

Cipla's constant endeavour is to outperform industry and internal benchmarks in workforce productivity and performance. The professional objectives of individuals contributing towards the growth of the Company across levels, are seamlessly linked to the organisational philosophy and objectives, which provides them with a sense of purpose and direction. The focus areas for driving HR initiatives at the company level include promoting diversity, human resource development, succession planning, and protection of human rights.

At Cipla, we take an inclusive approach to diversity. We have 30% female representation in the Board and 33.33% in Management Council, and the Company continues to support capabilities of differently-abled people. Cipla ensures strict adherence to its internal codes, delineating its zero-tolerance policy towards discrimination on any ground.

An integrated talent management framework facilitates cohesive talent actions with the existing processes of talent acquisition, onboarding, learning and development, performance management and succession planning. Cipla's employee retention initiatives revolve around the five core pillars of the Cipla Engage programme. With its performance management system, Cipla continues to successfully conduct periodic reviews of employee performance and enable spontaneous actionable feedback. Cipla's personnel capability building training sessions are conducted across levels, from trainees to the leadership level. The Occupational Health and Safety (OHS) system across all manufacturing facilities has enabled the Company's workers and employees to operate in an audited, certified and safe working environment. Cipla's technology enabled incident tracking system, MySetu, at the disposal of factory workers, has helped us become aware of workplace mishaps without lags and also identify associated risks for necessary mitigation measures. For more details on Cipla's approach towards Human Resources, refer to Human Capital page number is - 74.

Adherence to accounting standards

The Company continues adhering to standard accounting policies under the Indian Accounting Standards (Ind AS), applicable since 1st April, 2016. IND AS 116 pertaining to Leases was the sole addition under section 133 of the Companies Act, 2013. These policies are to be read along with the relevant applicable rules and accounting principles. Changes in policies, if any, are approved by the Audit Committee.

Threats, risks and concerns

The Cipla Enterprise Risk Management (ERM) programme covers key risks across all its business areas. The Investment & Risk Management Committee of the Board reviews and discusses the risk updates on a quarterly basis.

During the reporting period, the Company witnessed various shifts in its risk landscape. Specifically, at the end of Q4 of FY 2019-20, the world has witnessed the onset of a global pandemic of unprecedented magnitude. The Company has adapted its risk management framework to effectively respond to the challenges of these uncertain times. Please refer to Page No 48 for the risk management framework and key risks, including the mitigation measures.

One of the key measures undertaken during the year was the formation of a Covid-19 task force, which is tasked with maintaining business continuity to augment the existing risk management activities. During the reporting period, the Company strengthened its cybersecurity controls, embarked on multiple projects aimed at lowering its operational and strategic risk profiles, and focused on enabling swift action on risks emerging across businesses, to complement the ultimate goal of Caring For Life.

Internal control and its adequacy

Cipla has an adequate system of internal controls commensurate with the nature of its business, and the size and complexity of its operations. The Company has adopted policies and procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance over:

The current system of Internal Financial Controls (IFC) is aligned with the requirements of the Companies Act, 2013 and is in line with the globally accepted risk-based framework as issued by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission.

The Company has an Internal Audit (IA) function which functionally reports to the Chairman of the Audit Committee, thereby maintaining

- **Effectiveness and efficiency of operations**
- **Prevention and detection of frauds and errors**
- **Safeguarding of assets from unauthorised use or losses**
- **Compliance with applicable laws and regulations**
- **Accuracy and completeness of accounting records**
- **Timely preparation of reliable financial information**

its objectivity. **The IA function is supported by dedicated outsourced teams.**

The annual internal audit plan is carved out from a comprehensively defined Audit Universe which encompasses all businesses, functions, risks, compliance requirements and control maturity. The internal audit plan is approved by the Audit Committee at the beginning of every year. Every quarter, the Audit Committee of the Board is presented with key control issues, and the actions taken on issues are highlighted in the previous reports.

The Audit Committee deliberates with the management, considers the systems as laid down and meets the internal auditors and statutory auditors to ascertain their views on the internal control framework. The Company recognises the fact that any internal control framework would have some inherent limitations, and hence has inculcated a process of periodic audits and reviews to ensure that such systems and controls are updated at regular intervals.

Board's Report

Dear Members,

The Board of Directors ('Board') are pleased to submit its report on the performance of the Company, along with the audited standalone and consolidated financial statements for the year ended 31st March, 2020.

Financial Summary and State of Affairs

₹ in Crore

Year ended 31st March, 2019		Particulars	Year ended 31st March, 2020	
Standalone	Consolidated		Standalone	Consolidated
12,374.01	16,362.41	Gross total revenue	12,659.15	17,131.99
2,492.83	2,079.14	Profit before tax and exceptional items	2,964.31	2,178.18
1,888.41	1,527.70	Profit for the year (after tax and attributable to shareholders)	2,318.17	1,546.52
7.81	34.91	Other comprehensive income for the year (not to be reclassified to P&L)	(15.30)	(9.42)
31.75	(324.85)	Other comprehensive Income for the year (to be reclassified to P&L)	(49.13)	(119.98)
9,214.31	8,988.78	Surplus brought forward from last balance sheet	10,828.56	10,251.31
11,110.53	10,535.40	Profit available for appropriation	13,131.43	11,782.08
		Appropriations:		
(241.57)	(241.57)	Dividend	(564.26)	(564.26)
(40.40)	(42.52)	Tax on dividend	(87.45)	(99.94)
10,828.56	10,251.31	Surplus carried forward	12,479.72	11,117.88

The financial results and the results of operations, including major developments, have been discussed in detail in the Management Discussion and Analysis report.

The standalone and the consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS).

Share capital

During the year under review, the Company issued and allotted fully paid up 5,34,063 equity shares to its employees under the Employee Stock Option Scheme 2013-A. As a result, the issued, subscribed and paid up share capital of the Company increased from ₹1,61,14,02,532/- (divided into 80,57,01,266 equity shares of ₹2/- each) to ₹1,61,24,70,658/- (divided into 80,62,35,329 equity shares of ₹2/- each). The equity shares issued under the Employee Stock Option Scheme 2013-A rank pari-passu with the existing equity shares of the Company.

Dividend

The Board of Directors at its meeting held on 12th March, 2020, approved payment of interim dividend of ₹3 per equity share and one-time special dividend of ₹1 per equity share of face value of ₹2 each. The total dividend approved was ₹4 per equity share (i.e. 200%) of face value of ₹2 each. The dividend was paid to those shareholders whose name was registered in the Register of Members as on 20th March, 2020 being the record date. The Board does not recommend any final dividend, and accordingly the total interim dividend of ₹4/- per equity share declared by the Board at its meeting held on 12th March, 2020 is to be considered as the final dividend for FY 2019-20. The Company has paid approximately ₹322.49 crore (excluding dividend distribution tax of ₹66.29 crore) on account of dividend, which is equivalent to 13.91% of the standalone profit after tax of the Company.

The Company is in compliance with its Dividend Distribution Policy as approved by the Board. In compliance with the requirements under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Policy is annexed as Exhibit B to the Report on Corporate Governance.

Reserves

The Company has not transferred any amount to any reserve for the financial year ended 31st March, 2020.

Nature of business

The Company is engaged in the development, manufacture, sale and distribution of pharmaceutical generic and branded generic medicines. During the year, there has been no change in the nature of business of the Company.

Management Discussion and Analysis Report

Pursuant to Regulation 34 of the Listing Regulations, the Management Discussion and Analysis report for the year under review, is presented in a separate section, on page no. 121 of this report.

Corporate Social Responsibility (CSR)

A detailed report on Cipla's CSR initiatives has been provided in the Social Capital section forming part of the Integrated Report on page no. 100 and the Annual Report on CSR initiatives, as required under section 135 of the Companies Act, 2013 (Act) is annexed as Annexure I to this report on page no. 149. Details of CSR Committee composition, role and meetings etc. have been provided in the Report on Corporate Governance on page no. 202.

Business Responsibility Report

In compliance with the provisions of Regulation 34 of the Listing Regulations, the Business Responsibility Report (BRR) is presented in a separate section on page no. 175 of this report. Since the Company has adopted the International Integrated Reporting Council (IIRC) framework for publishing the Annual Report, reports on the nine principles of the National Voluntary Guidelines on social, environmental and economic responsibilities of business as framed by the Ministry of Corporate Affairs, Government of India, is provided in relevant sections of the Integrated Report with suitable references in the BRR.

Corporate Governance

In compliance with Regulation 34 read with Schedule V of the Listing Regulations, a Report on Corporate Governance for the year under review is presented in a separate section on page no. 182 of this report.

A certificate from M/s BNP & Associates, confirming compliance with the conditions of corporate governance, as stipulated under the Listing Regulations, is annexed as Annexure II to this report.

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Act it is confirmed that the directors have:

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

ii. Selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2020 and of the profit of the Company for the year ended 31st March, 2020;

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

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

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

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

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The details of energy conservation, technology absorption and foreign exchange earnings and outgo as required under section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as Annexure III to this report.

Employee Stock Option Scheme

The Company has an Employee Stock Option Scheme, namely, 'Employee Stock Option Scheme 2013-A' (ESOP scheme) that helps the Company to retain and attract the right talent. The Nomination and Remuneration Committee (NRC) administers the ESOP scheme. There was no change in the ESOP scheme during the financial year under review. The ESOP scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SBEB Regulations). Details of the Employee Stock Option Scheme 2013-A have also been provided in note no. 42 of the standalone financial statement. During FY 2019-20, no employee was issued options equal to or exceeding 1% of the issued share capital (AGM) of the Company at the time of grant.

In compliance with the requirements of the SBEB Regulations, a certificate from auditors confirming implementation of ESOP Scheme in accordance with the said regulations and shareholder's resolution, will be available electronically for inspection by the members during the annual general meeting of the Company.

Details of the shares issued under ESOP scheme and the disclosures in compliance with SBEB Regulations, are uploaded on the Company's website at https://www.cipla.com/investors/annual-reports.

Human Resources

Information required under section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in Annexure IV to this report.

Information required under section 197(12) of the Act read with rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. In terms of the provisions of section 136 of the Act, the Annual Report is being sent to members excluding the aforementioned information. The information will be available on the website of the Company at https://www.cipla.com/investors/annual-reports.

Particulars of loans, guarantees and investments

Particulars of loans, guarantees and investments under section 186 of the Act have been provided in Note No. 44 to the standalone financial statements.

Extract of annual return

Pursuant to the provisions of Section 92(3) and Section 134(3)(a) of the Act, extract of the annual return as on 31st March, 2020 in Form MGT-9 is annexed as Annexure V to this report and has also been placed on the website of the Company at https://www.cipla.com/investors/annual-reports.

Vigil mechanism

Cipla is committed to foster an environment of honest and open communication and discussion, consistent with our values. The Company has formulated a Whistle-Blower Policy, which lays down the process to convey genuine concerns to the management and seek resolution towards the same without fear of retaliation. This policy covers reporting of any violation, wrongdoing or non-compliance, including without limitation, those relating to the Code of Conduct, policies and standard procedures of Cipla, and any incident involving leak or suspected leak of unpublished price sensitive information (UPSI) or unethical use of UPSI, in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

Directors, employees and external stakeholders can report their genuine concerns either in writing or by email to the Chairperson of the Ethics Committee or to the Chief Internal Auditor at ethics@cipla.com or to the Chairperson of the Audit Committee at audit.chairman@cipla.com. An Ethics Committee consisting of the Global Chief People Officer (GCPO) as Chairperson, the Global Chief Financial Officer (GCFO), the Global General Counsel (GC) and the Global Chief Internal Auditor investigate whistle-blower complaints. A report on functioning of the mechanism including the complaints received and actions taken is presented to the Audit Committee on a quarterly basis. The Whistle-Blower Policy is available on the Company's website at https://www.cipla.com/sites/default/files/2020-02/Whistle%20Blower%20Policy%20V3-%20Final.pdf.

Detailed updates on the functioning of the Whistle-Blower Policy and compliance with the Code of Conduct have also been provided in the Report on Corporate Governance, on page no. 207.

Failure to implement any corporate action

During the year under review, the Company issued shares under its ESOP scheme, paid the final dividend for FY 2018-19 and Interim and Special Dividend for FY 2019-20. There were no instances where the Company failed to implement any corporate action mentioned herewith, within the specified time limit.

Prevention of Sexual Harassment of Women at Workplace

The Company has instituted a policy on Prevention of Sexual Harassment at Workplace, which is available on the Company website at https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf. All employees, consultants, trainees, volunteers, third parties and/or visitors at all business units or functions of the Company, its subsidiaries and/or its affiliated or group companies are covered by the said policy. Adequate workshops and awareness programmes against sexual harassment are conducted across the organisation.

Your Company has constituted an Internal Complaints Committee in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and is accordingly fully compliant.

Details of complaints received/disposed during FY 2019-20 are provided in the Report on Corporate Governance on page no. 211.

Related party transactions

A detailed note on the procedure adopted by the Company in dealing with contracts and arrangements with related parties has been provided in the Report on Corporate Governance.

All contracts, arrangements and transactions entered into by the Company with related parties during FY 2019-20 were in the ordinary course of business and on an arm's length basis. During the year, the Company did not enter into any transaction, contract or arrangement with related parties that could be considered material in accordance with the Company's policy on dealing with related party transactions. Accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. However, detailed disclosure on related party transactions as per IND AS-24 containing the name of the related party and details of the transactions entered with such related party have been provided under Note No. 41 of the standalone financial statements on page no. 295.

The policy on dealing with related party transactions is available on the Company's website https://www.cipla.com/sites/default/files/2020-06/Policy%20on%20dealing%20with%20Related%20Party%20Transactions.pdf.

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

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

Significant and material orders passed by regulators or courts or tribunals

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

Internal financial controls and their adequacy

Cipla has laid down an adequate system of internal controls, policies and procedures for ensuring orderly and efficient conduct of the business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

The current system of internal financial controls is aligned with the statutory requirements and is in line with the globally accepted risk-based framework issued by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission. The internal financial controls are adequate and operating effectively.

Effectiveness of internal financial controls is ensured through management reviews, controlled self-assessment and independent testing by the Internal Audit Team.

The Chairman on behalf of Audit Committee has confirmed the adequacy of internal financial controls in the Audit Committee Report which forms part of Report of Corporate Governance on page no. 196.

Risk management

The Board of Directors of the Company has formed an Investment and Risk Management Committee (IRMC) which oversees the Enterprise Risk Management (ERM) process. An update on ERM activities is presented and deliberated upon in the IRMC meetings on quarterly basis and atleast once in a year at the Board level. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. In terms of the provisions of Section 134 of the Act, a detailed note on Risk Management has been provided on page no. 48 of this report.

Deposits

During FY 2019-20, the Company did not accept any deposit within the meaning of sections 73 and 74 of the Act read together with the Companies (Acceptance of Deposits) Rules, 2014 and accordingly no amount on account of principal or interest on public deposits was outstanding as on 31st March, 2020.

Board evaluation

The evaluation of all the directors including the Chairman, the Executive Vice-Chairperson and the Managing Director and Global Chief Executive Officer, Board committees and the Board as a whole was carried out based on the criteria and framework approved by the Nomination and Remuneration Committee. A detailed disclosure on the parameters and the process of Board evaluation as well as the outcome has been provided in the Report on Corporate Governance on page no. 190.

Subsidiaries, associates and joint ventures

At the beginning of the year, the Company had 49 subsidiaries and 1 associate, as against 51 subsidiaries and 4 associates as on 31st March, 2020. During the year, the following companies were incorporated, acquired, liquidated or divested:

- Incorporation of Cipla Pharmaceuticals Limited in India for setting up facilities for DPI dosage and for further expansion of MDI and FFS Respule Dosage, Cipla (Colombia) SAS in Colombia and Cipla (China) Pharmaceutical Co. Limited in China for strengthening its business portfolio in foreign markets;
- Incorporation of Cipla (Jiangsu) Pharmaceutical Co, Limited as Joint venture between Cipla (EU) Limited and Jiangsu Acebright Pharmaceutical Co. Limited for exploring business opportunities and manufacture of pharmaceutical products in China;
- Acquisition of the remaining 40% stake in Cipla Pharma Lanka Private Limited (CPL) by Cipla (EU) Limited, to further strengthen its presence in Sri Lanka. Upon acquisition CPL has become a wholly owned subsidiary of Cipla (EU) Limited;
- Acquisition of a 30% stake in Brandmed (Pty) Limited by Cipla Medpro South Africa (Pty) Limited to enhance its diversified portfolio in the non-communicable diseases area;
- Acquisition of a 26% stake in AMPSolar Power Systems Private Limited to enhance the proportion of renewable (solar) based power consumption, and to comply with regulatory requirement for captive power consumption under electricity laws; and
- Liquidation of Tasfiye Halinde Cİpla İlaç Tİcaret Anonİm Şİrketİ, Turkey.

Details of these subsidiaries and associates are set out on page no. 361 of the Annual Report. Pursuant to section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statement of the subsidiary and associate companies in Form AOC-1 is given on page no. 420 of the Annual Report. The statement also provides details of the performance and the financial position of each of the subsidiaries and associates. The consolidated financial statements presented in this annual report include financial results of the subsidiary and associate companies.

Copies of the financial statements of the subsidiary companies are available in the Investors section on the Company's website www.cipla.com.

Directors and Key Managerial Personnel

Mr Peter Lankau, Independent Director, resigned from the Board of the Company effective 1st July, 2019 due to his other professional engagement in the same industry in the USA resulting in conflict of interest. He confirmed that there were no other material reasons for his resignation other than the one stated above.

Pursuant to the provisions of sections 149 and 152 of the Act, the recommendation of the Nomination and Remuneration Committee and on the basis of the performance evaluation report, the Board after considering the integrity, expertise and experience of Ms Naina Lal Kidwai, recommends her re-appointment as Independent Director of the Company for a second term of five consecutive years w.e.f. the expiry of her present term i.e. 6th November, 2020.

The Board, on the basis of recommendation of the Nomination and Remuneration Committee, recommends the re-appointment of Ms Samina Hamied as a Whole-Time Director designated as Executive Vice-Chairperson of the Company for a period of five years, w.e.f. 10th July, 2020.

Mr S Radhakrishnan, Non-Executive Director, retires by rotation and, being eligible, has offered himself for re-appointment. Based on the recommendation of the Nomination and Remuneration Committee, the Board recommends the re-appointment of Mr S Radhakrishnan as director, liable to retire by rotation.

The Board recommends the aforementioned appointments for approval of the members at the ensuing AGM. Brief resume, expertise in specific functional areas, names of listed companies in which the above-named directors hold directorships, committee memberships/chairmanships, disclosure of relationships between directors inter-se, shareholding in Cipla etc., are furnished in notice of the ensuing AGM.

Criteria for determining qualification, positive attributes and independence of a director is given under the Nomination, Remuneration and Board Diversity Policy, disclosed as Exhibit A to the Report on Corporate Governance.

As on 31st March, 2020, the Company has the following Key Managerial Personnel (KMPs) as per section 2(51) of the Act:

Sr. No	Name of the KMP	Designation
1	Ms Samina Hamied	Executive Vice-Chairperson
2	Mr Umang Vohra	Managing Director and Global Chief Executive Officer
3	Mr Kedar Upadhye	Global Chief Financial Officer
4	Mr Rajendra Chopra	Company Secretary & Compliance officer

Except for Mr Peter Lankau, Dr Peter Mugyenyi and Mr S Radhakrishnan, none of the directors including the Managing Director and Global Chief Executive Officer and the Whole-Time Director, received any remuneration or commission from any of the Company's subsidiaries during the previous year.

Declaration by independent directors

All independent directors have submitted requisite declarations confirming that they continue to meet the criteria of independence as prescribed under section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, and are independent. The independent directors have also confirmed compliance with the Code of Conduct laid down under Schedule IV of the Act. Details on the same have also been provided in the Report on Corporate Governance, which forms part of this report.

Committees of the Board, number of meetings of the Board and Board committees

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

The Board met six times during the year under review. The maximum gap between two Board meetings did not exceed 120 days. A detailed update on the Board, its committees, its composition, detailed charter including terms of reference, number of Board and Committee meetings held and attendance of the directors at each meeting is provided in the Report on Corporate Governance, which forms part of this report.

Secretarial Standards

The Company has complied with the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively.

Auditor and Auditor's Report

M/s Walker Chandiok & Co LLP, Chartered Accountants, (Firm Registration No 001076N/ N500013) was appointed as the Statutory Auditor of the Company at the AGM held on 28th September, 2016 to hold the office till the conclusion of the 85th AGM of 2021. The Statutory Auditor has confirmed that they continue to remain eligible to act as the Statutory Auditor of the Company.

There are no instances of any fraud reported by the Auditors to the Audit Committee or to the Board pursuant to section 143(12) of the Act. The Auditor's Report for FY 2019-20 does not contain any qualification, reservation or adverse remark.

Secretarial Auditor and its Audit Report

The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed as Annexure VI to this report. The Report does not contain any qualification, reservation, disclaimer or adverse remark.

The Board, on the recommendation of the Audit Committee, has reappointed M/s BNP & Associates, Company Secretaries, Mumbai to conduct the secretarial audit of the Company for FY 2020-21. They have their eligibility for the re-appointment.

Cost Auditor and Cost Audit Report

The Board, on the recommendation of the Audit Committee, had appointed Mr D H Zaveri, practising Cost Accountant (Fellow Membership No. 8971) as cost auditor to conduct the audit of Company's cost records for the financial year ended 31st March, 2020. The Cost Auditors have certified that their appointment is within the limits of Section 141(3)(g) read with Section 148 of the Act. The Cost Auditors will submit their report for FY 2019-20 on or before the due date.

The Cost Records of the Company are maintained in accordance with the provisions of section 148(1) of the Act and the Cost Audit Report, for the year ended 31st March, 2019, was filed with the Central Government within the prescribed time.

In accordance with the provisions of section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditors for FY 2020-21 is required to be ratified by the members, the Board recommends the same for approval of the members at the ensuing AGM. The proposal forms part of the notice of the AGM.

Key initiatives with respect to stakeholder relationship, customer relationship, environment, sustainability, health and safety

The key initiatives taken by the Company with respect to stakeholder relationship, customer relationship, environment, sustainability, health and safety are provided separately under various Capitals in the Integrated Report section of this report.

Acknowledgements

We wish to place on record our appreciation to the governments of various countries where the Company has its operations. We thank Ministry of Chemicals & Fertilizers, India, Central Government, State governments and other regulatory bodies/ authorities, banks, business partners, shareholders, medical practitioners and other stakeholders for the assistance, co-operation and encouragement extended to the Company. We would also like to place on record our deep sense of appreciation to Cipla employees for their contribution and services.

On behalf of the Board

Date: 15th May, 2020
Place: London

Y K Hamied
Chairman

Annexure I

Annual report on Corporate Social Responsibility (CSR) activities pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time

I. Overview of Company's Corporate Social Responsibility

Cipla takes forward and grows its socially conscious legacy commitments to the communities. Cipla's underlying belief is to make a positive contribution to the society. Cipla strives to create a healthier world and enrich lives of all its stakeholders and community at large through CSR initiatives. Some of these initiatives were put in place long before the CSR law came into effect. The Company's CSR initiatives and related projects are undertaken through Cipla Foundation and its implementing partners. Our initiatives are compliant of CSR requirements under the Section 135 of the Companies Act, 2013.

The Company has a Board approved CSR policy which was formulated with the following objective:

- To undertake projects/programmes which will enhance the quality of life and social 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 ("CSR Rules").
- Key Focus areas as per the CSR Policy are:
  - i. Health
  - ii. Education
  - iii. Address Social Inequalities
  - iv. Environment
  - v. Rural Development Project
  - vi. Others (Disaster Management & any other activity under Schedule VII of the Act)

The CSR policy of the Company encompasses its philosophy towards Corporate Social Responsibility and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large. The CSR Policy of the Company including the CSR activities undertaken by it is available at https://www.cipla.com/sites/default/files/2019-01/Corporate%20Social%20Responsibility%20Policy.pdf

II. Composition of CSR Committee

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

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

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

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

₹1,812.01 crore

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

₹36.24 crore

V. Details of CSR spent during the financial year 2019-20[1]

a) Total amount to be spent during the financial year: ₹36.24 crore

b) Amount unspent, if any: – Nil

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

(Amount in ₹ Crore)

S. 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 Programs (1) Local area or other (2) State and district	Total Amount outlay	Amount spent in 2019-20 on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period 2019-20	Amount spent: (1)Direct or (2) through implementing agency
1	Cipla Palliative Care and Training Centre	Promoting healthcare including preventive healthcare	1. Warje, Pune 2. Maharashtra	35.69	1) 7.96 2) 0.45	35.69	Cipla Foundation
2	**Promoting Healthcare addressing issues around affordability and accessibility of quality healthcare including palliative care and sanitation** (Healthcare services to the community, Infrastructure support to hospitals, Medical support to Individuals, Mobile Health care services, Awareness for Hepatitis, Construction of Sanitation blocks, Developmental Disabilities, Pain and Palliative Care, Strengthen the services of ICDS in villages, Palliative care in humanitarian crises, Research studies and education on Public Health & Promoting Healthcare including Preventive Healthcare)	Promoting healthcare including sanitation eradicating malnutrition	1. Baddi, Goa, Indore, Kurkumbh, Mumbai, Patalganga, Chandrapur, Pune, Delhi, East Sikkim, Alappuzha, Kochi, Bengaluru, Kolkata, Jaipur, Guwahati, Bhatinda 2. Himachal Pradesh, Goa, Madhya Pradesh, Maharashtra, Delhi, Sikkim, Kerala, Karnataka, West Bengal, Rajasthan, Assam, Punjab	57.85	1) 16.95 2) 0.96	46.51	Cipla Foundation
3	**Promoting Education including special Education** (Mobile Science Van, Education of underprivileged children from troubled background, Infrastructural support to School, Infrastructural support to Colleges, Meritorious Awards, Promoting Education, Promoting Education in govt. schools, Sponsorship to Economically weaker Students, Sponsorship to Students, E- Learning & pre-school education, Awareness programme for Road Safety Rules)	Promoting education including special education	1. Baddi, Chandigarh, Bengaluru, Goa, Indore, Kurkumbh, Mumbai, Patalganga, Pune, Vikhroli, Rangpo, East Sikkim, Kochi, Kolkata 2. Himachal Pradesh, Chandigarh , Karnataka, Goa, Madhya Pradesh, Maharashtra, Sikkim, Kerala, West Bengal	17.54	1) 4.84 2) 0.28	14.61	Cipla Limited & Cipla Foundation
4	**Training and Skill Enhancement** (Skill development and entrepreneurship programmes for unemployed, unskilled, and youth with developmental disabilities)	Promoting special education, and employment enhancing vocation skills especially among children, women, and the differently abled and livelihood enhancement projects	1. Nalagarh, Ropar, Indore, Mumbai, Rangpo 2. Himachal Pradesh, Punjab, Madhya Pradesh, Maharashtra, Sikkim	4.81	1) 1.40 2) 0.08	3.23	Cipla Foundation
5	**Disaster Relief including Covid response** (Medical relief, Basic assistance material, Health & Hygiene kits, Plantation, Medical camps, procuring safety gear for resident doctor and staff tackling with infectious diseases, setting up of Covid testing facility, setting up Isolation ward with Intensive Care facilities to manage Covid-19 patients)	Promoting health, sanitation and eradicating hunger and poverty	1. Rhenock, Wayanad, Idukki, Satara, Kolhapur & Sangli, Madhubani, Darbhanga, Patna, Borholla, Silchar, Mumbai, Bhubaneshwar, Puri 2. Sikkim, Kerala, Maharashtra, Bihar, Assam, Odisha	1.38	1) 0.64 2) 0.04	0.68	Cipla Foundation
6	**Others**						
i.	Measures for the benefit of armed forces veterans	Promoting measures of reducing inequalities faced by socially and economically backward groups	1. Malkapur, Buldhana 2. Maharashtra	0.01	1) 0.01 2) 0.001	0.01	Cipla Foundation
ii.	Contribution to Cipla Foundation towards undertaking CSR initiatives as per focus areas and programme areas listed in Schedule VII, Section 135 to the Companies Act, 2013	Health, Education, Skilling and Disaster Response	1. Mumbai 2. Maharashtra	2.50	1) 2.50 2) Nil	2.50	Cipla Foundation
iii.	Environmental Sustainability, ecological balance and conservational of natural resources	Ensuring Environmental sustainability	1. Indore, Bengaluru, Baddi 2. Madhya Pradesh, Karnataka, Himachal Pradesh,	0.22	1) 0.19 2) 0.01	0.20	Cipla Foundation
	Sub Total of Others			**2.73**	**2.71**	**2.71**	
	Grand Total (1+2+3+4+5+6)			**120.00**	**36.31**	**103.43**	

[1]Information in line with BRR Principle 8, Question 4.

VI. CSR Expenditure for the year 2019-20

During the year 2019-20, the Company spent ₹36.31 crore on various CSR initiatives, which is more than the statutory expenditure of 2% of average net profit of the last three financial years required under the law.

VII. Responsibility Statement

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

Chairman
CSR Committee
Place: Mumbai
Date: 15th May, 2020

Managing Director and
Global Chief Executive Officer
Place: New Jersey, USA

Annexure II

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members of
Cipla Limited

We have examined all relevant records of **Cipla Limited** (further known as the Company) for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the Listed Companies as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Schedule V of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR'), for the financial year ended 31st March, 2020. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification.

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

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified for listed company.

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

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

Avinash Bagul
Partner
FCS No.: 5578
C P No.: 19862

UDIN: F005578B000243013
PR No. 637/2019

Place: Mumbai
Date: 15th May, 2020

Annexure III

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

The information under section 134(3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2020 is given here below and forms part of the Directors' Report.

A. CONSERVATION OF ENERGY[1]

The steps taken or impact on conservation of energy

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

i. **Renewable energy utilization:**

a) We have continued our endeavour for increasing the proportion on renewable power (solar / wind) for our Bangalore unit (Virgonagar, Bommasandra) through the third party open access route and could achieve 85% of power consumption from green source.

b) Solar roof tops commissioned at Baddi site and Bommasandra.

c) During the FY 2019-20 we have secured total 233 lacs units Kilo Watt Hours (KWH) of power (223 through OA + 10 lacs through solar) and this has resulted in carbon foot print reduction of 19127 tons.

d) We further plan to continue our efforts towards sourcing of energy through renewable sources, by installation of similar solar roof tops at our Maharashtra, Goa and Sikkim sites in FY 2020-21.

ii. **Solid Briquette Boiler Installation:** Procured a new solid briquette fired boiler at Goa location as an alternative to Furnace Oil (FO) fired boilers. These boilers are economical to operate considering the steam cost and to curb pollution. This installation can result in savings of **approx. ₹ 1500 per ton in steam cost**.

iii. **Lighting system performance improvement program:** Retrofitting of LED lights in existing light fixture at Indore, Baddi, Bommasandra, Goa, Indore, Sikkim and Virgonagar has resulted in saving of **approx. 6 lacs of KWH**.

iv. **Auto Tube cleaning systems:** Installation of Auto Tube cleaning systems at Kurkumbh for chilling equipment's to reduce the condenser approach temperature of systems thereby reduction of power consumption in chillers. More systems are yet to be installed at various sites. The installed systems amount to savings of **approx. 1 lacs KWH**.

v. **Steam Consumption Optimisation:** Extension of steam supply to Unit 2 from Unit-1 at Kurkumbh is under progress. This will lead to stoppage of FO fired boilers at Unit 2 thereby reduction in fossil fuel consumption and economical steam rate due to efficient loading of briquette fired boiler located in Unit-1. This installation can result in savings of **approx. ₹ 1690 per ton in steam cost**.

vi. **Variable Frequency Drive (VFD) system:** Continuation of Installation of variable frequency drive for various process and utility equipment's across sites.

vii. **Energy Efficiency & Process optimization improvement program:**

At Goa

(1) Installation of new highly efficient with low Input KiloWatt per Tonnage water chiller for Heating Ventilation & Air Conditioning done as a replacement to the existing chiller.

(2) Installation of new inline centrifugal pumps were done for efficient operation as they are maintenance free and easy to install.

At Indore

(1) Installed On/Off logic to Air Handling Units (AHUs) for energy savings in the chilling systems. This led to achieve savings of approx. 11 lac KWH.

At Kurkumbh

(1) Optimisation of setpoints for AHU of AC/AHU of storage areas for efficient operation and reduction in energy consumption.

[1]Information in line with BRR Principle 6, Question 5

(2) Installation of pressure based VFD control system for warm water system.

At Baddi

(1) Area declassification done for storage areas resulting into lower consumption of power in chilling systems.

(2) Reduction in flame failure in boiler operation by balancing primary & secondary air.

viii. New technology absorption:

- Implementation of Systems, Applications & Products plant maintenance module at various locations to improve operation Efficiency, System Control with Operational Work Flow, Better Visibility and tracking for Planning, Electronic Reporting and Analysis.
- Replacement of water ejector pump into oil ring vaccum pump.
- Energy efficient water chiller at Goa in procurement.
- Power saving by installation of Thyristor panel to dehumidifier.
- Conversion of Boiler Fuel from High Speed Diesel to LPG in Sikkim plant to shift to cleaner fuel and thereby curb to pollution.
- Optimisation of compressed air pressure at generation. Separation of High/Low pressure lines. This will lower down the loading & unloading pattern of compressors.

ix. Maintaining Unity Power Factor Incentive at all Cipla Manufacturing Locations.

x. Maximum power demand optimisation done at Baddi site.

xi. Virgonagar, Bommasandra, Patalganga, Kurkumbh, Goa, Indore units are certified & awarded Energy Management System (ISO 50001) by reputed Accreditation body.

xii. Energy Audits have been conducted for all units by reputed Energy consultants.

B. TECHNOLOGY ABSORPTION

(I) The efforts made towards technology absorption:

i. Development and scale-up of new formulations under various dosage forms for existing and newer active drug substances using innovative and advanced processing equipments. Focus areas for development are respiratory, anti-retroviral, anti-psychotics and oncology.

ii. Development of complex generic formulations based on inhalable powder, metered dose inhalers, Nanotechnology based products in oral solids & injections, liposomal injections, long acting depot injections, Implants, Intra-vaginal contraceptive dosage forms, peptide products, micellar emulsions, SMEDDs, multi particulate extended release oral systems for global markets.

iii. Development of differentiated new products to maximise therapeutic synergy (for example multilayer tablets combining nanotechnology), minimise dosing errors and patient compliance (for example, ready to use depot injectable formulation and drug-device combinations).

iv. Centre of Excellence for polymorphism as part of API R&D which has the latest equipment for screening and developing novel polymorphs, co-crystals and particle engineering along with a dedicated team of polymorph specialists. Recently, COE Polymorphism lab was expanded with additional capabilities like, high throughput screening platform (HTS) for polymorph automation, high throughput screening powder x-ray diffraction (HT-PXRD), Spray drier and Hot-Stage microscope.

v. Incorporation and successful implementation of software based simulations to reduce experimental work (for example: CFD, PBPK & PBBM modeling etc) and for prediction/ reproducibility of performance. Similarly, software based simulations are successfully implemented for assessing process capabilities and for scale up.

vi. Evaluation of cost effective and high throughput technologies, for example: Continuous manufacturing and exploring utilisation of 100% aqueous based formulation manufacturing avoiding organic solvents for existing and new formulation.

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

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

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

i. Development of novel, differentiated and affordable medicines, drug delivery systems to address patient need and improve patient benefit.

ii. Successful commercial scale up of several new APIs and formulations, including inhalable powders, complex generics, peptides, differentiated products and drug device combination products.

iii. Improved processes and enhanced productivity in both APIs and formulations. Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.

iv. Development of novel polymorphs to gain early entry of drug products in regulated markets

v. Development of affordable and substitutable formulations by adopting new or alternate technologies for life saving drugs to minimise import dependency.

(III) The details of Imported Technology (imported during the last three years reckoned from the beginning of the financial year) – No expenditure has been incurred on import of new technology during the financial years 2017-18, 2018-19 and 2019-20.

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

	₹ in Crore
a. Opex	976.11
b. Depreciation	56.20
Total	**1,032.31**

The total R&D expenditure as a percentage of total turnover is around 8.15%.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Exports Sales were ₹5,517.45 crore for FY 2019-20. The Company earned ₹6.37 crore towards technical knowhow & licensing fees and ₹79.78 crore for other services. During the year, the foreign exchange outgo was ₹590.26 crore and earnings in foreign exchange were ₹5603.60 crore.

On behalf of the Board

Date: 15th May, 2020
Place: London

Y K Hamied
Chairman

Annexure IV

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

i. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the FY 2019-20 and the percentage increase in remuneration of each Director, Global Chief Financial Officer and Company Secretary during FY 2019-20:

Name	Designation	Ratio to median remuneration	% increase in remuneration in the FY 2019-20
Dr Y K Hamied	Chairman	57 : 1	0.74 %
Mr M K Hamied	Vice-Chairman	58 : 1	0.24 %
Ms Samina Hamied	Executive Vice-Chairperson	188 : 1	5.23 %
Mr S Radhakrishnan	Non-Executive Director	188 : 1	35.09 %
Mr Umang Vohra	Managing Director and Global Chief Executive Officer	378 : 1	- 9.74 %
Mr Ashok Sinha	Independent Director	13 : 1	4.35 %
Dr Peter Mugyenyi	Independent Director	13 : 1	7.87 %
Mr Adil Zainulbhai	Independent Director	13 : 1	26.26 %
Ms Punita Lal	Independent Director	11 : 1	- 1.23 %
Ms Naina Lal Kidwai	Independent Director	13 : 1	5.88 %
Mr Peter Lankau*	Independent Director	3 : 1	- 77.27 %
Mr Kedar Upadhye	Global Chief Financial Officer	100 : 1	1.19 %
Mr Rajendra Chopra	Company Secretary	43 : 1	5.95 %

* Resigned from the position of Director w.e.f 1st July, 2019

ii. The percentage increase in the median remuneration of employees in the financial year: 26.87%

iii. Number of permanent employees on the rolls of the Company as on 31st March, 2020: 21645

iv. For the FY 2019-20, the average annual increase in the remuneration of employees (excluding the remuneration of managerial personnel) was 11.93% and for the managerial remuneration there was a decline of 5.27%

v. It is affirmed that the remuneration is as per the Nomination, Remuneration and Board Diversity Policy of the Company.

Notes:

(1) There has been no change in the payment criteria for remuneration to non-executive / independent directors. The variation reflected in the column % increase in remuneration in FY 2019-20 is either due to the tenure of directorship, change in the committee composition, membership, chairpersonship or payment of sitting fees for attendance at meetings.

(2) The % increase in the average managerial remuneration for FY 2019-20 include perquisite value of stock options exercised during the financial year. Had the perquisite value of stock options (which were granted in earlier years but exercised during FY 2019-20) not been considered, the % decrease in the average managerial remuneration for FY 2019-20 would have been 4.14%.

(3) Mr S Radhakrishnan completed his term as a Whole-Time Director on 11th November, 2017 and continues as a non-executive director of the Company w.e.f. 12th November, 2017. The remuneration includes perquisite value of stock options granted in earlier years and exercised in FY 2019-20.

Annexure V

Extract of Annual Return

FORM NO. MGT-9

as on the financial year ended 31st March, 2020

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

I. Registration and other Details

i)	CIN	L24239MH1935PLC002380
ii)	Registration Date	17th August, 1935
iii)	Name of the Company	Cipla Limited
iv)	Category Sub-Category of the Company	Public Company Limited by shares
v)	Address of the Registered office and contact details	Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013 Tel: (022) 2482 6000 Fax: (022) 2482 6120 Email: cosecretary@cipla.com Website: www.cipla.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar & Transfer Agent	KFin Technologies Private Limited Selenium Tower B, Plot No.: 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032, Telangana Tel: (040) 6716 2222 / 6716 1511 Fax: (040) 2300 1153 Email: einward.ris@kfintech.com

II. Principal business activities of the Company

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

III. Particulars of Holding, Subsidiary and Associate Companies[1]

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable section of the Companies Act, 2013
Subsidiaries (held directly)					
1	Goldencross Pharma Limited (formerly known as Goldencross Pharma Private Limited) Unit No.SB-901 & SB-902, Empire Tower Building, Gut No.31, Cloud City Campus, Thane Belapur Road, Airoli, Navi Mumbai, Thane - 400708, Maharashtra, India	U24239MH2000PLC123766	Subsidiary	100.00%	2(87)

[1]GRI 102-45

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable section of the Companies Act, 2013
2	Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited) Unit No.SB-901 & SB-902, Empire Tower Building, GutNo.31, Cloud City Campus, Thane Belapur Road, Airoli, Navi Mumbai, Thane - 400708, Maharashtra, India	U23240MH1996PLC104442	Subsidiary	100.00%	2(87)
3.	Cipla BioTec Limited L-147/ B, Verna Industrial Area, Verna, South Goa, Goa - 403722, India	U24239GA2008PLC007374	Subsidiary	100.00%	2(87)
4.	Cipla Health Limited^^ FOFB-11, B Wing, Fourth Floor, Art Guild House Phoenix Marketcity, L.B.S Marg, Kurla (West), Mumbai - 400070, Maharashtra, India	U24100MH2015PLC267880	Subsidiary	95.46%	2(87)
5.	Cipla Pharmaceuticals Limited Unit No. SB-901 & SB-902, Empire Tower, Gut No.31, Cloud City Campus, Airoli, Navi Mumbai, Thane - 400708, Maharashtra, India	U24239MH2019PLC333266	Subsidiary	100.00%	2(87)
6.	Jay Precision Pharmaceuticals Private Limited Government Indl Estate, Plot No. 40/41 ABCD, Charkop, Kandivali (West), Mumbai - 400 067, Maharashtra, India	U33111MH2012PTC234037	Subsidiary	60.00%	2(87)
7.	Cipla (Mauritius) Limited* C/o IQ EQ Corporate Services (Mauritius) Limited, 33 Edith Cavell Street, Port Louis, 11324, Mauritius	NA	Subsidiary	100.00%	2(87)
8.	Cipla Medpro South Africa (Pty) Limited 1474 South Coast Road, Mobeni, Durban, Kwa-Zulu Natal 4052, South Africa	NA	Subsidiary	100.00%	2(87)
9.	Cipla Holding B.V. Cipla Eurla, Antonie Van Leeuwenhoeklaan 9, Building A8, 2nd Floor, 3721 MA Bilthoven, The Netherlands	NA	Subsidiary	100.00%	2(87)
10.	Cipla (EU) Limited Dixcart House, Addlestone Road, Bourne Business Park, Addlestone, Surrey, KT15 2LE, United Kingdom	NA	Subsidiary	100.00%	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable section of the Companies Act, 2013
11.	Saba Investment Limited Office No. 601, Level 6, Emaar Square Building 3, Downtown Dubai, Dubai PO BOX 4254, UAE	NA	Subsidiary	51.00%	2(87)
Subsidiaries (held indirectly)					
12.	Medispray Laboratories Private Limited Plot No.344/345, Kundaim Industrial Estate, Kundaim, Goa - 403 115, India	U52311GA1992PTC002801	Subsidiary	100.00%	2(87)
13.	Sitec Labs Limited (formerly known as Sitec Labs Private Limited) Unit No.SB-901 & SB-902,Empire Tower Building, GutNo.31,Cloud City Campus, Thane Belapur Rd, Airoli Navi Mumbai Thane MH 400708, India	U74999MH2000PLC129210	Subsidiary	100.00%	2(87)
14.	Cipla (UK) Limited* Dixcart House, Addlestone Road, Bourne Business Park, Addlestone, Surrey, KT15 2LE, United Kingdom	NA	Subsidiary	100.00%	2(87)
15.	Cipla Australia Pty. Limited BSA Partnership Pty Ltd, Level 15, 461 Bourke Street, Melbourne, VIC, 3000, Australia	NA	Subsidiary	100.00%	2(87)
16.	Meditab Holdings Limited C/o IQ EQ Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis, 11324, Mauritius	NA	Subsidiary	100.00%	2(87)
17.	Cipla USA Inc. 919 North Market Street, Suite 950, Wilmington, New castle Delaware 19801, USA	NA	Subsidiary	100.00%	2(87)
18.	Cipla Kenya Limited Purshottam Place, 8th Floor, Cipla Limited, Museum Hill, Westlands Road, Westlands, Nairobi, 46986 - 00100, Kenya.	NA	Subsidiary	100.00%	2(87)
19.	Cipla Malaysia Sdn. Bhd. Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, 50100, Kuala Lumpur, Malaysia	NA	Subsidiary	100.00%	2(87)
20.	Cipla Europe NV De Keyserlei 58-60, Box 19, 2018 Antwerpen Belgium	NA	Subsidiary	100.00%	2(87)
21.	Inyanga Trading 386 Proprietary Limited* Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable section of the Companies Act, 2013
22.	Cipla Medpro Holdings Proprietary Limited* Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
23.	Cape to Cairo Exports Proprietary Limited** Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
24.	Cipla Dibcare Proprietary Limited* Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
25.	Cipla Life Sciences Proprietary Limited Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
26.	Cipla-Medpro Proprietary Limited Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
27.	Cipla-Medpro Distribution Centre Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
28.	Cipla Medpro Botswana Proprietary Limited P.O. Box 40185, Gaborone, Botswana	NA	Subsidiary	100.00%	2(87)
29.	Cipla OLTP (Pty) Limited (formerly known as Cipla Nutrition Pty Ltd) Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
30.	Medpro Pharmaceutical Proprietary Limited Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
31.	Breathe Free Lanka (Private) Limited No. 47, Alexandra Place, Colombo 07, Sri Lanka	NA	Subsidiary	100.00%	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable section of the Companies Act, 2013
32.	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, Brazil	NA	Subsidiary	100.00%	2(87)
33.	Cipla Philippines Inc. Level 40, PBCom Tower, 6795 Ayala Avenue Corner V. A., Rufino Street, Makati City, Metro Manila, 1226, Philippines	NA	Subsidiary	100.00%	2(87)
34.	InvaGen Pharmaceuticals Inc. One Commerce Plaza 99 Washington Ave, Ste 805-A Albany, New York, 12210-2822, USA	NA	Subsidiary	100.00%	2(87)
35.	Exelan Pharmaceuticals Inc. 919 North Market Street, Suite 950, Wilmington, New castle Delaware 19801, USA	NA	Subsidiary	100.00%	2(87)
36.	Cipla Biotec South Africa (Pty) Limited Building 2, Maxwell Office Park, Magwa Crescent West, Waterfall City Midrand, Gauteng, South Africa	NA	Subsidiary	100.00%	2(87)
37.	Anmaraté (Pty) Limited Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
38.	Cipla Technologies LLC, 919 North Market Street, Suite 950, Wilmington, New castle Delaware 19801, USA	NA	Subsidiary	100.00%	2(87)
39.	Madison Pharmaceuticals Inc. 919 North Market Street, Suite 950, Wilmington, New castle Delaware 19801, USA	NA	Subsidiary	100.00%	2(87)
40.	Cipla Gulf FZ- LLC Unit No. 111, 1st floor DSP Laboratory Complex Dubai, United Arab Emirates	NA	Subsidiary	100.00%	2(87)
41.	Mirren (Pty) Limited 18 Golden Drive, Morehill Benoni,1501, South Africa	NA	Subsidiary	100.00%	2(87)
42.	Cipla Maroc SA Casablanca-Bureau n°7-1, 7ème étage, 33 Avenue Hassan Sghir, Morocco	NA	Subsidiary	60.00%	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable section of the Companies Act, 2013
43.	Cipla Pharma Lanka (Private) Limited[<] No 345- 4/1, Galle Roads, Colombo 03, Sri Lanka	NA	Subsidiary	100.00%	2(87)
44.	Cipla Quality Chemical Industries Limited Plot 1-7, First Ring Road, Luzira Industrial Park, P.O. Box 34871, Kampala, Uganda	NA	Subsidiary	51.18%	2(87)
45.	Cipla Middle East Pharmaceuticals FZ-LLC SD 2-50, Floor 03, DSP Laboratory complex, Dubai, United Arab Emirates	NA	Subsidiary	51.00%	2(87)
46.	Quality Chemicals Limited Quality Chemicals House, Plot 64/65 Katwe Road, P.O. Box 3381, Kampala, Uganda	NA	Subsidiary	51.00%	2(87)
47.	Medica Pharmaceutical Industries Company Limited Al-Jabal Group building, Noakshot Street, Behind Canada Dry Factory, Sanaa, Yemen	NA	Subsidiary	50.49%	2(87)
48	Cipla (China) Pharmaceutical Co., Limited Room 203, 2nd F, Building No.1, 1479 Zhangheng Rd., Shanghai, China	NA	Subsidiary	100.00%	2(87)
49.	Cipla Algérie 18, Rue de Zone Industrielle, Route De La Gare, Haouche Mahieddine, Reghala, Algeria	NA	Subsidiary	40.00%	2(87)
50.	Cipla (Jiangsu) Pharmaceutical Co., Limited No.168 Binjiang Road, Binjiang Fine Chemical Park, Qidong, Jiangsu Province of China, China	NA	Subsidiary	80.00%	2(87)
51.	Cipla Colombia SAS Cra 13 # 85 -39 ofc 505, Bogota, Colombia, 110221.	NA	Subsidiary	100.00%	2(87)
Associates (held indirectly)					
52.	Stempeutics Research Private Limited 3rd Floor, #143, 212-215, EPIP Industrial Area Hoodi Village, K.R.Puram, Hobli Bengaluru – 560066, Karnataka, India	U73100KA2006PTC038256	Associate	40.78%	2(6)
53.	Avenue Therapeutics, Inc. 1140 Avenue of the Americas, Floor 9 New York, 10036, USA	NA	Associate	33.3%	2(6)
54.	AMPSolar Power Systems Private Limited 309, 3rd Floor, Rectangle One, Behind Sheraton Hotel, Saket, New Delhi - 110 017, India	U74996DL2019PTC345639	Associate	26.00%	2(6)
55.	Brandmed (Pty) Limited 22 1st Avenue Houghton Estate 2198, South Africa	NA	Associate	30.00%	2(6)

* in process of liquidation

< Under amalgamation with Breathe Free Lanka (Private) Limited

++ Under de-registration

^^ 95.46% is held by Cipla Limited and 4.54% is held through Cipla Health Employees Stock Option Trust

IV. Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2019)				No. of Shares held at the end of the year (As on 31st March, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	114708572	-	114708572	14.24	114708572	-	114708572	14.23	-0.01
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	5869837	-	5869837	0.73	5869837	-	5869837	0.73	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**120578409**	**-**	**120578409**	**14.97**	**120578409**	**-**	**120578409**	**14.96**	**-0.01**
(2) Foreign									
(a) NRIs – Individuals	174907187	-	174907187	21.71	174907187	-	174907187	21.69	-0.01
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**174907187**	**-**	**174907187**	**21.71**	**174907187**	**-**	**174907187**	**21.69**	**-0.01**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**295485596**	**-**	**295485596**	**36.67**	**295485596**	**-**	**295485596**	**36.65**	**-0.02**
B. Public Shareholding									
1) Institutions									
a) Mutual Funds / UTI	82716685	-	82716685	10.27	136411887	-	136411887	16.92	6.65
b) Banks / FI	2826999	4100	2831099	0.35	2171342	4100	2175442	0.27	-0.08
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	27344189	-	27344189	3.39	42435406	-	42435406	5.26	1.87

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2019)				No. of Shares held at the end of the year (As on 31st March, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) Foreign Institutional Investors	5357355	-	5357355	0.66	100676	-	100676	0.01	-0.65
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
·Foreign Portfolio Investors	209026785	-	209026785	25.94	144742733	-	144742733	17.95	-7.99
·Alternate Investment Funds	1290798	-	1290798	0.16	1324616	-	1324616	0.16	-
Sub-total (B)(1)	**328562811**	**4100**	**328566911**	**40.78**	**327186660**	**4100**	**327190760**	**40.58**	**-0.20**
2) Non-Institutions									
a) Bodies Corp.									
i) Indian	32163137	242812	32405949	4.02	33405642	242812	33648454	4.17	0.15
ii) Overseas	11729	-	11729	0.00	1306	-	1306	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	47971131	2155354	50126485	6.22	49229897	1743564	50973461	6.32	0.10
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	68767359	10954037	79721396	9.89	69937849	7395425	77333274	9.59	-0.30
c) Others (specify)									
i) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i) Trusts	5905369	-	5905369	0.73	9391048	-	9391048	1.16	0.43
iii) Non Resident Indians / Foreign Nationals / Foreign Bodies	5222409	388200	5610609	0.70	5744567	388200	6132767	0.76	0.06
iv) Clearing Members	3413113	-	3413113	0.42	2225483	-	2225483	0.28	-0.15
v) Overseas Corporate Bodies	375	-	375	0.00	375	-	375	0.00	-
vi) NBFCs Registered with RBI	75022	-	75022	0.01	23690	-	23690	0.00	-0.01
vii) Investor Education and Protection Fund Authority Ministry of Corporate Affairs	3783374	-	3783374	0.47	3235083	-	3235083	0.40	-0.07
Sub-total (B)(2)	**167313018**	**13740403**	**181053421**	**22.46**	**173194940**	**9770001**	**182964941**	**22.69**	**0.23**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**495875829**	**13744503**	**509620332**	**63.25**	**500381600**	**9774101**	**510155701**	**63.28**	**0.03**
C. Shares held by Custodian for GDRs & ADRs	595338	-	595338	0.07	594032	-	594032	0.07	-
Grand Total (A+B+C)	**791956763**	**13744503**	**805701266**	**100.00**	**796461228**	**9774101**	**806235329**	**100.00**	**-**

ii) Shareholding of Promoters and Promoter group

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2019)			Shareholding at the end of the year (As on 31st March, 2020)			% 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	163967687	20.35	-	163967687	20.34	-	0.01
2)	M K Hamied	34567572	4.29	-	34567572	4.29	-	-
3)	Alps Remedies Private Limited	492985	0.06	-	492985	0.06	-	-
4)	Sophie Ahmed	45982000	5.71	-	45982000	5.70	-	0.01
5)	Shirin Hamied	6363000	0.79	-	6363000	0.79	-	-
6)	Kamil Hamied	10939500	1.36	-	10939500	1.36	-	-
7)	Samina Hamied	17909500	2.22	-	17909500	2.22	-	-
8)	Rumana Hamied	9886500	1.23	-	9886500	1.23	-	-
9)	MN Rajkumar Garments LLP	5376852	0.67	-	5376852	0.67	-	-
10)	Shree Riddhi Chemicals LLP	0	0	-	0	0	-	-
12)	Hamsons Laboratories LLP	0	0	-	0	0	-	-
9)	Farida Hamied	0	0	-	0	0	-	-
13)	Neo Research Labs Private Limited	0	0	-	0	0	-	-
	Total	**295485596**	**36.67**	**-**	**295485596**	**36.65**	**-**	**0.02**

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

iii) Change in Promoter and Promoter Group's Shareholding

There was no change in the Promoter and Promoter group shareholding during the FY 2019-20.

iv) Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**ICICI Prudential Mutual Fund**				
	At the beginning of the year	27505977	3.42	27505977	3.42
	Bought during the year	29284512	3.63	56790489	7.04
	Sold during the year	6114592	0.76	50675897	6.29
	At the end of the year	50675897	6.29	50675897	6.29
2	**Life Insurance Corporation of India**				
	At the beginning of the year	25017146	3.10	25017146	3.10
	Bought during the year	14562317	1.81	39579463	4.91
	Sold during the year	21100	0.003	39558363	4.91
	At the end of the year	39558363	4.91	39558363	4.91
3	**HDFC Mutual Fund**				
	At the beginning of the year	20249660	2.52	20249660	2.52
	Bought during the year	5676303	0.70	25925963	3.22
	Sold during the year	1381205	0.17	24544758	3.04
	At the end of the year	24544758	3.04	24544758	3.04

Sr. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
4	**Aditya Birla Mutual Fund**				
	At the beginning of the year	298299	0.04	298299	0.04
	Bought during the year	20740895	2.57	21039194	2.61
	Sold during the year	1361634	0.17	19677560	2.44
	At the end of the year	19677560	2.44	19677560	2.44
5	**SBI Mutual Fund**				
	At the beginning of the year	8793771	1.09	8793771	1.09
	Bought during the year	10942785	1.36	19736556	2.45
	Sold during the year	2896312	0.36	16840244	2.09
	At the end of the year	16840244	2.09	16840244	2.09
6	**Government Pension Fund Global**				
	At the beginning of the year	9591180	1.20	9591180	1.20
	Bought during the year	4089501	0.50	13680681	1.70
	Sold during the year	1205711	0.15	12474970	1.55
	At the end of the year	12474970	1.55	12474970	1.55
7	**NPS Trust**				
	At the beginning of the year	5333447	0.07	5333447	0.07
	Bought during the year	3499921	0.43	8833368	1.09
	Sold during the year	19926	0.00	8813442	1.09
	At the end of the year	8813442	1.09	8813442	1.09
8	**UTI Mutual Fund**				
	At the beginning of the year	7376111	0.92	7376111	0.92
	Bought during the year	4081522	0.50	11457633	1.42
	Sold during the year	2751396	0.34	8706237	1.08
	At the end of the year	8706237	1.08	8706237	1.08
9	**HDFC Life Insurance Company Limited**				
	At the beginning of the year	4533688	0.56	4533688	0.56
	Bought during the year	3555829	0.44	8089517	1.00
	Sold during the year	469562	0.06	7619955	0.95
	At the end of the year	7619955	0.95	7619955	0.95
10	**Reliance Mutual Fund**				
	At the beginning of the year	10225129	1.27	10225129	1.27
	Bought during the year	10635032	1.32	20860161	2.59
	Sold during the year	13864771	1.72	6995390	0.87
	At the end of the year	6995390	0.87	6995390	0.87

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

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

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (1st April, 2019 to 31st March, 2020)	
		No. of shares at the beginning (1st April, 2019) / end of the year (31st March, 2020)	% of total shares of the Company				No. of shares	% of total shares of the Company^
1)	Dr Y K Hamied	163967687	20.35	31/03/2019	-	-	163967687	20.35
		163967687	20.34^	31/03/2020	-	-	163967687	20.34^
2)	Mr M K Hamied	34567572	4.29	31/03/2019	-	-	34567572	4.29
		34567572	4.29	31/03/2020	-	-	34567572	4.29
3)	Ms Samina Hamied	17909500	2.22	31/03/2019	-	-	17909500	2.22
		17909500	2.22	31/03/2020	-	-	17909500	2.22
4)	Mr S Radhakrishnan[$]	142321	0.02	31/03/2019	-	-	142321	0.02
		-	-	16/09/2019	50000	Allotment pursuant to ESOS 2013-A	192321	0.02
		-	-	13/11/2019	50000	Allotment pursuant to ESOS 2013-A	242321	0.03
		242321	0.03	31/03/2020	-	-	242321	0.03
5)	Mr Umang Vohra	192256	0.02	31/03/2019	-	-	192256	0.02
		-	-	13/11/2019	55799	Allotment pursuant to ESOS 2013-A	248055	0.03
		248055	0.03	31/03/2020	-	-	248055	0.03
6)	Mr Kedar Upadhye	20280	0.00	31/03/2019	-	-	20280	0.00
		-	-	16/09/2019	20284	Allotment pursuant to ESOS 2013-A	40564	0.00
		40564	0.00	31/03/2020	-	-	40564	0.00

[$]38,125 shares are held jointly with his wife

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

V) Indebtedness

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

₹ in Crore

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
•Addition	-	13.88		13.88
•Reduction	-	(7.82)	-	(7.82)
Net Change	-	6.06	-	6.06
Indebtedness at the end of the financial year				
i) Principal Amount	-	6.06	-	6.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.01	-	0.01
Total (i+ii+iii)	-	6.07	-	6.07

VI. Remuneration of Directors and Key Managerial Personnel

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

₹ in Crore

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Ms Samina Hamied (Executive Vice-Chairperson)	Mr Umang Vohra (Managing Director and Global Chief Executive Officer)	
	Gross salary			
1)	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4.20	6.73	10.93
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.02	0.00[1]	0.02
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2)	Stock Option	-	2.60[2]	2.60
3)	Sweat Equity	-	-	
4)	Commission as % of profit	2.30	-	2.30
5)	-Other employer contribution to provident fund and other funds	0.23	0.23	0.46
	-Variable Bonus	-	4.00	4.00
	Total (A)	**6.74**	**13.57**	**20.31**
	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)			303.38

[1]Since the value of perquisite is only ₹28,800/-, the amount has been shown as ₹0.00 crore.

[2]Value of perquisites u/s 17(2) of the Income-tax Act, 1961 does not include perquisite value of stock options exercised during FY 2019-20. The same has been shown separately in point no. (2).

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	0.08	0.40	-	0.48
	Dr Peter Mugyenyi[1]	0.05	0.41	-	0.46
	Mr Adil Zainulbhai	0.11	0.36	-	0.47
	Ms Punita Lal	0.05	0.35	-	0.40
	Ms Naina Lal Kidwai	0.10	0.35	-	0.45
	Mr Peter Lankau[1] [2]	-	0.10	-	0.10
	Total (1)	**0.39**	**1.97**	**-**	**2.36**
2)	Other Non-Executive Directors				
	Dr Y K Hamied	0.03	2.00	-	2.03
	Mr M K Hamied	0.08	2.00	-	2.08
	Mr S Radhakrishnan	0.10	2.00	4.63[3]	6.73
	Total (2)	**0.21**	**6.00**	**4.63**	**10.84**
	Total (B) = (1+2)	**0.60**	**7.97**	**4.63**	**13.20**
	Ceiling as per the Act (being 1% of the net profits of the Company calculated as per section 198 of the Act)				30.34
	Total Managerial Remuneration (A+B)				**33.51**
	Overall Ceiling as per the Act (being 11% of Net Profits of the Company calculated as per section 198 of the Act)				333.72

[1] USD equivalent to INR paid to the Directors.

[2] Resigned from the position of Director w.e.f 1st July, 2019

[3] Perquisite value of stock options granted in earlier years during his tenure as Whole Time Director but exercised in FY 2019-20

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

₹ in Crore

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr Kedar Upadhye (Global Chief Financial Officer)	Mr Rajendra Chopra (Company Secretary)	
	Gross salary (A)			
1)	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1.70	1.09	2.79
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.00[1]	-	0.00
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2)	Stock Option	0.94	-	0.94
3)	Sweat Equity	-	-	-
4)	Commission	-	-	-
5)	Others (B)	-	-	-
	- Employer contribution to provident fund and other funds	0.05	0.05	0.11
	- Variable Bonus	0.90	0.39	1.29
	Total (A+B)	**3.60**	**1.53**	**5.13**

[1] Since the value of perquisite is only ₹39,600/-, the amount has been shown as ₹0.00 crore.

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

On behalf of the Board,

Date: 15th May, 2020
Place: London

Y K Hamied
Chairman

Annexure VI

Secretarial Audit Report

For the financial year ended 31st March, 2020

[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 having CIN L24239MH1935PLC002380** (hereinafter called 'the Company') covering the financial year ended on 31st March, 2020 (the 'audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable base for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

(i) Our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company, which we have audited by way of physical inspection as well as relying on documents shared electronically, where physical access was not possible on account of lockdown due to COVID-19.

(ii) The certificate confirming compliance of all applicable laws submitted to the Board of Directors on a quarterly basis by the management.

(iii) Representations made and information provided by the Company, its officers, agents, and authorised representatives during our conduct of secretarial audit.

We hereby report that in our opinion, during the audit period covering the financial year ended on 31st March, 2020, the Company has 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:

1. Compliance with specific statutory provisions

We further report that:

1.1 We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period according to the provisions of:

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

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

(iii) The Depositories Act, 1996 and the regulations and byelaws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investments and 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 ('the Listing Regulation');

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

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

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

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

(vi) The Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.

(vii) The following specific acts, laws, rules, regulations applicable to the Company based on the nature of its business activities:

(a) The Drugs and Cosmetics Act, 1940;

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

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

1.2 We report that during the audit period, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above.

1.3 We are informed that, during the year, there were no transaction undertaken by the Company which required compliance of the following Act, rules and regulations made thereunder:

(i) The Foreign Exchange Management Act, 1999 to the extent of the rules and regulations made for External Commercial Borrowings only;

(ii) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;

(iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

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

(v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

2. Board processes:

We further report that:

2.1 The Board of Directors of Company as on 31st March 2020 is duly constituted with proper balance of executive directors, non-executive directors and independent directors as stated below:

(i) Two executive directors i.e. Mr Umang Vohra and Ms Samina Hamied.

(ii) Three non-executive directors i.e. Dr Y K Hamied, Chairman, Mr M K Hamied, Vice Chairman and Mr S Radhakrishnan.

(iii) Five independent directors including two women independent Directors i.e. Mr Adil Zainulbhai, Mr Ashok Sinha, Dr Peter Mugyenyi, Ms Punita Lal and Ms Naina Lal Kidwai.

2.2 The processes relating to the following changes in the composition of the Board of Directors, during the year, were carried out in compliance with the provisions of the Act and the Listing Regulation:

(i) Resignation of Mr Peter Lankau from the position of Independent Director of the Company w.e.f 1st July, 2019.

(ii) Re-appointment of Mr Umang Vohra as director liable to retire by rotation at the 83rd AGM.

(iii) Appointment of Mr Ashok Sinha, Dr Peter Mugyenyi, Mr Adil Zainulbhai, Ms Punita Lal as Independent Directors for the second consecutive term of five years at the 83rd AGM.

2.3 Adequate notice of the board and board committee meetings was given to all the directors. The agenda and detailed notes on agenda were sent at least seven days in advance. In case of circulation of agenda or detailed notes on agenda at shorter notice, due consent of the respective directors was taken for such circulation at shorter notice. The Company has a system in place where the directors can seek further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting

2.4 All the decisions at Board meetings and committee meetings were unanimous consent and that there was no instance of dissent in any of the business matters at the Board or Board committee meetings.

3. Management responsibility

3.1 Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

3.2 We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records and compliance procedures. We have carried out audit by way of physical inspection as well as relying on documents shared electronically, where physical access was not possible on account of lockdown due to COVID-19. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3.3 While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March, 2020 but before the issue of this report.

3.4 We have not verified the correctness and appropriateness of financial records and books of Accounts of the Company.

3.5 We have obtained the management's representation on the compliance of laws, rules and regulations and happening of events, wherever required.

3.6 This report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

4. Compliance mechanism

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

4.2 We further report that, during the audit period:

(i) All the business activities undertaken by the Company were authorised under Clause III (i.e. Objects Clause) of the Memorandum of Association of the Company;

(ii) The Company has filed all applicable forms, returns, disclosures etc. pursuant to the provision of the applicable laws;

(iii) The Company has maintained all registers and records as are required to maintained under the applicable laws;

(iv) All meetings of shareholder, board and committees of the Company were duly and validly conducted, and the minutes and necessary records were properly maintained;

(v) The remuneration paid to the managerial personnel of the Company were within the limits approved by the shareholders as well as permissible under the Act and rules made thereunder;

(vi) The Company has not accepted any public deposits under the Act;

(vii) The Company has not advanced any loan and/or given any security or guarantee to any Director of the Company or any other person in whom the Director is interested;

(viii) The Company did not avail any secured loan and accordingly was not required to create any charge on the assets of the Company;

(ix) Pursuant to shareholders approval at the Annual General Meeting dated 16 August, 2019, the Company is authorised to issue equity shares / other securities convertible into equity shares up to an amount of Rs. 3000 crore. However, the Company did not issue any share/ other convertible security under the said authorisation;

(x) All the investments made within or outside India were in compliance with the Act, the Listing Regulation and the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

(xi) The Company did not enter into any material transaction with any related party that required approval of the shareholders under the provisions of the Act or the Listing Regulation. All transactions with related parties were approved/ reported to the Audit Committee and were compliant of the provisions of the Act and the Listing Regulation;

(xii) The Company has spent 2% of its average net profits for the last three financial years on the Corporate Social Responsibility initiatives as stated under Schedule VII of the Act and is accordingly compliant of the provisions of Section 135 of the Act;

(xiii) The Board had carried out an annual evaluation of its own performance and of its Committees as well as performance of each individual directors. The Chairman, the Executive Vice Chairperson and the Managing Directors and CEO were also evaluated on certain additional parameters.

(xiv) The Company did not have any pending investors complaint and all requests from investors including the request for share transfer, transmissions, transposition, issue of duplicate shares, payment of unpaid dividend etc. were processed within the permissible timelines;

(xv) The Company has transferred all unpaid/ unclaimed dividend for the financial year ended 31st March, 2012 which remained unclaimed/unpaid for 7 years, to the Investors Education and Protection fund (IEPF), in compliance with the provisions of Section 125 of the Act;

(xvi) During the year the Company had granted 4,89,195 options and allotted 5,34,063 equity shares to its employees under The Employee Stock Options Scheme 2013- A (ESOP Scheme). All the grants, vestings and exercies of stock options as well as the disclosures with respect to the stock options in the Board Report were in compliance of the applicable provisions of the The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. All the shares allotted pursuant to the ESOP Scheme were duly listed on the BSE Limited and the National Stock Exchange of India Limited, where the securities of the Company are listed within the prescribed timeline. The ESOP Scheme of the Company was compliant of the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

(xvii) In compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Code on Prevention of Insider Trading was duly implemented. The Company has adequate internal controls to ensure compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Code on Prevention of Insider Trading;

(xviii) We have not found any fraud to be reported under the provisions of Act or applicable laws.

4.3 We further report that during the audit period no specific event occurred which could have any major bearing on the Company's affairs.

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

Avinash Bagul
Partner
FCS : 5578 / CP No.19862
UDIN:F005578B000242496
PR No. 637/2019

Date: 15th May, 2020
Place: Mumbai

Business Responsibility Report

At Cipla, we recognize our position of responsibility as part of a global community and commit ourselves to operating our business in a sustainable manner. In line with our philosophy of 'Caring for Life', we ensure that prime focus is given to enhance sustainable business operations. In our response to building a robust business model, we ensure the inclusion of a multi-stakeholder approach towards capitalizing future opportunities and addressing the triple bottom line. Our practice towards social responsibility and environmental stewardship is also showcased through an interconnected model based on the National Voluntary Guidelines (NVG). This includes our initiatives towards Employee Well-being, Environmental Responsibility and Community Wellness. The Business Responsibility Report (BRR) is aligned with National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business, issued by Ministry of Corporate Affairs, and is in accordance with clause (f) of sub regulation (2) of regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Our business performance and impacts are disclosed based on the 9 Principles as mentioned in the NVGs.

PRINCIPLE 1
Ethics Transparency & Accountability

PRINCIPLE 2
Product Life Cycle Sustainability

PRINCIPLE 3
Employee Well-Being

PRINCIPLE 4
Stakeholder Engagement

PRINCIPLE 5
Human Rights

PRINCIPLE 6
Environment

PRINCIPLE 7
Policy Advocacy

PRINCIPLE 8
Inclusive Growth and Equitable Development

PRINCIPLE 9
Customer Value Creation

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L24239MH1935PLC002380
2.	Name of the Company	Cipla Limited
3.	Registered address	Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013
4.	Website	www.cipla.com
5.	E-mail ID	cosecretary@cipla.com
6.	Financial Year reported	1st April, 2019 to 31st March, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	The Company is engaged in business of pharmaceuticals under Group 210 and Class 2100 as per the National Industrial Classification 2008 (NIC) by the Central Statistical Organisation, Ministry of Statistics and Programme Implementation.
8.	List three key products/services that the Company manufactures/provides (as in Balance Sheet)[1]	Seroflo, Synchrobreathe, Budesonide, Decitabine
9.	Total number of locations where business activity is undertaken by the Company[2]	Cipla has presence in over 80 countries, globally. **Number of international locations:** South Africa, USA, Uganda, Middle East, Europe, Sri Lanka and Australia. **Number of national locations:** Cipla has over 40 state-of-the-art manufacturing facilities for API and formulations, across the states of Maharashtra, Goa, Madhya Pradesh, Karnataka, Himachal Pradesh and Sikkim.
10.	Markets served by the Company	The major markets that Cipla serves are India, South Africa, USA, Uganda, Middle East, Europe, Sri Lanka and Australia.

Section B: Financial Details of the Company

Sr. No.	Particulars	Details as on 31st March 2020 (₹ in Crore)
1.	Paid up capital (₹)	161.25
2.	Total Turnover (₹)	12,659.15
3.	Total profit after taxes (₹)	2,318.17
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after taxes (%)	36.31 (2% of PAT)
5.	List of activities in which expenditure in 4 above has been incurred	Health, Education, Skilling & Disaster Response

[1]GRI 102-2
[2]GRI 102-4

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

As on 31st March, 2020, the Company has 51 subsidiaries and 4 associates.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Almost all the subsidiaries & associates of Cipla are aligned with the Company's BR Initiatives.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]

The Company encourages its other stakeholders i.e. suppliers, distributors and other stakeholders in the value chain to participate in its BR initiatives, however it does not track the actual participation and therefore for reporting purposes the percentage of such entities who participate in BR initiatives is less than 30%.

Section D: BR Information

1. Details of Director/ Directors responsible for BR

a) Details of the Director/ Directors responsible for implementation of the BR policy/ policies

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

b) Details of the BR Head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	Not applicable
2.	Name	Mr Rajendra Chopra
3.	Designation	Company Secretary
4.	Telephone Number	+022 2482 6000
5.	E-mail ID	cosecretary@cipla.com

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for....	Yes								
2.	Has the policy been formulated in consultation with relevant stakeholders?	Yes								
3.	Does the policy conform to any national / international standards? If yes, specify.	Yes Cipla's Corporate Responsibility Policy is based on the National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July 2011. Cipla's Environment Policy is as per the requirements of ISO 14001, Environment Management System.								
4.	Has the policy been approved by the Board? If yes, has it been signed by the MD /owner/CEO/ appropriate Board Director?	Yes								

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	The implementation of these policies is discussed segment wise by different committees at regular intervals.								
6.	Indicate the link to view the policy online?	https://www.cipla.com/investors/corporate-governance								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes The policy has been communicated to employees through the Intranet and external stakeholders through the Company's website (www.cipla.com)								
8.	Does the Company have in-house structure to implement its policy/policies?	Yes								
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to policy/policies?	Yes								
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes The policies are evaluated internally								

3. Governance related to BR

a. **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The BR performance is evaluated annually.

b. **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Yes, the Company publishes BR which covers the 9 NVGs Principles. Our 2019-20 Annual Report is in line with the <IR> framework and GRI Standards.

Section E: Principle-Wise Performance

PRINCIPLE 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?**

   Corporate Governance Report (Reference Pg. 207)
   Human Capital (Reference Pg. 082)

2. **How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   Human Capital (Reference Pg. 082)

PRINCIPLE 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.**

   Intellectual Capital (Reference Pg. 066)

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

   i. **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

   ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   Cipla has a multi-product, multi-facility production system and hence, it is not possible to determine product-wise resource consumption. Variations in resource consumption patterns have been observed in manufacturing units based on product mix, batch size and time cycle, among others. Further, as consumption of resource per unit depends on the product mix, it is difficult to set specific standards to ascertain reduction achieved at product level.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

   Relationship Capital (Reference Pg. 095)

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   Relationship Capital (Reference Pg. 098)

5. **Does the Company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?**

   Natural Capital (Reference Pg. 119-120)

PRINCIPLE 3

Businesses should promote the wellbeing of all employees

1. **Please indicate the total number of employees.**

   Human Capital (Reference Pg. 076)

2. **Please indicate the total number of employees hired on temporary/ contractual/casual basis.**

   Human Capital (Reference Pg. 076)

3. **Please indicate the number of permanent women employees.**

   Human Capital (Reference Pg. 076)

4. **Please indicate the number of permanent employees with disability.**

   Human Capital (Reference Pg. 075)

5. **Do you have an employee association that is recognised by management?**

   Human Capital (Reference Pg. 083)

6. **What percentage of your permanent employees are a member of this recognised employee association?**

   Human Capital (Reference Pg. 083)

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

   Human Capital (Reference Pg. 082)

8. **What percentage of you under mentioned employees were given safety & skill up-gradation training in the last year?**

   Human Capital (Reference Pg. 079)

PRINCIPLE 4

Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalised.

1. **Has the Company mapped its internal and external stakeholders?**

   Stakeholder Engagement (Reference Pg. 044)

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

   Social Capital (Reference Pg. 102)

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable, and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.**

   Social Capital (Reference Pg. 103)

PRINCIPLE 5

Businesses should respect and promote human rights.

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   Human Capital (Reference Pg. 082)
   Corporate Governance Report (Reference Pg. 207)

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   Human Capital (Reference Pg. 082)

PRINCIPLE 6

Business should respect, protect, and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

   Natural Capital (Reference Pg. 113)

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

   Natural Capital (Reference Pg. 113)

3. **Does the Company identify and assess potential environmental risks?**

   Natural Capital (Reference Pg. 113)

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Cipla currently does not undertake any project in line with the Clean Development Mechanism.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N.**

   Natural Capital (Reference Pg. 114)
   Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo (Reference Pg 153)

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Natural Capital (Reference Pg. 113)

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Natural Capital (Reference Pg. 113)

PRINCIPLE 7

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   Relationship Capital (Reference Pg. 090)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   Relationship Capital (Reference Pg. 090)

PRINCIPLE 8

Businesses should support inclusive growth and equitable development

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Social Capital (Reference Pg. 101)

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/Government structures/any other organisation?**

   Social Capital (Reference Pg. 101)

3. **Have you done any impact assessment of your initiative?**

   Social Capital (Reference Pg. 101)

4. **What is your Company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?**

   Social Capital (Reference Pg. 101)
   Annexure 1 - CSR activities (Reference Pg. 150)

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

   Social Capital (Reference Pg. 102)

PRINCIPLE 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

   Relationship Capital (Reference Pg. 095)

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

   Relationship Capital (Reference Pg. 095)

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year?**

   Relationship Capital (Reference Pg. 094-095)

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   Relationship Capital (Reference Pg. 092)

Report on Corporate Governance

Cipla's Philosophy on Corporate Governance

The corporate governance philosophy at Cipla stems from the set of principles and framework embedded in its values.

Our legacy of deep commitment to compassion and care for patients resonates throughout the organisation. Our vision of providing high quality life-saving drugs at affordable prices since our inception, has evolved into our endearing purpose, *'Caring for Life'*. This purpose ultimately guides our organisational decisions and anchors our every action.

Creating Value

At Cipla, we aim to abide by the highest standards of good governance and ethical behaviour across all levels within the organisation with a zero-tolerance policy towards any deviation from these standards. Our ethical framework focuses on long-term shareholder value creation through responsible decision making. Cipla's corporate governance framework is founded on the following pillars:

Transparency

For us, transparency is key to healthy self-sustaining growth and promotes self-enforcing checks and balances. It also fosters deep and long-standing trust among our stakeholders. We strive to demonstrate the highest levels of transparency, over and above statutory requirements, through accurate and prompt disclosures.

Fairness

We practice fair play and integrity in our transactions with all stakeholders, both within and outside the organisation. We conduct ourselves in the most equitable manner.

Accountability

For us, accountability is about holding ourselves firmly responsible for what we believe in and for delivering what we have promised. We ensure this by promoting a mind-set of end-to-end ownership throughout the organisation. By means of openness and transparency, we consider ourselves accountable to the entire universe of stakeholders including our patients, employees, shareholders, vendors, government agencies, society, medical community, customers and business partners, and supply chain participants.

Competent leadership and management

We believe that a dynamic, diverse and experienced Board with a focus on excellence plays a pivotal role in Cipla's corporate governance aspirations. In view of this, we endeavour to maintain a Board composition that brings healthy balance of skills, experience, independence, assurance, growth mind-set and deep knowledge of the sector.

Empowerment

The empowerment of leaders and employees is an important step in enabling high performance and developing leadership capabilities within the Company. Our leadership essentials focused on people, performance and health are strongly embedded in our First Principles. They define a common vocabulary and approach for building leadership within the Company.

Sustainability

At Cipla, sustainability is about effectively managing the triple bottom line i.e. the financial, social and environmental aspects, whilst focusing on business continuity. We are committed to pursuing our economic growth while concurrently watching our ecological footprint and increasing our positive social impact.

Compliance and risk management

Full adherence to all regulatory and statutory requirements in letter and spirit is a key guiding principle at Cipla. Our global footprint and the associated operating environment is characterised by several risks, which can potentially impact our current and future earnings. The risk management function targets to maintain a live register of important risks along with implementing a plan to monitor and mitigate them. We believe that effective compliance and risk management activities will drive the sustainability of corporate performance.

Governance Structure

With a strong governance philosophy, we have a multi-tiered governance structure with defined roles and responsibilities of every constituent of the governance system.

Board of Directors: The Board of Directors is responsible for the strategic supervision, overseeing the management

performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board exercises independent judgement and plays a vital role in the oversight of the Company's affairs. The Board also ensures adherence to the standards of Corporate Governance and transparency in the Company's functioning.

Board committees: To effectively discharge its obligations and to comply with the statutory requirements, the Board has constituted six Board committees. The committees deal with specific areas that are assigned to them for either final decision-making or appropriate recommendations to the Board. All the committees have a clearly laid down charter and are responsible for discharging their roles and responsibilities as per their charter. The details about these committees have been discussed in detail in subsequent sections in this report.

Chairman: The Chairman acts as the leader of the Board and presides over the meetings of the Board and the shareholders. He ensures that Company strategies are based on our underlying principle, *Caring for Life*, and reflect our core values. The Chairman is supported by the Executive Vice-Chairperson, who takes a lead role in managing Board meetings and interactions, determining the Board's composition and facilitating effective communication among the directors.

Executive Vice-Chairperson: The Executive Vice-Chairperson engages with the management to drive and monitor key initiatives in line with Cipla's approved corporate strategy and business objectives to ensure long term value creation. She drives Board engagement by setting the agenda, facilitating critical discussions and the cadence for Board meetings. She is also responsible for promoting the depth of Board conversations while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. She supports the Chairman on matters pertaining to governance, including the Board's composition, Board meetings and Board effectiveness. She continues to be the bridge between the management, the promoters and the Board.

Managing Director and Global Chief Executive Officer (MD & GCEO): The MD & GCEO works under the supervision of the Board and is responsible for managing the affairs of the Company. He is responsible for the business performance, driving growth, and implementation of the strategic decisions taken at the Board level. As the MD & GCEO of the Company, his priorities include articulating Cipla's long term strategy based on organic and inorganic initiatives, defining the innovation agenda for the Company, balancing growth imperatives with margin and return on capital thresholds, executing Cipla's roadmap to maintain momentum across the global markets in which it operates, augmenting the capabilities in operations and support functions, and building a strong talent-focused organisation that is ready to take on the challenges.

Management Council: The Management Council serves as the apex leadership team to set and deliver the strategic long- term growth agenda for Cipla, build and sustain OneCipla as our way of life. The Management Council continues to include the following members: MD & GCEO (Chair), Global Chief Financial Officer, Global Chief People Officer, Global Chief Technology Officer, Global Head of Quality, Medical Affairs and Pharmacovigilance. For further strong delivery of our organisational and business objectives, Management Council was expanded to include the CEO India Business, CEO Cipla South Africa & Regional Head Africa and Access, Global Chief Scientific Officer and Global Head Supply Chain.

Business Council: A Business Council comprising select business and functional heads was formed. The Head of Global Strategy is the convener of the quarterly Business Council meetings.

Operating committees: The Company has various cross-functional committees that ensure robust delivery of business objectives and operationalisation of strategic plans. They also ensure that the Company maintains its growth momentum within the defined risk management framework and governance principles. These committees include the Compliance Committee, Eagle 3.0 – Business reimagination Committee, Finance Leadership team, Disclosure Committee, Portfolio Selection Committee, Capex Committee, Ethics Committee, Global Finance Committee, Operations Committee, etc. They are headed by relevant Management Council members to achieve their desired objectives.

Shared Goal Process: Shared goals at Cipla essentially amplify the interdependence between and across the Company to deliver the business outcomes. Goals are "shared" when two or more functional/business leaders have a significant impact on the delivery of the goal. Shared goals foster collaboration, accountability and ownership of the goals by securing the alignment to the goals and eliminating siloes and building better appreciation of other priorities. These shared goals focus on both performance and long-term health outcomes for the organisation. The shared goals are defined on the basis of Cipla's FY 2021-22 winning aspiration and the MD & GCEO's long-term and short-term objectives for the year. For each of the shared goals, we have set out key performance indicators (KPI) and related targets that we aim to meet. The KPIs and targets are embedded into the goal sheets of all the members of the Management Council and are also cascaded to all leaders and their respective teams who have significant amount of cross-functional overlap, to ensure that everyone is moving together in the same direction.

Board of Directors

Profile of Directors[1]

Dr Y K Hamied, Non-Executive Chairman

Dr Y K Hamied is the Non-Executive Chairman of the Company. He represents the second generation of Cipla's founding family. A world-renowned scientist, Dr Hamied obtained his PhD in Organic Chemistry in 1960 from the University of Cambridge under the tutelage of Nobel Laureate Lord Alexander Todd.

Dr Hamied has been an insightful R&D leader, a courageous industry captain, and an outspoken statesman of global pharma. From affordable drugs in HIV to enabling one of the world's largest portfolio of drugs and devices in inhalation therapy, his pioneering work and immense contribution to healthcare have been celebrated around the world.

In 2005, Dr Hamied was conferred the Padma Bhushan by the Government of India for his distinguished service to the pharmaceutical industry. In 2013, he was named as one of India's 25 Greatest Global Living Legends by NDTV, and in 2014, the University of Cambridge honoured him with a DSc the highest honour that the University can bestow. In 2017, Columbia University's Mailman School of Public Health conferred the 'Public Health Hero Award' on Dr Hamied, and in 2018 India Today named him one of '20 Global Indians' who have challenged convention and created history.

Dr Hamied has also been the recipient of several lifetime achievement awards. An Honorary Fellow of the Royal Society of Chemistry, Dr Hamied has frequent presence on high-level international panels on healthcare.

Mr M K Hamied, Non-Executive Vice-Chairman

Mr M K Hamied is the Non-Executive Vice-Chairman of the Company and represents the second generation of Cipla's founding family. A science graduate from Bombay University, Mr Hamied has vast and varied experience in all functions of the Company including production, technical areas, quality management and general administration. He retired as Executive Vice-Chairman of the Company on 31st March, 2014; from 1st April, 2014, he has continued as the Non-Executive Vice-Chairman.

Ms Samina Hamied, Executive Vice-Chairperson

Representing the third generation of Cipla's founding family, Ms Samina Hamied is the Executive Vice-Chairperson of the Company. Ms Hamied is a MSc in International Accounting and Finance from the London School of Economics and Political Science. She worked in the UK and the US with leading global firm Goldman Sachs before joining the Cipla leadership team in 2011 as a member of the management team.

In 2013, she was designated as "Head Strategic Projects – Cipla New Ventures". She was appointed as an Executive Director of the Company w.e.f. 10th July, 2015 and subsequently she was elevated as the Executive Vice-Chairperson of the Company, w.e.f. 1st September, 2016. She has been instrumental in driving the Company's current transformation agenda. Ms Hamied has played a key role in successfully incubating and shaping Cipla Health Limited, and spearheading Cipla's ambitious foray into the US market with strategic acquisitions.

Ms Hamied has built a top-class leadership pipeline for the Company as it continues to spread its wings globally. As Executive Vice-Chairperson, she focuses on Board and governance issues, in addition to furthering Cipla's strategic priorities through key global partnerships, corporate culture, hiring right talent, and public advocacy.

Recognised as the promoter face of Cipla, she has been feted for her diverse work experience and business knowledge. In 2017, she received the 'Most Powerful Women in Business' award from Business Today. In 2018, Forbes named Ms Hamied in their list of top 25 emergent women business leaders in Asia. For 2 consecutive years - 2018 and 2019 – Fortune India named her among the most powerful women in business.

Mr Umang Vohra, MD & GCEO

Mr Umang Vohra joined Cipla Limited in 2015 and has been the MD & GCEO of the Company since September 2016. After gaining degrees in engineering, marketing and finance, Mr Vohra worked with Eicher Motors, PepsiCo and Dr Reddy's Laboratories. Through his previous roles in India and the US, he has built a distinguished career spanning almost two decades with deep understanding and experience of various aspects of the global pharmaceutical business.

As Cipla's MD & GCEO, Mr Vohra's priorities have been Cipla's strategic growth, defining and executing Cipla's roadmap to maintain momentum in home markets whilst strengthening its presence in other regions, consolidating its core focus areas, augmenting capability, and building the right organisation. Recognised as an action-oriented industry leader, Mr Vohra is a firm believer in the power of agile business models, disruptive technologies, data-driven analytics and a future-ready workforce with a view to making a difference to the lives of patients.

Mr S Radhakrishnan, Non-Executive Director

A qualified chartered accountant, Mr S Radhakrishnan is a Non-Executive Director of the Company. He possesses rich experience in financial, commercial, legal and allied areas. He has been with Cipla for over 36 years and has played a pivotal role in the overall journey and growth of the organisation.

Mr S Radhakrishnan retired from his position of Whole-Time Director in November 2017 and thereafter continues as a Non-Executive Director of the Company.

Mr Ashok Sinha, Independent Director

Mr Ashok Sinha is an Independent Non-Executive Director of the Company. He has a BTech in Electrical Engineering from the Indian Institute of Technology (IIT), Kanpur, and a Post Graduate Diploma in Management from the Indian Institute of Management (IIM), Bangalore, with specialisation in Finance.

He has been conferred with the distinguished alumnus award from both IIT Kanpur and IIM Bangalore. He has also been conferred with the India Chief Financial Officer Award 2001 for Information and Knowledge Management by the Economic Intelligence Unit (EIU) India and American Express. He is also a recipient of award from TMG (Technology Media Group) for Customer Management.

Mr Sinha has a wealth of experience, competencies and expertise from his leadership journey as the Chairman and Managing Director of Bharat Petroleum Corporation Ltd. (BPCL). He spent 33 years in BPCL and served on the Board of BPCL for 15 years – first as Director (Finance) for 10 years from 1996 and then as its Chairman and Managing Director for 5 years from August 2005.

Dr Peter Mugyenyi, Independent Director

Dr Peter Mugyenyi is an Independent Non-Executive Director of the Company. A Bachelor of Medicine and Surgery (MB ChB), Fellow of the Royal College of Physicians of Ireland (FRCPI); Fellow of the Royal College of Physicians (Edinburgh) (FRCP Edin) and Doctor of Science [ScD(h)]. Dr Mugyenyi is an Ugandan paediatrician, researcher and specialist on HIV/AIDS and related conditions. He is the Executive Director of Joint Clinical Research Centre, Kampala – a centre of excellence in medical research, training and healthcare. He was among the pioneers who introduced the use of ARV in Africa, as well as the development of an effective model for scaling up ARVs in resource limited countries.

Dr Mugyenyi has been a Principal Investigator on dozens of landmark research projects, some of which were funded by the National Institutes of Health (NIH), European Union, WHO and the Medical Research Council (MRC). His research and publications cover a wide spectrum of HIV/AIDS, related diseases and other medical conditions. Specific areas of his research include paediatric and adult HIV treatment, drug trials, HIV resistance, HIV prevention, immunological studies including HIV vaccine trials, pharmacokinetic, molecular and epidemiological studies, as well as the social and economic impact of HIV.

Internationally, he has served as a board member on many institutions and organisations in Africa, UK, India and the USA. Other roles include membership of various advisory boards including HIV Vaccine Trials Network, USA, Massachusetts General Hospital and Institute of Medicine of the National Academies, USA, and the Joint United Nations Programme on HIV/AIDS (UNAIDS) 90-90-90 initiative to end the HIV epidemic, among others. He is also on the board of our Ugandan subsidiary i.e. Cipla Quality Chemical Industries Limited as an Independent Non-Executive Director.

Mr Adil Zainulbhai, Independent Director

Mr Adil Zainulbhai is an Independent Non-Executive Director and the Lead Independent Director of the Company. He is the Chairman of the Quality Council of India (QCI) and Board Advisor to the US India strategic partnership forum. He is also on the Board of Reliance Industries, Larsen & Toubro as well as the Chairman of Network18 Media and Investment Limited and TV18 Broadcast Limited. He is involved in many philanthropic causes and is also on the Board of Piramal Foundation.

Mr Zainulbhai graduated in Mechanical Engineering from the Indian Institute of Technology. He also has an MBA from Harvard Business School. He retired as Chairman of McKinsey, India after 34 years at McKinsey, the last ten were in India. Prior to returning to India, he led the Washington office of McKinsey and founded its Minneapolis office.

Mr Zainulbhai co-edited the book, 'Reimagining India' which featured 60 authors including prominent businessmen, academics, economists, authors and journalists.

[1]GRI 405-1

Ms Punita Lal, Independent Director

Ms Punita Lal is an Independent Non-Executive Director of the Company. She has 30 years of experience in strategy, marketing and leadership in the corporate world across Asia, spanning multiple disciplines, geographies and cultures. Ms Lal has a BA(Hons) in Economics from St Stephen's College, Delhi and an MBA from the Indian Institute of Management, Kolkata.

As a senior business leader, she has many accolades to her credit, including being chosen as one of India's top 20 Businesswomen by Business Today in 2006, and being awarded Corporate Woman of the Year in 2009 by the FICCI Women's Organisation. She is currently practising as an Independent Strategy and Marketing Consultant.

Ms Naina Lal Kidwai, Independent Director

Ms Naina Lal Kidwai is an Independent Non-Executive Director of the Company. An MBA from Harvard Business School, she makes regular appearances in listings of international women in business by Fortune and other publications. A recipient of many awards and honours in India, she was awarded the Padma Shri by the Government of India for her contribution to trade and industry.

Ms Kidwai has authored three books; "Survive or Sink - An Action Agenda for Sanitation, Water, Pollution and Green Finance", "Contemporary Banking in India" and "30 Women in Power: Their Voices, Their Stories."

Ms Kidwai possesses rich experience in the areas of banking and finance. She has been a past president of FICCI; is one of the Government of India's representatives on the BRICs Business Council and the INDO-ASEAN Business Council, the Rajasthan Chief Minister's Economic transformation Advisory Council, the Investment Advisory Committee of the Army Group Insurance Fund; on the Governing Board of Lady Shriram College as well as on the Harvard Business School South Asia Advisory Board.

Composition of the Board

Cipla's Board represents an appropriate mix of executive, non-executive and independent directors, which is compliant with the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") and is also in line with the best practices of Corporate Governance.

Classification of the Board

Category of Director	Number of Directors	Number of Directors	Total no. of Directors	% of Total no. of Directors
Executive Directors	1	1	2	**20**
Non-Executive Directors	3	0	3	**30**
Independent Directors	3	2	5	**50**
	Total		**10**	**100**

The statutory details of the directors, including the directorships held by them in other listed companies and their committee memberships/chairpersonships in other public companies, are listed in Annexure A.

Mr Peter Lankau, Independent Director resigned from the Board of the Company effective 1st July, 2019 due to his other professional engagements in the same industry in the USA resulting in conflict of interest. Mr Lankau has confirmed that there were no other material reasons for his resignation other than the one stated above. Consequently, he also ceased to be a member of the Investment and Risk Management Committee w.e.f. 1st July, 2019. The Board placed on record its sincere appreciation for his contributions as a member on the Board.

Board Skill Matrix

The Board of Directors of the Company comprises of qualified members who possess relevant skills, expertise and competence for the effective functioning of the Company. The Board of Directors in its meeting held in February 2019 had identified the following skills / expertise / competencies fundamental for the effective functioning of the Company:

Board Skills/ Expertise/ Competencies

Area	Particulars
Global Economics	Understanding of diverse business environments, regulatory framework, economic & political conditions and cultures globally
Corporate Governance	Protection of stakeholders' interest, observing best governance practices, identifying key governance risks
General Management, Human Resource and Leadership	General know-how of business management, talent management and development, workplace health & safety
Pharmaceuticals, Science and Technology	Significant background and experience in pharmaceuticals sector, science and technology domain
Finance & Accounts	Proficiency in financial management, financial reporting process, budgeting, treasury operations, audit, capital allocation
Manufacturing, Quality and Supply Chain	Operational expertise and technical know-how in the area of manufacturing, quality and supply chain
Sales, Marketing, Commercial	Experience in strategizing market share growth, building brand awareness, enhancing enterprise reputation
M&A and Business Development	Examining M&A deals for inorganic growth in line with the Company's growth strategy

The skills / expertise / competencies mentioned above were re-affirmed by the Board of Directors in its meeting held on February 2020. The skills which are currently available with the Board members have been mapped below:

Name	Global Economics	Corporate Governance	General Management Human Resource and Leadership	Pharmaceuticals, Science & Technology	Finance & Accounts	Manufacturing Quality & Supply Chain	Sales, Marketing, Commercial, M&A and Business Development
Dr Y K Hamied	√	√	√	√		√	√
Mr M K Hamied	√	√	√	√		√	√
Ms Samina Hamied	√	√	√		√		√
Mr Umang Vohra	√	√	√	√	√	√	√
Mr S Radhakrishnan	√	√	√		√		√
Mr Ashok Sinha	√	√	√		√	√	√
Mr Peter Mugyenyi	√	√	√	√		√	
Mr Adil Zainulbhai	√	√	√	√	√	√	√
Ms Punita Lal	√	√	√		√		√
Ms Naina Lal Kidwai	√	√	√		√		√

Board Membership Criteria and Selection Process

The Nomination and Remuneration Committee (hereinafter referred as 'NRC') is responsible for identifying and evaluating a suitable candidate for the Board. While selecting a candidate, the NRC reviews and evaluates the Board's composition and diversity to ensure that the Board and its committees have an appropriate mix of skills, experience, independence and knowledge for continued effectiveness.

We acknowledge the importance of diversity in the Boardroom as a driver of effectiveness. For the Board, diversity encompasses plurality in perspective, experience, education, background, ethnicity, nationality, age, gender and other personal attributes.

To ensure a transparent selection process, the guidance on eligibility criteria and attributes for an individual's appointment on the Board, including independent directors, has been defined in the Nomination, Remuneration and Board Diversity Policy of the Company provided in Exhibit A to this report. The candidate is, *inter alia*, screened based on background, knowledge, skills, abilities (including their ability to exercise sound judgement), professional experience and functional expertise, and educational and professional background.

The NRC recommends the appointment of a candidate based on the defined criteria and attributes. The Board, on recommendation of the NRC and profile of the candidate, recommends the appointment to the members of the Company, wherever applicable, for their approval.

Role of the Board of Directors[2]

The Board of Directors is the apex body constituted by the shareholders and is vested with the powers of governance, giving strategic and operational direction and to control the affairs of the Company. In order to make an informed decision, the Board of Directors have access to all relevant information and are free to approach the employees of the Company as well as its subsidiaries. Driven by the principles of Corporate Governance Philosophy, the Board strives to work in best interest of the Company and its stakeholders.

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

- Annual operating plans, capital budgets and updates therein
- Supervision of financial and tax management strategies
- Reviewing and guiding the corporate strategy
- Proposals requiring strategic guidance and approval of the Board
- Regular business / function updates
- Update on Corporate Social Responsibility (CSR) activities
- Significant changes in accounting policies and internal controls
- Takeover of a company or acquisition of a controlling or substantial stake in another company
- Details of joint venture or collaboration agreements
- Sale of investment, subsidiaries, assets which are material in nature and not in the normal course of business
- Quarterly and annual consolidated and standalone results & financial statements of the Company
- Material important show cause, demand, prosecution notices and penalty notices, if any
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company
- Any issue which involves possible public or product liability claims of substantial nature, if any
- Significant labour problem and their proposed solutions
- Minutes of meetings of the Board and its committees, resolutions passed by circulation, and Board minutes of unlisted subsidiary companies
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property
- Human resource updates and strategies
- Quarterly compliance certificate which includes non-compliance, if any, of regulatory, statutory nature or listing requirements and shareholders service
- Appointment and remuneration of directors, key managerial personnel and senior management;
- Performance evaluation of the Board, its committees and each director
- Formation/re-constitution of committees
- Quarterly treasury operations
- Significant transactions or arrangements by subsidiary companies
- Statutory disclosures received from the directors
- Related party transactions
- Report on action taken on previous Board meeting decisions

Independent Directors

The Nomination, Remuneration and Board Diversity Policy sets out the criteria for appointment of Independent Directors. Each Independent Director, at the time of appointment, and thereafter at the beginning of each financial year submits a declaration confirming their independence as well as compliances under section 149(6) and the rules made thereunder, Schedule IV of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. The declaration of independence received from the Independent Directors are noted and taken on record by the Board.

In the opinion of the Board of Directors, the Independent Directors fulfil the criteria of independence as stated under 149(6) as well as the rules made thereunder of the Companies Act 2013, regulation 16(1)(b) of the Listing Regulations and are independent of the management.

In compliance with rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors have registered themselves on the data bank maintained by the Indian Institute of Corporate Affairs.

None of the Independent Directors of the Company serve as an Independent Director in more than 7 listed companies or as a Whole-Time Director in any listed companies

As a process at the time of appointment / re-appointment, each Independent Director is issued a formal letter of appointment containing the terms of appointment, roles and duties, the evaluation process, applicability of Code of Conduct of the Company and Code of Conduct on Prevention of Insider Trading etc. The draft letter of appointment is available on the Company's website, at https://www.cipla.com/sites/default/files/2019-09/Draft%20Terms%20and%20Conditions%20of%20appointment%20of%20independent%20directors.pdf

Lead Independent Director

Mr Adil Zainulbhai was designated as the Lead Independent Director w.e.f. 11th August, 2017 for an initial term of two years with the authority to renew the appointment for a further period of two years. In its meeting held on 7th August, 2019, the Board had unanimously extended Mr Zainulbhai's term for a further period of two years i.e. from 11th August, 2019 to 10th August, 2021.

The roles and responsibilities of Lead Independent Director includes the following:

a. To preside over all meetings of Independent Directors.

b. To provide objective feedback of the Independent Directors as a group to the Board on various matters.

c. To liaise between the Promoters, Chairman / Vice-Chairman, CEO and Independent Directors on contentious matters for consensus building.

d. To preside over meetings of the Board and shareholders when the Chairman and Vice-Chairman are not present, or where they are an interested party.

e. To help the Board and the NRC in identifying suitable candidate for the position of director and Board succession planning.

f. Advocacy with key external stakeholders.

g. To help the Company in further strengthening the Board effectiveness and Governance practices, including suggestions on agenda items for Board / committee meetings on behalf of the independent directors.

h. To be a permanent invitee in all Board committee meetings.

i. To perform such other duties as may be delegated by the Board from time to time.

Meeting of Independent Directors

Pursuant to Schedule IV of the Companies Act, 2013, the Independent Directors meet without the presence of the management and non-executive directors. During the year under review, the Independent Directors met four times i.e. on 21st May, 2019, 6th August, 2019, 5th November, 2019 and 4th February, 2020. The Independent Directors *inter alia* discuss matters arising out of the agenda of the Board and Board committees, Company's performance, identify areas where they need clarity or information from management.

They review the performance of the Board as a whole as well as that of Non-Independent Directors and the Chairman by considering the views of Executive and Non-Executive Directors. They also assess the quality, quantity, effectiveness and promptness of the flow of information between the Company's management and the Board. They periodically met the Statutory Auditor and the Internal auditor without the presence of the management to understand the overall quality of audit, quality of financials, key financial matters and corrective actions to be taken for strengthening the internal controls of the Company and their general feedback. The Lead Independent Director briefs the Board on the proceedings of the meeting and the matters requiring attention at the Board or management level.

[2] GRI 103-1, GRI 103-2, GRI 103-3.

The attendance of the Independent Directors at the meetings of the Independent Directors is provided below:

Sr. No	Number of Directors	Number of meetings attended (total held during tenure)
1	Mr Adil Zainulbhai	4(4)
2	Mr Ashok Sinha	4(4)
3	Mr Peter Mugyenyi	4(4)
4	Ms Punita Lal	3(4)
5	Ms Naina Lal Kidwai	4(4)
6	Mr Peter Lankau [1]	0(1)

[1] Resigned from the position of Director w.e.f 1st July, 2019

The average attendance of the Independent Directors at their meetings during FY 2019-20 was 90.47%.

Familiarisation Programme for Board Members

Induction

Cipla has a robust induction process that enables newly appointed directors to familiarise themselves with the Company, its management, its operations and the industry in which the Company operates. All the directors of the Company are made aware of their roles and duties at their time of appointment / re-appointment through a formal letter of appointment, which also stipulates other terms and conditions of their appointment.

The Company has an orientation process which includes one-to-one interactive sessions with the Management Council members. The directors are apprised about the nature of industry, business model, existing group structure, Cipla's Code of Conduct, Cipla's Insider Trading Code, brief profile of other Board members, Memorandum and Articles of Association, financial results of past one year, committee charters, Whistle Blower policy, CSR policy, Policy on dealing with related party transactions, etc. The Company also arranges factory visits for the directors to gain a better understanding of Cipla's business.

During the year under review, no new director was appointed on the Board and accordingly none of the director undergone the Induction Programme.

Regular familiarisation

As part of their ongoing training, business / functional heads make regular strategic presentations to the Board. Board members are regularly updated regarding key developments in the Company and on any important regulatory amendments applicable to the Company. The Directors are provided regular updates on the business units / subsidiary companies, business performance, operations, finance and risk management framework etc. The Statutory Auditors and the Internal auditor meet with the Independent Directors to discuss Company's affairs without the presence of management.

During FY 2019-20, the Company comprehensively updated the familiarisation programme to cover its enhanced initiatives and inclusion of brief topics discussed during FY 2019-20. Details of the familiarisation programme for the Independent directors are put up on the Company's website https://www.cipla.com/sites/default/files/2020-05/Familiriasation%20Programme%202019-20%20updated.pdf

Board Evaluation

Pursuant to the provisions of Companies Act, 2013, Listing Regulations, the Board had carried out an annual evaluation of its own performance and of its committees as well as the performance of each individual directors.

Board Evaluation Criteria

Feedback was sought based on the evaluation criteria approved by the NRC for evaluating the performance of the Board, its committees and individual directors. The Chairman, Executive Vice-Chairperson, MD & GCEO and the Independent Directors were evaluated on a few additional parameters. The criteria for performance evaluation included the following:

- **The Board –** Structure, composition of the Board, Board meeting schedule, agenda and collaterals, Board meeting practices and overall effectiveness of the Board.
- **Board committees –** Composition, their role and responsibilities, information flow and effectiveness of the meetings, recommendations to the Board, effectiveness of committee chairpersons etc.
- **Individual Directors –** Attendance at the meetings, preparedness for discussion, quality of contribution, engagement with fellow Board members, key managerial personnel and senior management, etc.
- **The Chairman –** Leadership of the Board, promoting effective participation of all Board members in the decision-making process etc.
- **Independent Directors –** Independence from the Company, exercising independent judgement in decision-making, contributing strongly to the objectivity of the Board's deliberations based on their external expertise, etc.

- **Executive Vice-Chairperson –** Managing shareholders, Board, management and employee relationships, leading the Board effectively in developing and delivering the Company's strategy and business plans.
- **MD & GCEO –** He was additionally evaluated against the Key Performance Indicators (hereinafter referred as 'KPIs') set at the beginning of the financial year, which, *inter alia*, included both long-term and short-term financial and non-financial performance parameters. The financial parameters included targets on revenue, EBITDA, PAT etc. the non-financial parameters covered areas such as strategy and portfolio, talent and leadership management, succession planning, operations and quality, etc. The Board and the NRC regularly reviewed the progress on the KPIs.

In order to ensure confidentiality, the Board's evaluation was undertaken by way of a questionnaire through an online tool by an independent agency. All the directors participated in the evaluation process. The responses received from the Board members were compiled by an independent agency and a consolidated report was submitted by the agency to the Board through the Company Secretary.

The evaluation report was also discussed at the meeting of the Board of Directors, committees and the Independent Directors. The Board deliberated over the suggestions and inputs to augment its own effectiveness and optimise the individual strengths of the directors.

The directors were satisfied with the Company's standard of governance, its transparency, meeting practices and overall Board effectiveness. In order to further strengthen the Board's effectiveness, the directors had *inter alia*, suggested to have interactive sessions with external pharma analysts, visits to key markets, etc. The Board's suggestions have been noted and taken up for implementation.

The suggestions from the previous Board evaluation, which included further strengthening the Board's effectiveness included, *inter alia*, institutionalising the process for oversight of affairs of subsidiary companies by the Board, increasing engagement with senior management and discussions on specific businesses and regions, etc., were implemented during the year.

Succession Planning of the Board and Senior Management

The NRC reviews and manages the succession planning of top leadership positions in the Company. It defines the leadership competencies and takes suitable steps to build robust succession plans. The NRC reviewed the succession planning in its quarterly meetings and expressed its satisfaction on the progress and the status.

Board Meetings & Procedure

The Board and the Board committee meetings are pre-scheduled and an annual calendar of the meetings is circulated to the directors well in advance to facilitate planning of their schedule and to ensure meaningful participation in the Board and committee meetings. However, in case of urgent matters, the Board's approval is taken by passing resolutions by circulation. The Board, Audit Committee and the NRC are facilitated with the annual agenda plan in advance. The annual agenda plan helps the Board and Board committees to ensure that they are able to discharge their role and responsibilities effectively and take up all important issues systematically over a period of time. The annual agenda plan is finalised with inputs from the management and is approved by the Board.

The management team is invited to provide update on the Company's performance in key areas such as the major business segments, key functions and subsidiaries. The Global Chief Financial Officer is an invitee at all the Board meetings of the Company.

The Company Secretary finalises the agenda for the meetings in consultation with the Chairman and the Executive Vice-Chairperson, the Lead Independent Director and the MD & GCEO and the same is circulated to the Board/committee members in advance. With respect to the agenda for the committee meetings, the chairperson of the respective committee is consulted while finalising the agenda. In special and exceptional circumstances, additional item(s) are taken up as 'any other item' with the permission of the respective chairpersons and consent of majority of the Board / respective committee members present at the meeting.

The agenda of the Board and committee meetings is circulated electronically through a secured IT platform. The online platform enables the Board members to access the historical agendas, minutes, constitutional documents, committee charters, dossiers, Cipla's polices on corporate governance related matters and the annual reports etc.

Post-Meeting Follow-up System

The Company has an effective post-meeting follow-up system. The Company tracks important decisions taken and discussions held at the Board and Board committee meetings till their closure. After each Board and Board committee meeting, action points arising out of it are immediately informed to the respective owners for required action. An action taken report is placed before each Board and Board committee meetings.

Number of Board Meetings held

The Board met six times during FY 19-20 i.e. on 22nd May, 2019, 7th August, 2019, 6th November, 2019, 5th February, 2020, 12th March, 2020. The Board also met for a strategy meeting from 4th December, 2019 to 6th December, 2019.

Board meeting on Strategy

In the Annual Strategy Meeting the Board reviewed its business strategy and updated the same to address the change in business dynamics and environment. Besides Board members, the meeting was attended by the Management Council members and select senior management employees. An external expert was also invited to the strategy meeting to get an external perspective of e-commerce industry and its implication on the pharma industry.

Minutes of the Board & Committee meetings

The Company Secretary records the minutes of the proceedings of each Board and Board committee meetings. Draft minutes are circulated to the Board and the respective committee members for their inputs and comments. The finalised minutes are entered in the respective minute's books within 30 days from the conclusion of the meeting. A certified copy of the signed minutes are also circulated to the Board and respective committee members in compliance with the Secretarial Standard - 1.

Attendance of the Directors

Information about the attendance of directors at the Board meetings either in person or through video conference during FY 2019-20 and at the last Annual General Meeting (AGM) is stated in Annexure A.

Remuneration to Directors

The details of remuneration to directors during FY 2019-20 are given below:

₹ in Crore

Directors	Sitting Fees(1)	Salary	Commission	Perquisites	Allowances	Variable Bonus	Retiral Benefits and others	Total
Dr Y K Hamied	0.03	-	2.00	-	-	-	-	2.03
Mr M K Hamied	0.08	-	2.00	-	-	-	-	2.08
Ms Samina Hamied	-	1.88	2.30	0.02	2.32	-	0.23(2)	6.74
Mr Umang Vohra	-	1.95	-	2.60(3)	4.78	4.00	0.23(2)	13.57
Mr S Radhakrishnan	0.10	-	2.00	4.63(4)	-	-	-	6.73
Mr Ashok Sinha	0.08	-	0.40	-	-	-	-	0.48
Dr Peter Mugyenyi (5)	0.05	-	0.41	-	-	-	-	0.46
Mr Adil Zainulbhai	0.11	-	0.36	-	-	-	-	0.47
Ms Punita Lal	0.05	-	0.35	-	-	-	-	0.40
Ms Naina Lal Kidwai	0.10	-	0.35	-	-	-	-	0.45
Mr Peter Lankau (5)(6)	-	-	0.10	-	-	-	-	0.10

(1) The amount is inclusive of the sitting fees paid for attendance at the committee meetings.

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

(3) Includes perquisite value of stock options exercised during the year.

(4) Perquisite value of stock options granted in earlier years during his tenure as Whole Time Director but exercised in FY 2019-20.

(5) USD equivalent to INR paid to the Directors.

(6) Mr Peter Lankau resigned from the position of Director w.e.f 1st July, 2019

Notes:

- As per the Nomination Remuneration and Board Diversity policy, the Non-Executive Directors / Independent Directors are entitled to such commission as approved by the Board within the overall limits approved by the shareholders. In no case, the commission shall exceed 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
- The Board of Directors in its meeting held on 22nd May, 2018 had approved the policy on payment of commission to the Independent Directors of the Company which is:
    - Annual Fixed Commission of ₹30 lacs
    - Additional compensation of ₹10 lacs for foreign directors
    - Additional ₹10 lacs to the Chairman of the Audit Committee*
    - Additional ₹5 lacs to the members of the Audit Committee
    - Additional ₹5 lacs to the Chairman of NRC*
    - Additional ₹1 lacs to the members of NRC

  *Committee Chairman would not be entitled for additional commission as member of such Committee and vice versa.
- During the year, Mr S Radhakrishnan, Non-Executive Director of the Company, exercised his stock options which were granted to him in earlier years when he was a Whole-Time Director of the Company. With the exception of Mr S Radhakrishnan there were no other Non-Executive Directors having any pecuniary relationship or transactions with the Company during FY 2019-20, except their sitting fees for attending the Board and committee meetings and commission.
- The non-executive directors are entitled to receive sitting fees of ₹50,000/- per meeting of the Board and committees, except the Operations and Administrative Committee.
- The sitting fee is paid immediately after the respective Board and Board committee meeting to those directors who attend the meetings. The commission is payable at the end of the financial year after the annual financial statements are approved by the Board.
- Dr Y K Hamied, Mr M K Hamied, Ms Samina Hamied and the Independent Directors are not entitled to stock options.
- All the directors are entitled to reimbursement of reasonable expenses incurred during the performance of their duty as a director.
- As per the shareholders resolution dated 28th September, 2016 and the employment agreement dated 12th August, 2016, Mr Umang Vohra was appointed as MD & GCEO for a term of five years w.e.f. 1st September, 2016. The appointment can be terminated by either party by giving not less than six months' prior notice. The Company may relieve him by paying pro-rata of his fixed salary in lieu of the notice. There is no separate provision for payment of severance fees.

  Subject to other terms of agreement entered between him and the Company, Mr Umang Vohra is also eligible for stock options administered in 5 grants over a period of 4 years, of such number of shares having an annual earn-out of up to ₹3,50,00,000 (Rupees Three Crores and Fifty Lacs) to be calculated on the basis of the market value of the shares at close of business as of the date preceding the date of grant, at face value of ₹2/- under the Employee Stock Option Scheme 2013-A. In line with the above, Mr Umang Vohra, was granted 1,50,118 stock options on 5th November, 2019 at an exercise price of ₹2/- per option. 50% of the stock options will vest after a period of one year i.e. on 5th November, 2020 and the balance 50% i.e. 75,059 will vest in the second year from the date of grant i.e. on 5th November, 2021.
- Ms Samina Hamied was appointed as Whole-Time Director of the Company for a term of 5 years w.e.f 10th July, 2015. As per the letter of appointment issued to Ms Samina Hamied, the appointment can be terminated by either party by giving three months' notice to the other party or pro-rata fixed salary in lieu of notice. There is no separate provision for payment of severance fees. The term of Ms Samina Hamied as a Whole-Time Director is getting completed on 9th July, 2020. The Board of Directors at its meeting held on 15th May, 2020 has approved her re-appointment for a further term of 5 years w.e.f. 10th July, 2020. The detailed proposal for her appointment is provided in the Notice of the Annual General Meeting.

Disclosure of relationships between Directors inter-se

Except for Dr Y K Hamied and Mr M K Hamied, who are brothers and Ms Samina Hamied, who is daughter of Mr M K Hamied and niece of Dr Y K Hamied, none of the directors are relatives of any other director.

Number of shares and convertible instruments held by Non- Executive Directors

The shareholding of Non-Executive Directors as on 31[st] March, 2020 is as follows:

Sr. No	Name of Director	No of shares held
1	Dr Y K Hamied	163967687
2	Mr M K Hamied	34567572
3	Mr S Radhakrishnan*	242321

*38,125 shares are held jointly with his wife

Board committees

The Board committees are set up by the Board and are governed by their respective terms of reference which exhibit their scope and responsibilities. Presently, the Board has six committees: Audit Committee, NRC, Stakeholders Relationship Committee, Investment and Risk Management Committee, Corporate Social Responsibility Committee and Operations and Administrative Committee. The committees operate under the direct supervision of the Board. Generally, Committee meetings are held prior to the Board meeting and the chairperson of the respective committees report to the Board about the deliberations and decisions taken by the committees.

Audit Committee

Composition of the Audit Committee

The Audit Committee currently comprises of four Non-Executive Directors, of whom three, including the Chairman of the Committee, are Independent Directors. The Committee is headed by Mr Ashok Sinha and has Mr Adil Zainulbhai, Ms Naina Lal Kidwai and Mr S Radhakrishnan as its members. The Company Secretary of the Company is the secretary to the Committee. The composition of the Committee meets the requirements of section 177 of the Companies Act 2013 and the Listing Regulations.

Role of Audit Committee

The role of the Audit Committee is as follows:

(A) Accounts and Audit

(1) 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;

(2) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

(a) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;

(b) changes, if any, in accounting policies and practices and reasons for the same;

(c) major accounting entries involving estimates based on the exercise of judgment by management;

(d) significant adjustments made in the financial statements arising out of audit findings;

(e) compliance with listing and other legal requirements relating to financial statements;

(f) disclosure of any related party transactions;

(g) modified opinion(s) in the draft audit report;

(3) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

(4) Recommendation for appointment, remuneration and terms of appointment of statutory auditors;

(5) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(6) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(7) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(8) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(9) To review management discussion and analysis of financial condition and results of operations.

(B) Internal Controls and Internal Audit

(1) Review the appointment, removal and terms of remuneration of the chief internal auditor and other internal auditors.

(2) Reviewing, with the management, performance of internal auditors, adequacy of the internal control systems, internal controls of different functions and businesses;

(3) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, scope of internal audit, reporting structure coverage and frequency of internal audit;

(4) Discussion with internal auditors of any significant findings and follow up there on;

(5) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(6) Review with the management letters of internal control weaknesses issued by the internal auditors.

(7) Evaluation of internal financial controls and risk management systems

(C) Insider Trading

(1) To recommend to the Board revision in Insider Trading Policy and to supervise implementation of the Insider Trading Code.

(2) The Chairman of the Audit Committee to note the status reports detailing the dealings by Designated Persons in securities of the Company.

(3) To provide directions on any penal action to be initiated, in case of any violation of the Insider Trading Regulations by any person.

(D) Public issue funds

(1) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(2) To review Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s).

(3) To review Annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice.

(4) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(E) Miscellaneous

(1) Approval or any subsequent modification of transactions with related parties;

(2) To review statement of significant related party transactions (as defined by audit committee), submitted by management.

(3) Scrutiny of inter-corporate loans and investments of the Company;

(4) Valuation of undertakings or assets of the Company, wherever it is necessary;

(5) To review the functioning of the vigil policy / whistle blower mechanism;

(6) Review of utilization of loan / investment by holding company to subsidiary companies exceeding ₹100 crore or 10% of subsidiary's asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

(7) Discharge such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.

(8) Discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

(9) Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of Audit Committee

The Audit Committee met six times during FY 2019-20 i.e. on 21[st] May, 2019, 6[th] August, 2019, 9[th] September, 2019, 25[th] September, 2019, 5[th] November, 2019 and 4[th] February, 2020. In addition, the Committee also held pre audit conference call before the quarterly Audit Committee meetings to discuss key accounting matters, internal audit reports, internal controls, etc. These calls helped the Committee to optimise its time on quarterly financial results at the meeting and invest more time on discharging the responsibilities assigned to it under the terms of reference.

The composition and attendance of members at the committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Mr Ashok Sinha	Independent Director (Chairman)	6(6)
Mr Adil Zainulbhai	Independent Director	5(6)
Ms Naina Lal Kidwai	Independent Director	6(6)[1]
Mr S Radhakrishnan	Non-Executive / Non-Independent Director	5(6)

[1] attended one meeting through video conferencing

The average attendance of the members at the Audit Committee meetings during FY 2019-20 was 91.67%.

The Chairman of the Committee was present at the last AGM held on 16th August, 2019.

Audit Committee Report

The Report of the Audit Committee Chairman is as follows:

To the Members of the Company,

The Audit Committee is pleased to present its report for the year ended 31st March, 2020:

I. Constitution

The Audit Committee is a four-member committee, comprising of three Independent Directors, including the Chairman and one Non-Executive Director, all of whom have requisite knowledge about core principles of accounting, financial management and internal controls. The composition of Audit Committee complies with the statutory requirements of Companies Act, 2013 and the Listing Regulations. The Executive Vice-Chairperson, the MD & GCEO, the Global Chief Financial Officer and the Chief Internal Auditor are invitees at the Audit Committee meetings to provide necessary clarifications, wherever necessary. The Statutory Auditor is also an invitee at all committee meetings for relevant agenda items which *inter-alia* include financial statements, cost statements, internal audit reports, update on internal financial controls, vigil mechanism, approval and review of related party transactions, review of utilisation of loans / investments / advances by the Company to its subsidiaries, fraud monitoring, key audit matters etc.

II. Charter

The Committee is guided by the charter approved by the Board of Directors of the Company. The charter is reviewed annually and was last amended on 6th February, 2019 to incorporate changes in regulatory provisions. The charter is available on the website of the Company under the Investors section.

III. Meetings / Responsibilities and Auditors

The Committee met six times in FY 2019-20 and also held discussions through pre-audit calls. The Chairman – Audit Committee regularly met with the MD & GCEO, the Global Chief Financial Officer, the Chief Internal Auditor, the Company Secretary and other members of the management team to discuss significant / critical matters in greater detail. The pre-audit calls and the Chairman's meeting with the management help Audit Committee to optimize its time and quality of discussion on important agenda items at the meeting.

The Chairman of the Committee, after each committee meeting, briefs the Board about their discussions on critical matters, outcome and the committee recommendations etc. The Board favourably considered all recommendations of the Committee. The Committee was facilitated with an annual agenda plan, which comprised items requiring the Committees' review, monitoring and approval at each committee meeting.

The management presented the Company's financial statements and is responsible for the preparation of financial statements, financial reporting process and the Company's internal financial controls. The Committee reviewed and then recommended to the Board the quarterly and annual financial results / statements, prepared in accordance with the Act, the Listing Regulations, Indian Accounting Standards (Ind – AS), and other legal and regulatory requirements. To ensure fairness, accuracy, quality and transparency of the financial statements, the Committee discussed these with the

Statutory Auditors and relied on their report and the financial expertise of the management, while using its best judgement. The Committee believes that the financial statements provide a true and fair view of the Company's financial position.

The Statutory Auditor is responsible for independent audit, overall audit strategy, period and length of audit, audit observations significant to financial statements, internal financial control testing, and issuing reports thereon. The Committee discussed with the Statutory Auditor, the statutory audit plan, the audit findings, financial reporting process and the overall quality of the financial reporting and compliances and was satisfied with the Company's functioning in this regard. There is no qualification or adverse remark in the Statutory Auditors' Report for FY 2019-20.

The Audit Committee is responsible for the recommendation of appointment, remuneration and reviewing the scope of audit of Statutory Auditor. M/s. Walker Chandiok & Co, LLP, will continue as the Statutory Auditor of the Company upto the 85th Annual General Meeting. The Committee evaluated the auditors' performance while ensuring the independence of the Statutory Auditor. The Audit Committee has also reviewed and approved the non-audit services availed from the Statutory Auditor and confirm that such services did not affect the independence of the auditor in any manner and were either mandatorily required to be procured from Statutory Auditor or were in the best interests of the Company. The Independent Directors met the Statutory Auditors without the presence of the management.

Mr D H Zaveri was appointed as the Cost Auditor of the Company for FY 2019-20.

During the year, the Committee considered the cost audit report which stated that proper cost records have been maintained by the Company in respect of product / service under reference.

M/s BNP & Associates were appointed as the Secretarial Auditor of the Company for FY 2019-20. The Secretarial Audit Report confirms that the Company is compliant with the statutory provisions.

The Chief Internal Auditor is responsible for internal audit and testing of internal controls and procedures. The Chief Internal Auditor conducted internal audits and submitted his report on quarterly basis with management comments and implementation timelines for the Committee to review. The Committee discussed the Internal Audit Reports with the Chief Internal Auditor and the management on a periodic basis. The Internal Audit was conducted as per the risk based internal audit plan approved by the Committee. The Company has strengthened its' framework of internal controls for better transparency and accountability by rationalising and streamlining controls. These controls were also tested to assess design and operating effectiveness. The Committee was satisfied with the improvement in the audits and the controls maturity journey. The Committee evaluated the performance of the Internal Auditor with the management and was generally satisfied with his performance.

The Committee has reviewed the internal financial controls that ensures that the Company's accounts are properly maintained and that the transactions are recorded in the books of accounts in accordance with the applicable accounting standards, laws and regulations. The Committee affirms that there is no material weakness in the Company's internal financial control system.

The Committee reviewed the functioning of the whistle blower mechanism and noted that cases received were carefully evaluated and investigated and appropriate action were/were being taken wherever necessary. The whistle blower had access to the Chairman of the Audit Committee and the Committee was assured that none of the whistle blowers were victimised.

The Committee periodically reviewed all related party transactions and ratified the same, wherever necessary. The majority of the related party transactions were between the Company and its subsidiaries/associates. All the related party transactions were in the ordinary course of business and at arm's length basis. The Committee granted omnibus approval for the related party transactions proposed to be entered by the Company during FY 2019-20. The Company did not enter into any related party transactions that required shareholders' approval. During the year the Committee amended the Policy on Related Party Transactions to align it with the regulatory amendment and simplify the process. The Committee also reviewed in detail the process of identification of related parties and approval of related party transactions.

The Company continued to strengthen its commitment towards good governance. The Company has a Code of Conduct for Prevention of Insider Trading ('Insider Trading Code') and also Code of Conduct for Fair Disclosure, pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company amended its Insider Trading Code to include provisions for protection against victimisation of employees who report violation of insider trading regulations. On a quarterly basis, the Committee reviewed the Report on Insider Trading. The Code of Conduct and other policies are available on the website of the Company.[3]

The Committee has been vested with the adequate powers to seek support and the other resources from the Company. The Committee has access to the information and records as well the authority to obtain professional advice from external sources, if required.

The Committee also carried out its annual evaluation and discussed the evaluation report of its performance. The Committee believes it has performed effectively and has carried out the role assigned to it. In February 2020, the Committee reviewed the compliance status of its Charter (i.e. its role and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the Charter.

Place: Mumbai **Ashok Sinha**
Date: 14th May, 2020 Chairman - Audit Committee

Nomination and Remuneration Committee

Composition of the Nomination and Remuneration Committee

The NRC currently comprises of four Non-Executive Directors, of whom three members including the Chairperson of the Committee are Independent Directors. The Committee is headed by Ms Punita Lal and has Mr M K Hamied, Mr Adil Zainulbhai and Dr Peter Mugyenyi as its members. The Company Secretary of the Company is the secretary to the NRC. The composition of the Committee meets the requirements of Section 178 of the Companies Act 2013 and the Listing Regulations.

Role of Nomination and Remuneration Committee

The role of the NRC is as follows:

(A) Employee Stock Option Scheme ("ESOS") related

(1) Implementation, administration and superintendence of the ESOS and for formulation of the detailed terms and conditions of the ESOS including but not limited to –

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

(b) The procedure for Exercise of options and allotment of Shares in pursuance of the ESOS;

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

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

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

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

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

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

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

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

(h) The procedure for cashless exercise of options;

[3] Information in line with BRR Principle 1, Question 1

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

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

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

(B) Nomination related

(1) Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board.

(2) 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 for their appointment and removal.

(3) Formulate policy on Board diversity, criteria for performance evaluation of directors, Board and Board Committees and for determining qualifications, positive attributes and independence of directors.

(C) Human Resources and Remuneration related

(1) Recommend to the Board a policy relating to remuneration for the directors, key managerial personnel and other employees.

(2) Recommend remuneration of Executive and Non-Executive Directors and relative of Directors.

(3) Review key human resource related matters including organization structure, top 25 talent succession planning, employee attrition / retention / development plans, cultural transformation initiatives, annual increment approach including variable pay, results of employee survey, etc.

(4) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

(D) Miscellaneous

(1) Discharge such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.

(2) Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of Nomination and Remuneration Committee

The NRC met four times during FY 2019-20 i.e. on 21st May, 2019, 6th August, 2019, 5th November, 2019 and 4th February, 2020. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Ms Punita Lal	Independent Director (Chairperson)	3(4)
Mr Adil Zainulbhai	Independent Director	4(4)
Mr M K Hamied	Non-Executive/ Non-Independent Director	4(4)
Dr Peter Mugyenyi	Independent Director	4(4)

The average attendance of the members at the NRC meetings during FY 2019-20 was 93.75%.

The Chairperson of the Committee was present at the last AGM held on 16th August, 2019.

Nomination and Remuneration Committee Report:

The Report of the Chairperson of NRC is as follows:

To the Members of the Company,

The NRC is pleased to present its report for the year ended 31st March, 2020:

I. Constitution

The NRC is a four-member Committee, comprising of three Independent Directors including the Chairperson and one Non-Executive Director. The NRC composition complies with the statutory requirements of Companies Act, 2013 and the Listing Regulations. The Company Secretary acts as Secretary to the Committee. The Executive

Vice-Chairperson, the MD & GCEO, the Global Chief People Officer are invitees at the NRC meetings to provide necessary clarification. The management team recuse themselves on the agenda items where they have conflict of interest.

During the year, the Committee reviewed and noted the composition of the Board and that of the Committees and noted that it is statutorily compliant.

II. Charter

The NRC is guided by the charter adopted by the Board of Directors. The Charter is available on the website of the Company under the Investors section.

III. Meetings/Responsibilities

The Committee met four times in the FY 2019-20. The Committee was facilitated with an annual agenda plan, which comprised items requiring the Committees' review and monitoring periodically. After each meeting, the Chairperson of the Committee briefed the Board about their discussions on critical matters.

The Committee inter-alia considered the following matters during FY 2019-20:

1. The Objectives (Key performance indicator) of the MD & GCEO were finalised by the Committee and approved by the Board and his performance was evaluated against the approved objectives. On the basis of performance and the recommendation of the Committee, the Board approved a variable bonus for FY 2019-20 for the MD & GCEO and senior management, wherever applicable.

2. (a) The leadership of the Company defines its ability to stay relevant in changing times and therefore succession planning for the Board and promoters was one of the crucial matters taken up by the Committee. The Committee oversaw key processes through which the Company inducts new members to its Board, worked closely with the Board on the leadership succession plan and prepared contingency plans for succession in case of any exigencies.

   (b) The Committee devoted considerable time on succession planning for critical positions within the Company. Currently, the Company has in place succession planning for the top critical positions including its Management Council members.

   (c) The Chairperson of the Committee also conducted individual conversations with directors and select members of the senior management as a part of the succession planning process.

   The Committee periodically reviewed with the management human resource related matters *inter-alia* including talent pipeline, employee engagement initiatives such as MiVoice, Inclusion and Diversity council, campus hiring, progress and execution plan for various HR projects. The Company undertook several initiatives during the year including process improvement, digitisation, shared services, policy reviews, Learning Management System, Talent Management Framework etc. The Committee also reviewed the manpower budget trends of the Company for FY 2019-20 and headcount movements. The Committee was satisfied with the progress on these initiatives, which also led to Cipla being certified as a "Great Place to Work" once again in 2020.

3. Based on the recommendation of the Committee, the Board re-affirmed the matrix setting out the skills/expertise/competence required for the Board in the context of the business and sector. The matrix *inter-alia* included areas such as global economics, corporate governance, pharma expertise, finance & accounts, M&A and business development.

4. The Company has an Employee Stock Option Scheme named as Employee Stock Option Scheme 2013-A ("ESOS 2013-A") for the benefit of its employees and the employees of its subsidiary companies. During FY 2019-20, the Committee granted 4,89,195 stock options to 77 eligible employees, of which 1,50,118 stock options were granted to the MD & GCEO as per the terms of his appointment approved by the shareholders.

5. The Committee reaffirmed the parameters in the form of a simplified questionnaire for carrying out evaluation of Board, Board committees and individual directors. Based on said parameters, the evaluation of the Board, Board committees and the individual directors was undertaken in January 2020 and the relevant report were discussed at the Board and Board committee meetings. The Committee also noted the suggestions of the Board members to further strengthen the Board effectiveness and will work towards the implementation of those suggestions as may be considered appropriate by the Board.

6. The Committee carried out its annual evaluation and discussed the evaluation report of its performance. The Committee believes it has performed effectively and has carried out the role assigned to it. In February 2020, the Committee reviewed the compliance status of its Charter (i.e. its role and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the Charter.

Punita Lal
Place: Singapore — Chairperson - Nomination and Remuneration Committee
Date: 14th May, 2020

Stakeholders Relationship Committee

Composition of Stakeholders Relationship Committee

The Stakeholders Relationship Committee currently comprises of three non-executive directors, of whom two members, including the Chairperson are Independent Directors. The Committee is currently headed by Ms Naina Lal Kidwai and has Mr S Radhakrishnan as well as Mr Adil Zainulbhai as its members. The Company Secretary of the Company is the secretary to the Committee.

Role of the Stakeholders Relationship Committee

The role of the Stakeholder Relationship Committee is as follows:

(1) Approve and review the mechanism adopted for redressing the grievance(s) of the security holders and the status of such redressal;

(2) Resolve the grievances of the security holders including grievances relating to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates and general meetings.;

(3) Approve issuance of duplicate share certificate(s) and new share certificates on split / consolidation / removal / rematerialisation, etc.;

(4) Approve and register the transfer, transmission, deletion of name, transposition and rematerialisation requests;

(5) Review adherence to service standards and standard operating procedures adopted by Company relating to the various services rendered by the Registrar and Transfer Agent;

(6) Oversee the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services;

(7) Review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders;

(8) Review measures taken by Company for effective exercise of voting rights by shareholders;

(9) Review the engagement with security holders including institutional investors and identify the actionable points for implementation;

(10) Review movement in shareholdings and ownership structure;

(11) Evaluate its performance annually;

(12) Review and reassess the adequacy of Charter on annual basis and recommend any proposed changes for approval of the Board;

(13) Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person;

(14) Perform such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various circulars issued by the regulatory authorities thereof, as amended from time to time and discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

The Committee carried out its annual evaluation and discussed the evaluation report of its performance. The Committee believes it has performed effectively and has carried out the role assigned to it. In February, 2020, the Committee reviewed the compliance status of its Charter (i.e. role and responsibilities) and noted that the Committee was fully compliant with its Charter.

Meetings of Stakeholders Relationship Committee

The Stakeholders Relationship Committee met four times during FY 2019-20 i.e. on 21st May, 2019, 7th August, 2019, 5th November, 2019 and 4th February, 2020. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Ms Naina Lal Kidwai[1]	Independent Director (Chairperson)	4(4)
Mr S Radhakrishnan	Non-Executive / Non-Independent Director	3(4)
Mr M K Hamied[2]	Non-Executive / Non-Independent Director	1(1)
Mr Adil Zainulbhai[3]	Independent Director	3(3)

(1) Chairperson w.e.f 23rd May, 2019

(2) Ceased to be chairman and member w.e.f 23rd May, 2019

(3) Member w.e.f 23rd May, 2019

The average attendance of the members at the Stakeholders Relationship Committee meetings during FY 2019-20 was 91.67%.

The Chairperson of the Committee was present at the last AGM held on 16th August, 2019.

The Stakeholders Relationship Committee has adopted an Investor Grievance Redressal Policy and Investor FAQs handbook to effectively redress investor grievances and improve the services provided to investors. The Investor FAQs handbook serves as ready reference material to shareholders holding/dealing in Cipla shares. It is designed to assist shareholders on matters such as transmission of shares, dematerialisation of shares, dividend, IEPF, etc. The handbook and Investor Grievance Redressal Policy is uploaded on the Company's website under the Corporate Governance tab of the Investors section.

During the year under review, the Company received 16 investor grievances. All of them were satisfactorily resolved and there were no pending investor grievances as on 31st March, 2020.

The Investors' complaints were pertaining to transfer, transmission, updation of details, dividend and annual report related matters. Additionally, the Company has also appointed an independent consultant to verify and assist the Company in effectively resolving the investor grievances.

Mr Rajendra Chopra, Company Secretary, acts as the Company's Compliance Officer. He is responsible for ensuring prompt and effective services to the shareholders and for monitoring the dedicated email address for receiving investor grievances.

Corporate Social Responsibility Committee

Composition of Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee currently comprises of five directors, of whom two including the Chairman, are non-executive directors and two are Independent Directors.

The Committee is headed by Mr M K Hamied and has Mr Adil Zainulbhai, Ms Punita Lal, Mr S Radhakrishnan and Mr Umang Vohra as its members. The Company Secretary of the Company is the secretary to the Committee. The composition of the Committee meets the requirements of section 135 of the Companies Act, 2013. Ms Rumana Hamied, Managing Trustee – Cipla Foundation and Mr Anurag Mishra, Head – Cipla Foundation are permanent invitees at the Corporate Social Responsibility Committee meetings.

Role of Corporate Social Responsibility Committee

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

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

ii) Recommend the amount of expenditure to be incurred on the activities.

iii) Monitor the Corporate Social Responsibility Policy from time to time.

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

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

The Committee carried out its annual evaluation and discussed the evaluation report of its performance. The Committee believes it has performed effectively and has carried out the role assigned to it. In February 2020, the Committee reviewed the compliance status of its Charter (i.e. its role and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the Charter.

Meetings of Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee met four times during FY 2019-20. i.e. on 21st May, 2019, 6th August, 2019, 5th November, 2019 and 4th February, 2020. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Mr M K Hamied	Non-Executive / Non-Independent Director (Chairman)	4(4)
Mr Adil Zainulbhai	Independent Director	4(4)
Ms Punita Lal	Independent Director	3(4)
Mr S Radhakrishnan	Non-Executive / Non-Independent Director	3(4)
Mr Umang Vohra	MD & GCEO	4(4)

The average attendance of the members at the Corporate Social Responsibility Committee meetings during FY 2019-20 was 90.00%.

Investment and Risk Management Committee

Composition of Investment and Risk Management Committee

The Investment and Risk Management Committee currently comprises of five directors of whom three members are Non-Executive Directors out of which two are Independent Directors. The Committee is headed by Ms Samina Hamied and has Mr Ashok Sinha, Ms Naina Lal Kidwai, Mr S Radhakrishnan and Mr Umang Vohra as its members. The Company Secretary of the Company is the secretary to the Committee.

Role of Investment and Risk Management Committee

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

(1) To review and provide recommendation on investments, acquisitions or divestment by Cipla Limited in any legal entity to the Board.

(2) To review and provide recommendation on investments, acquisitions or divestment by any of Cipla subsidiaries in any legal entity outside Cipla group to Cipla Board of Directors.

(3) To approve purchase, sell or disposal of Intellectual Property Rights or other assets and entering into in-licensing deals by Cipla or review and provide recommendation to any of its subsidiaries / associates / joint ventures for ₹175 crore or more but upto ₹525 crore. The proposals exceeding ₹525 crore shall be approved by the Board directly for Cipla and the Board will provide its recommendation for any of the above for the subsidiaries / associates / joint ventures.

(4) Subject to approval of the shareholders, as may be required under the applicable laws for the time being in force, to approve sell, lease or disposal of any undertaking or substantially the whole of undertaking by Cipla or review and provide recommendation to any of its subsidiaries / associates / joint ventures for an amount exceeding ₹50 crore but within the limits mentioned under section 180(1)(a) of the Companies Act, 2013.

(5) Monitoring short term and long term strategic priorities of the Company.

(6) Review and recommend to the Board annual capital expenditure budget of the Company.

(7) Review and recommend to the Board any unbudgeted capital expense.

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

(9) Monitor and review the risk management plan.

(10) Review cyber security related matters.

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

(12) Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

The Committee carried out its annual evaluation and discussed the evaluation report of its performance. The Committee believes it has performed effectively and has carried out the role assigned to it. In February 2020, the Committee reviewed the compliance status of its Charter (i.e. its role and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the Charter.

Meetings of Investment and Risk Management Committee

The Investment and Risk Management Committee met four times during FY 2019-20 i.e. on 21st May, 2019, 6th August, 2019, 5th November, 2019 and 4th February, 2020. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Ms Samina Hamied	Executive Vice Chairperson (Chairperson)	4(4)
Mr Ashok Sinha	Independent Director	4(4)
Ms Naina Lal Kidwai	Independent Director	4(4)
Mr S Radhakrishnan	Non-Executive / Non-Independent Director	3(4)
Mr Umang Vohra	MD & GCEO	4(4)
Mr Peter Lankau[1]	Independent Director	0(1)

[1] Resigned from the position of Director w.e.f 1st July, 2019

The average attendance of the members at the Investment Risk Management Committee meetings during FY 2019-20 was 90.48%.

Operations and Administrative Committee

Composition of Operations and Administrative Committee

The Operations and Administrative Committee currently comprises four Directors of whom two members are Non-Executive Directors. The Committee is headed by Ms Samina Hamied and has Mr M K Hamied, Mr S Radhakrishnan and Mr Umang Vohra as its members.

Role of the Operations and Administrative Committee

(A) Treasury related

(1) To grant loan at a rate of interest not lower than the rate as prescribed under the Companies Act, 2013 or any other relevant law and give guarantee or provide security in connection with the loan.

(2) To deal in government securities, units of mutual funds, fixed income and money market instruments, fixed deposits and certificate of deposit programme of banks and other instruments / securities / treasury products of banks and financial institutions within the limits approved by the Board from time to time.

(3) To deal in foreign exchange and financial derivatives linked to foreign exchange and interest rates including but not limited to foreign exchange spot, forwards, options, currency swaps and interest rate swaps as per the Foreign Exchange and Interest Rate Risk Management Policy.

(4) To open, operate, close, change in authorisation / signatory for any current / deposit / cash credit account(s), safe deposit vault(s), electronic bank account(s), internet bank account(s) / facility, subsidiary general ledger account(s), dematerialisation / depository account(s) with any nationalised bank(s), scheduled bank(s), co-operative bank(s) in any part of the country including foreign bank(s) authorised by Reserve Bank of India to do banking business in the country and in any country outside India with bank(s) authorised to do banking business in that country.

(5) To approve, finalise and authorise the execution of any deed, document, letter or writing in connection with the aforesaid activities, including borrowing / credit facilities, creation of charge.

(6) To approve revision in authorised signatories for any of the above matters.

(B) Employee Stock Option Scheme related

(1) Issue and allot equity shares of the Company pursuant to the Employee Stock Option Scheme(s) for the time being in force.

(2) To seek listing of shares issued as above on one or more Stock Exchanges in India and all such shares being pari-passu with the existing equity shares of the Company in all respects.

(3) To do all such acts, deeds and things, as may be necessary and incidental to allotment and listing of shares.

(C) General Authorisations

(1) To purchase, sell, take on lease / license, transfer or otherwise deal with any movable / immovable assets or property for a maximum value of ₹50 crore.

(2) To constitute, reconstitute, modify, dissolve any trust or association for Company / business related matters and to appoint, reappoint, remove, replace the trustees or representatives.

(3) To issue voting instructions to the Depositary of the Global Depositary Shares in respect of the resolutions at the General Meeting / Postal Ballot of the Company.

(4) To authorize affixing the common seal of the Company and re-locate / move the common seal to any place other than the registered office of the Company.

(5) To grant / revoke general and specific power of attorney / letter of authorisation in favour of employees of the Company as and when required for business purposes.

(6) To grant approval for setting up and closure of branch / representative / liaison office of the Company and nominate managers for such office.

(7) To nominate director / representative on the subsidiaries, joint ventures and associates and to approve and vote on all resolutions of the Companies, body corporates or entities or bodies, where the Company is a shareholder or member and where specific shareholder resolution is required.

(8) To handle and deal with the following matters, in case any specific authorization, approval or resolution is required from the Board of Directors or a committee thereof:

(a) Obtain / renew / surrender license / Letter of Permission or such other registration of the Company with any regulatory / statutory authorities and execute legal undertaking / legal agreement or any document required for this purpose.

(b) Approve for participation into any tender, bid, auction by the Company.

(c) Register / de-register the Company with any Central / State Government authorities, Semi-Government authorities, regulatory authorities, statutory authorities, quasi-judicial authorities, local authorities, tax authorities including sales tax, service tax, goods and service tax, value added tax, labour law authorities, administrative authorities, business associations and any other bodies.

(d) Nominate or revoke nomination of a representative under Foods Safety and Standards Act, 2006, Manager under Factories Act, 1948, managers for branch office and such similar requirement under any other applicable law.

(e) Appoint any Merchant Banker, Chartered Accountant, Advocate, Counsels, Company Secretary, Engineer, Technician, Consultants and / or Professionals for undertaking any assignment for and on behalf of the Company requiring specific approval of the Board of Directors under any law.

(f) Apply for and surrender any electricity, power or water connection.

(9) To do all such acts, deeds and things as may be required for the smooth conduct of the

operations of the Company and which does not require specific approval of the Board of Directors of the Company or which has not been delegated by the Board specifically to any other Committee of the Board.

(10) To discharge such other functions as may be specifically delegated to the Committee by the Board / shareholders from time to time.

(11) To delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of the Operations and Administrative Committee

Eleven meetings of the Operations and Administrative Committee were held during FY 2019-20 i.e. on 17th April, 2019, 17th May, 2019, 14th June, 2019, 15th July, 2019, 14th August, 2019, 16th September, 2019, 16th October, 2019, 13th November, 2019, 13th December, 2019, 28th January, 2020 and 4th March, 2020. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Ms Samina Hamied	Executive Vice-Chairperson (Chairperson)	9(11)
Mr M K Hamied	Non-Executive / Non-Independent Director	10(11)
Mr S Radhakrishnan	Non-Executive / Non-Independent Director	11(11)
Mr Umang Vohra	MD & GCEO	9(11)

The average attendance of the members at the Operations and Administrative Committee meetings during FY 2019-20 was 88.64%.

Policies

In accordance with Cipla's philosophy for adhering to ethical and governance standards and ensure fairness, accountability, responsibility and transparency to all its stakeholders, the Company, inter-alia, has the following policies and codes in place. All the policies have been uploaded on the website of the Company.

Name of the Policy	Website Link
Code of Conduct	https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf
Code of Conduct for Prevention of Insider Trading	https://www.cipla.com/sites/default/files/2020-02/Code%20of%20Conduct%20for%20Prevention%20of%20Insider%20Trading_1.pdf
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.cipla.com/sites/default/files/2019-07/Cipla_Limited_Code_of_Fair_Disclosures_01_04_19.pdf
Corporate Responsibility Policy	https://www.cipla.com/sites/default/files/2019-01/Corporate%20Responsibility%20Policy.pdf
Corporate Social Responsibility Policy	https://www.cipla.com/sites/default/files/2019-01/Corporate%20Social%20Responsibility%20Policy.pdf
Dividend Distribution Policy	https://www.cipla.com/sites/default/files/2019-01/Dividend%20Distribution%20Policy.pdf
Investor Grievance Redressal Policy	https://www.cipla.com/sites/default/files/2020-02/Investor_Grievance_Redressal_Policy_v16.pdf
Nomination, Remuneration and Board Diversity Policy	https://www.cipla.com/sites/default/files/2019-07/1560495705_Revised%20Remuneration%20Policy_0.pdf
Environment, Health and Safety (EHS) Policy	https://www.cipla.com/sites/default/files/2019-07/1530518599_ehs-policy-2006%201.pdf
Conflict of Interest Policy	https://www.cipla.com/sites/default/files/2019 06/1554391523_1530187477_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf
Whistle Blower Policy	https://www.cipla.com/sites/default/files/2020-02/Whistle%20Blower%20Policy%20V3-%20Final.pdf
Anti-Trust and Fair Competition Policy	https://www.cipla.com/sites/default/files/2019-06/1553587611_Anti-Trust-and-Fair-Competition-Policy.pdf
Anti-Bribery and Anti-Corruption Policy	https://www.cipla.com/sites/default/files/2019-06/1553587868_Anti-Bribery-and-Anti-Corruption-Policy.pdf
Policy for determination of Materiality of Events or Information	https://www.cipla.com/sites/default/files/2020-02/Policy%20for%20Determination%20of%20Materiality%20of%20Event%20or%20Information%20.pdf
Policy for determining Material Subsidiaries	https://www.cipla.com/sites/default/files/2019-08/1443000071_Policy-for-determining-Material-Subsidiaries.pdf
Policy on dealing with Related Party Transactions	https://www.cipla.com/sites/default/files/2020-02/Policy%20on%20dealing%20with%20Related%20Party%20Transactions_1.pdf
Archival Policy	https://www.cipla.com/sites/default/files/2019-01/Archival%20Policy.pdf
Policy on prevention of sexual harassment at workplace	https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf

Code of Conduct[4]

The Code of Conduct is a comprehensive guide to the Company and its group companies for conducting their businesses and inter-alia include various policies such as Whistle – Blower Policy, Prevention of Sexual Harassment Policy, Insider Trading Code, Environment, Health and Safety Policy, Anti – Bribery and Anti – Corruption Policy and Conflict of Interest Policy. The Code is administered by the Ethics Committee which comprises of Global Chief People Officer, Global Chief Financial Officer, Global General Counsel and Chief Internal Auditor.

The Code is applicable to the Board members, employees, trainees, consultants and contractors of the Company and its subsidiaries, affiliates, group companies and persons or entities contractually obligated across the globe. The vendors, suppliers and other parties dealing with the Company are encouraged to adhere the Company Code of Conduct[5].

The highlights of the Code of Conduct are as follows:

- Compliance with all the applicable laws, policies, procedures and internal controls while conducting the business of the Company as well as that of group companies;
- Treat each other with respect and dignity without any discrimination, harassment or violation of human rights;
- Commitment to protect safety, health and wellbeing of the employees;
- Compliance with the Code of Conduct for Prevention of Insider Trading;
- Record and report all transactions accurately and completely as per applicable accounting standards;
- Guidelines for engaging in political activity and interaction with health care professionals;
- Zero tolerance towards corrupt practices and anti-money laundering activities;

Members of the Board and senior management personnel have affirmed their compliance with the Code of Conduct for FY 2019-20. A declaration to this effect signed by Mr Umang Vohra, MD & GCEO which forms part of the report.

Whistle-Blower Policy/ Vigil Mechanism

The Code of Conduct also has a Whistle-Blower Policy that applies to all associates, Board members, contractors, consultants, trainees, service providers of our Company, our subsidiaries, affiliates, group companies and persons or entities contractually obligated across the globe. It contains a reporting mechanism, the manner in which all reported concerns are dealt with, confidentiality of the investigations and processes, protection of the whistle-blower against any retaliation, and guidelines for retention of records during the investigation/reporting of the case etc. The Audit Committee oversees the functioning of the vigil mechanism and receives a summary of the whistleblowing incidents and actions taken by the Ethics Committee on a quarterly basis. The whistle-blower can report his concerns either in writing or by email to the Chairperson of the Ethics Committee or to the Chief Internal Auditor at ethics@cipla.com. The whistle-blower can also approach the Chairperson of the Audit Committee at audit.chairman@cipla.com, whenever required.

During the year, the Whistle blower policy was amended to broaden its scope for raising any incident involving

[4]GRI 103-1, GRI 103-2, GRI 103-3
[5]Information in line with BRR Principle 1, Question 1 and Principle 5, Question 1

the leak or suspected leak of unpublished price sensitive information ('UPSI') or any unethical use of UPSI in accordance with SEBI (Prohibition of Insider Trading) Regulations. It included a time limit of 90 days for completing the investigation and providing access to the Audit Committee chairperson, whenever required.

During the year, the Company received 45 complaints, of which 31 complaints were resolved satisfactorily as on 31^{st} March, 2020. Due to covid-19 pandemic the balance complaints are pending for investigation by the Company. No person has been denied access to the Audit Committee.

Code of Conduct for Prevention of Insider Trading & Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)

The Code of Conduct for Prevention of Insider Trading ("Code") is applicable to the designated persons (DPs) and their immediate relatives. It inter alia lays down the procedures to be followed by DPs while trading/dealing in Cipla shares and while sharing UPSI. The code includes the obligations and responsibilities of DPs, obligation to maintain the digital database, mechanism for prevention of insider trading and handling of UPSI, process to familiarise with the sensitivity of UPSI, transactions which are prohibited and manner in which permitted transactions in the securities of the Company shall be carried out etc.

The Company also has a policy for investigations during leaks/suspected leak of UPSI which, *inter alia*, provides for the investigation process to be undertaken and reporting of the investigation, etc.

A policy on legitimate purpose forms part of the Code of Practices and Procedures for Fair Disclosure, which is to be followed by insiders while sharing UPSI. Promoters, directors, employees and other persons are encouraged to report any instances of misuse of UPSI under the Whistle-Blower Policy. SEBI vide its notification dated 17^{th} September, 2019, amended the SEBI (Prevention of Insider Trading) Regulations, 2015 to introduce a Voluntary Information Disclosure mechanism where in any individual could report suspected violation of insider trading laws to SEBI. The amendment required companies to ensure that their Code provides for protection against victimisation of employees who report instances of violation to SEBI under the new mechanism. The Company's Whistle Blower policy already provided for protection to whistle blowers, however the Company amended its Code to incorporate provisions for protection against victimisation of employees reporting concerns relating to insider trading laws.

To ensure strict enforcement of the Code and its administration, a Monitoring Committee has been constituted by the Board comprising the MD & GCEO, the Global Chief People Officer, the Global Chief Financial Officer, Company Secretary and Compliance Officer. The Committee meets on a quarterly basis to review the list of DPs, trading by DPs, implementation of policies under the Insider Trading Regulations, etc. A report on insider trading, covering trading by DPs and various initiatives/actions taken by the Company under the Insider Trading Regulations is also provided to the Audit Committee and its Chairman on a quarterly basis.

Share Transfer System

The Company has appointed KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) (KFin) as the Registrar and Share Transfer Agent.

In compliance with regulation 40(9) of the Listing Regulations, the Company obtains a certificate from a practicing Company Secretary on a half-yearly basis certifying that all certificates have been issued within thirty days of the date of lodgement for transfer, subdivision, consolidation, renewal, exchange or endorsement of calls/allotment monies. A copy of the certificate, so received, is submitted to NSE, BSE and the Luxembourg stock exchanges.

W.e.f. 1^{st} April, 2019, in compliance with regulation 40 of the Listing Regulations, the Company is not accepting any new request for effecting transfer of securities in physical mode except in the case of transmission or transposition of securities.

However, in terms of SEBI press release dated 27^{th} March, 2019, the transfer deed(s) that are lodged prior to deadline of 1^{st} April, 2019 and returned due to deficiency in the document may be re-lodged for transfer even after the deadline. Accordingly, the Company is not accepting any new request for effecting transfer of securities in physical mode after the abovementioned deadline.

Monitoring Governance of Subsidiary Companies

Pursuant to regulation 16(1)(c) of the Listing Regulations, the Company has 3 material subsidiaries as on 31^{st} March, 2020 i.e. Cipla (EU) Limited, Cipla USA Inc. and InvaGen Pharmaceuticals Inc. However, the Company does not have any material subsidiary pursuant to regulation 24 of the Listing Regulations and is not required to appoint independent director on the Board of its material subsidiary.

The financial statements of the subsidiaries are reviewed by the Audit Committee. The minutes of the meetings of the subsidiaries together with a summary of key decisions taken at the Board of the subsidiary companies are placed before the Board of Directors of the Company. The management of the unlisted subsidiaries brings to the notice of the Board of Directors all the significant transactions or arrangement entered into by the unlisted subsidiaries of the Company on a quarterly basis.

The Company has not disposed of shares in its material subsidiary resulting in reduction of its shareholding to less than 50% (either on its own or together with its other subsidiaries) or has ceased to exercise control over the material subsidiary. Further, the Company has not sold, disposed of and leased out its assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during FY 2019-20.

Investment / acquisition / divestment proposals by any of the subsidiaries of the Company in any legal entity outside Cipla group requires recommendation of the Investment and Risk Management Committee to the Board of Directors of Cipla Limited. Purchase / sell / disposal of Intellectual Property Rights or other assets and entering into in-licensing deals by subsidiaries / associates / joint ventures above certain threshold require recommendation of the Investment and Risk Management Committee / Board of Directors as applicable.

Auditors

In its meeting held on 14^{th} May, 2020, the Audit Committee evaluated the performance of the Statutory Auditor and the Internal Auditor and was generally satisfied with their performance. The Statutory Auditor has confirmed that they are eligible to continue as the Statutory Auditor of the Company. In the opinion of the Board of Directors, the Statutory Auditor is competent, qualified and is independent of the Board and the management, and there is no conflict of interest between them. The Company or its subsidiary companies has not availed any of the prohibited non-audit services mentioned under clause (a) to (i) of section 144 of the Companies Act 2013 from the Statutory Auditor or any of their network firms. The other permitted non-audit services provided by the Statutory Auditor were approved by the Audit Committee and were not material in nature.

Compliance management

The Company has adopted a compliance management tool which provides system driven alerts to the respective owners for complying with the applicable laws and regulations. A certificate of compliance of all applicable laws and regulations applicable to the Company is submitted by the Global General Counsel to the Board of Directors on a quarterly basis.

Unclaimed dividend and transfer of dividend and shares to IEPF

Pursuant to the provisions of the Companies Act 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividends are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. The Company has transferred eligible dividend and shares to IEPF authority within statutory timelines for the FY 2019-20.

Unclaimed final dividend for the financial year ended 31^{st} March, 2013 will become due for transfer to IEPF on 22^{nd} September, 2020.

Shareholders can check the details of any unclaimed shares and unclaimed dividend on the Company's website, i.e. www.cipla.com under Unclaimed Data tab of the Investors section.

Status of unclaimed dividend and shares which have been transferred to IEPF are given hereunder:

Unclaimed dividend	Status	Whether it can be claimed	Can be claimed from	Actions to be taken
Up to and including the Financial Year 1994-95	Transferred to the General Revenue Account of the Central Government	Yes	Office of Registrar of Companies, CGO Complex, CBD, Belapur, Navi Mumbai - 400 614	Claim to be forwarded in prescribed Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978
For the Financial Years 1995-96 to 2011-12 and shares transferred to IEPF	Transferred to the IEPF authority	Yes	File online application in e-form 5 and send this form IEPF-5 to the Registered Office of the Company addressed to the Nodal Officer along with complete documents	IEPF Authority to pay the claim amount to the shareholder based on the e-verification report submitted by the Company and the documents submitted by the investor
For the Financial Years 2012-13 to 2019-20	Amount lying in respective Unpaid Dividend Accounts	Yes	KFin Technologies Private Limited	Application to KFin Technologies Private Limited along with KYC documents

Details of date of declaration and due date for transfer to IEPF:

Financial Year	Dividend per share (in ₹)	Date of declaration	Due date for transfer to IEPF
2012-13	2/-	22nd August, 2013	22nd September, 2020
2013-14	2/-	03rd September, 2014	03rd October, 2021
2014-15	2/-	27th August, 2015	27th September, 2022
2015-16	2/-	28th September, 2016	28th October, 2023
2016-17	2/-	11th August, 2017	10th September, 2024
2017-18	3/-	30th August, 2018	29th September, 2025
2018-19	3/-	16th August, 2019	15th September, 2026
2019-20	4/- (Interim Dividend ₹3/- plus Special dividend ₹1/-)	12th March, 2020	14th April, 2027

Other Disclosures

- During FY 2019-20, there were no materially significant related party transactions ('RPTs') that may have potential conflict with the interests of the Company. All contracts, arrangements and transactions entered by the Company with related parties during FY 2019-20 were in the ordinary course of business and on an arm's length basis.
- Prior omnibus approval of the Audit Committee is obtained for related party transactions which are repetitive in nature. In case any transaction exceeds the limits approved by the Audit Committee or is executed in deviation of the terms approved by the Audit Committee the transactions are subsequently ratified. All related party transactions are placed before the Audit Committee on a quarterly basis for their review and approval, as applicable. The details of related party transactions as per IND AS-24 are discussed in detail in Note No. 41 to the standalone financial statements.
- The Board of Directors have approved and adopted "Policy on dealing with Related party transactions" and the same is updated from time to time, basis the amendment in the regulatory provision.
- The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years and accordingly no penalties or strictures were imposed on the Company by the stock exchanges, SEBI or any other statutory authority.
- The securities of the Company were not suspended from trading at any time during the year.
- The Company has managed foreign exchange risk with appropriate hedging activities in accordance with the risk management framework of the Company. The Company's approach to managing currency risk is to leave no material residual risk. The Company uses forward exchange contracts and/or options to hedge against its net foreign currency exposures. All material foreign exchange transactions are fully covered. Materially, there are no 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, 2020 are disclosed in Note No. 45 to the standalone financial statements.
- Total fees for all services paid by the Company and its subsidiaries on a consolidated basis to the Statutory Auditor and all the entities in the network firm / network entity of which Statutory Auditor is a part are provided in Note No. 39 to the consolidated financial statements.
- The cost of raw materials forms a large portion of the Company's operating expenses. The Company monitors the price of key commodities closely and formulates procurement strategies based on actual price movements and trends as well as external regulatory environment. The Company has adequate governance structure to align and review procurement strategies in line with external and internal dynamics. The Company has not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices. Accordingly, no disclosure is required pursuant to SEBI circular dated 15th November, 2018.
- During FY 2019-20, the Company has not raised funds through preferential allotment or qualified institutions placement.
- The Company is in compliance with the mandatory requirements of Corporate Governance as specified in Regulations 17 to 27; clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Schedule V of the Listing Regulations. The Company is in compliance with all the applicable provisions and requirement of Corporate Governance Report.
- A certificate from a Company Secretary in practice that none of the directors are disqualified or debarred from being appointed or continuing as a director of the Company by Securities Exchange Board of India / Ministry of Corporate Affairs or any other authority is provided in Annexure B which forms part of this report
- During FY 2019-20, the Board of Directors has accepted all the recommendations of the committees of the Board.
- Disclosures on complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, during FY 2019-20: -

Particulars	Number
Number of complaints filed during the financial year	09
Number of complaints disposed of during the financial year	07
Number of complaints pending as on 31st March, 2020	02

Compliance of non-mandatory requirements

Cipla has always followed the highest standards of Corporate Governance and has benchmarked its governance and disclosure practices against national and international codes, guidelines or principles. Enhancing the standards of disclosures and transparency, we voluntary followed the below regulations, guidelines or principles:

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

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

c. The Chief Internal Auditor functionally reports directly to the Audit Committee.

d. The Company is substantially in compliance with the G-20 OECD Principles of Corporate Governance.

e. The Company is substantially in compliance with the National guidelines on responsible business conduct principles issued by the Ministry of Corporate Affairs.

f. The Annual Report is made in accordance with the Global Reporting Initiative (GRI) standards in accordance to Core option.

g. For the third year in a row, the Annual Report is prepared in accordance with the International Integrated Reporting Council's Integrated reporting (<IR>) framework. The Company has also obtained an external assurance on the disclosures under Integrated Report. To improve the credibility of the Integrated Annual Report, a report from M/s DNV GL Business Assurance India Private Limited is attached as Annexure C to this report

Awards and Recognition

Our initiatives on governance and transparency were recognised and appreciated during the year at various forums. Cipla received the following notable awards and recognition of corporate governance and transparency:

- Golden Peacock Award for Corporate Social Responsibility 2019 from the Institute of Directors, India
- Ranked amongst the top six companies in the 'Leadership' category of S&P BSE 100 companies, ranked as per the Indian Corporate Governance Scores-2019, evaluated by BSE Ltd, the IFC World Bank Group and Institutional Investor Advisory Services (IiAS)
- The Institute of Chartered Accountants of India award for excellence in Financial Reporting 2018-19 under the category of companies publishing Integrated Annual Report.

Certification by Global Chief Executive Officer and Global Chief Financial Officer

The Global Chief Executive Officer and Global Chief Financial Officer of the Company have certified to the Board on the financial statements as required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations. The certification by Global Chief Executive Officer and Global Chief Financial Officer is enclosed as Annexure D

Shareholder Information and Communication:

- **Financial Results**

  During the year, financial results were published in the following newspapers: Business Standard (All Editions) and Sakaal (Mumbai edition). The annual / half yearly / quarterly results were sent to the stock exchanges and are also displayed on the Company's website – www.cipla.com. In accordance with SEBI circular dated 26th March, 2020, publication of advertisements in newspaper were exempted for all events scheduled till 15th May, 2020 under regulation 47 of the Listing Regulation. Therefore, the financials result for the quarter and the year ended on 31st March, 2020 declared on 15th May, 2020 were not published in the newspaper.

- **News and Media Release**

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

- **Earning calls and presentations to Institutional Investors / Analysts**

  The Company organises an earnings call with analysts and investors after the announcement of financial results. The transcript of the earnings call is also uploaded on the Company's website as well as filed with the stock exchanges where the securities of the Company are listed.

  Presentations made to institutional investors and financial analysts on the financial results is filed with the stock exchanges and uploaded on the Company's website.

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

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

- **Annual Report**

  The Annual Report for FY 2019-20 is uploaded on the Company's website and will be circulated to members and others entitled thereto in electronic mode. The Annual Report will also be submitted to the stock exchanges.

- **Website**

  The Company's website contains a separate section for investors. Information on various topics such as the Board of Directors, committees of the Board, Management Council, Investor FAQs, Policies, Annual Reports, Intimation to stock exchanges are available on the website of the Company.

- **Chairman's speech**

  A copy of the speech to be given by the Chairman at the 84th Annual General Meeting will be uploaded on the website of the Company.

- **Shareholder feedback survey**

  At its 83rd Annual General Meeting, the Company conducted a shareholder feedback survey. A report on the AGM feedback survey was placed before the Stakeholders Relationship Committee in November 2019. The Committee noted that the average response of the shareholders has been very good and that the shareholders were generally satisfied with the overall service standards of the Company.

- **Designated exclusive email ID:**

  We have a designated e-mail ID exclusively for investor services: cosecretary@cipla.com

General Meetings

- The details of last three annual general meetings are:

Financial Year	Meeting	Date	Venue	Time
2016-17	81st AGM	11th August, 2017	Ravindra Natya Mandir, PL Deshpande Maharashtra Kala Academy Sayani Road, Prabhadevi, Mumbai – 400 025	
2017-18	82nd AGM	30th August, 2018	Nehru Centre Auditorium, Discovery of India Building, Dr Annie Besant Road, Worli, Mumbai – 400 018	3.00 p.m.
2018-19	83rd AGM	16th August, 2019	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020	

- The following Special Resolutions were passed at the Company's AGM held on 11th August, 2017:

  (i) Authorisation for issuance of equity shares / securities convertible into equity shares upto ₹2000 crore
  (ii) Authorisation for issuance of debt securities upto ₹2000 crore

- The following Special Resolutions were passed at the Company's AGM held on 30th August, 2018:

  (i) Alteration of Memorandum of Association
  (ii) Adoption of new Articles of Association
  (iii) Authorisation for issuance of equity shares / other securities convertible into equity shares upto ₹2000 crores
  (iv) Authorisation for issuance of debt securities upto ₹2000 crores
  (v) Continuation of Dr Y K Hamied as Director
  (vi) Continuation of Mr M K Hamied as Director

- The following Special Resolutions were passed at the Company's AGM held on 16th August, 2019:

  (i) Re-appointment of Mr Ashok Sinha as an Independent Director of the Company
  (ii) Re-appointment of Dr Peter Mugyenyi as an Independent Director of the Company
  (iii) Re-appointment of Mr Adil Zainulbhai as an Independent Director of the Company
  (iv) Re-appointment of Ms Punita Lal as an Independent Director of the Company
  (v) Authorisation for issuance of equity shares / other securities convertible into equity shares up to ₹3000 crores

- No resolution was passed through postal ballot during FY 2019-20.
- None of the business proposed to be transacted at the ensuing AGM require passing of resolution through postal ballot

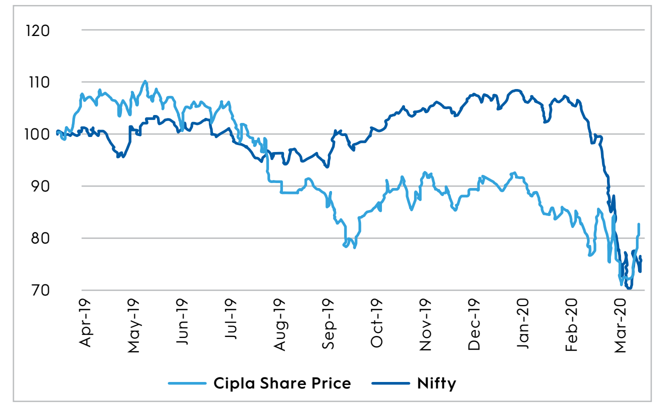
General Shareholder Information

Date, Time and Venue of the AGM	Thursday, 27th August, 2020 at 3.00 p.m. The Company is conducting the annual general meeting through Video Conferencing / Other Audio-Visual means. For further details please refer to the Notice of AGM.
Financial Calendar	1st April to 31st March of the next calendar year
Adoption of Financial Results (Tentative Schedule, subject to change)	
For the quarter ending 30th June, 2020	Friday, 7th August, 2020
For the quarter and half year ending 30th September, 2020	Friday, 6th November, 2020
For the quarter and nine months ending 31st December, 2020	Friday, 5th February, 2021
For the fourth quarter and financial Year ending 31st March, 2021	Friday, 14th May, 2021
Trading window closure for financial results	From the 1st day from close of quarter till the completion of 48 hours after the UPSI becomes generally available
Date of Book Closure	Thursday, 13th August, 2020 to Thursday, 27th August, 2020, both days inclusive
Dividend and Dividend Payment Date	Not Applicable
Listing on Stock Exchanges	**Equity Shares:** 1. BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 2. National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 **Global Depository Receipts (GDRs):** Societe De La Bourse De Luxembourg, Societe Anonyme, 35A Boulevard Joseph II, L-1840 Luxembourg The Company has paid the requisite annual listing fees to the National Stock Exchange of India Limited and BSE Limited for FY 2020-21. The Company has also paid requisite annual listing fees to the Luxembourg Stock Exchange for FY 2019-20.
Stock Code	500087 on BSE Limited CIPLA EQ on National Stock Exchange of India Limited
DR Symbol / CUSIP	CIPLG / 72977209
ISIN Number for NSDL & CDSL	INE059A01026

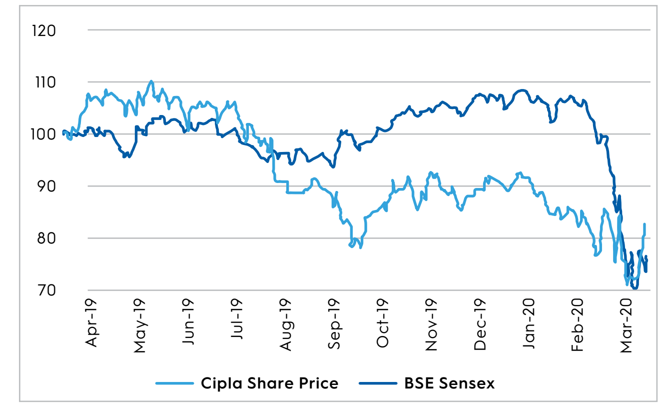
Market Price Data for the period from 1st April, 2019 to 31st March, 2020

Month (FY 2019-20)	BSE Limited			National Stock Exchange of India Limited			Luxembourg Stock Exchange	
	Equity Shares						GDRs	
	High (₹)	Low (₹)	Number of Shares Traded	High (₹)	Low (₹)	Number of Shares Traded	High (USD)	Low (USD)
April	575.65	515.90	8011573	575.95	516.30	61037752	8.16	7.53
May	585.50	530.30	3071978	586.00	529.60	53873732	8.29	7.75
June	574.30	529.00	980623	575.00	528.65	28483771	8.20	7.66
July	566.05	506.40	1143664	566.50	506.00	30720927	8.11	7.52
August	526.50	449.50	2668292	527.00	449.20	53033646	7.42	6.46
September	482.55	418.00	1341229	482.50	418.00	40541060	6.66	6.00
October	480.00	389.55	2748385	478.95	389.55	73260629	6.68	5.75
November	492.00	435.60	10297388	492.30	435.40	89312346	6.77	6.21
December	487.00	444.55	1646369	487.00	444.60	42561498	6.74	6.30
January	487.25	442.40	1469417	487.45	442.10	51466102	6.83	6.26
February	462.85	398.00	2427844	464.35	398.05	68312558	6.32	5.57
March	471.00	356.75	3649932	472.00	355.30	118849332	6.11	4.90

Performance in comparison to NSE Nifty – FY 2019-20



Performance in comparison to BSE SENSEX – FY 2019-20



Address for Correspondence

	Contact details	Address
For Corporate Governance, IEPF and other Secretarial matters	Mr Rajendra Chopra Company Secretary & Compliance Officer Email: cosecretary@cipla.com	Cipla Limited Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013 Tel: (022) 2482 6000/6222 Fax: (022) 2482 6120
For Financial Statements related matters and Institutional Investors	Mr Naveen Bansal Head Investor Relations Email: investor.relations@cipla.com	
For Corporate Communication related matters	Ms Heena Kanal Vice-President, Corporate Communications Email: heena.kanal@cipla.com	
For share transfer, transmission, National Electronic Clearing Service (NECS), dividend, dematerialisation, etc.	KFin Technologies Private Limited (Share Transfer Agents) Email: einward.ris@kfintech.com	Selenium Tower B, Plot No.: 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana Tel: (040) 6716 2222 / 1511 Fax: (040) 2300 1153

Distribution of shareholding as on 31st March, 2020 (Class-wise distribution of equity shares)

Category	No. of Folios	% of Total	No. of Shares	% of Total
1 - 5000	240086	98.83	31094091	3.86
5001 - 10000	897	0.37	6571188	0.82
10001 - 20000	569	0.23	8112734	1.01
20001 - 30000	273	0.11	6684885	0.83
30001 - 40000	177	0.07	6244881	0.77
40001 - 50000	135	0.06	6116755	0.76
50001 - 100000	270	0.11	19161043	2.38
100001 & Above	510	0.21	722249752	89.58
TOTAL	**242917**	**100.00**	**806235329**	**100.00**

Shareholding Pattern as on 31st March, 2020[6]

Dematerialisation of Shares and Liquidity

As on 31st March, 2020, 79,64,61,228 shares of the share capital was held in dematerialised form. Break-up of shares held in physical and dematerialised form as on 31st March, 2020:

Shareholding	No. of Folios	% of Total	No. of Shares	% of Total
Physical Mode	735	0.30	9774101	1.21
Dematerialised Mode	242182	99.70	796461228	98.79
Total	**242917**	**100.00**	**806235329**	**100.00**

The equity shares of the Company are liquid and traded in dematerialized form on BSE Limited and National Stock Exchange of India Limited.

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. The Company is governed by the rules and regulations of the Luxembourg Stock Exchange. As on 31st March, 2020, 5,94,032 GDRs were outstanding.

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

During the year, the Company has granted stock options to its employees and those of its subsidiaries under Cipla Limited Employee Stock Option Scheme 2013-A. The Company allots equity shares from time to time on exercise of stock options by the employees pursuant to the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the terms and conditions of Cipla Limited Employee Stock Option Scheme 2013-A. As on 31st March, 2020, 58,61,104 stock options were outstanding under Cipla Limited Employee Stock Option Scheme 2013-A.

[6]GRI 102-5, GRI 102-10 and GRI 102-45

List of credit ratings obtained / revision

During FY 2019-20, credit rating of the following instruments was done by India Ratings & Research Private Limited:

Instrument Type	Rating/Outlook	Rating Action	Credit rating agency
Proposed non-convertible debentures (NCDs)*	Provisional IND AAA/Stable	Affirmed	India Ratings and Research Private Limited
Commercial paper (CP)*	IND A1+		

*No NCDs or commercial papers have been issued by the Company during the FY 2019-20.

Plant locations of Cipla Limited as on 31st March, 2020

Plant Type	Plant Address
Active Pharmaceutical Ingredients (API) Manufacturing Facility	Virgonagar, Old Madras Road, Bengaluru – 560 049, Karnataka
	Bommasandra-Jigani Link Road, Industrial Area, KIADB 4th Phase, Bengaluru – 560 099, Karnataka
Active Pharmaceutical Ingredients (API) and Formulations Manufacturing Facility	MIDC, Patalganga-410220, District: Raigad, Maharashtra
	MIDC Industrial Area, Kurkumbh-413802, Daund, District: Pune, Maharashtra
Formulations Manufacturing Facility	Verna Industrial Estate, Verna-403722, Salcette, Goa
	Village Malpur Upper, P.O. Bhud, Nalagarh, Baddi–173 205, District: Solan, Himachal Pradesh
	Village Kumrek, Rangpo-737132, District: East Sikkim, Sikkim
	Indore SEZ, Phase II, Sector III, Pharma Zone, P.O. Pithampur–454 774, District: Dhar, Madhya Pradesh
	Taza Block, Amba Tareythang Illaka, Rorathang- 737 133, District: East Sikkim, Sikkim

Plant locations of subsidiary companies of Cipla Limited as on 31st March, 2020

Plant Type	Plant Address
Formulations Manufacturing Facility	Plot Number 344-345, Kundaim Industrial Estate, Kundaim, Goa – 403115
	Plot Number 346-348, Kundaim Industrial Estate, Kundaim, Goa – 403115
	L-2, L-1/1, L-1/2/2, Additional MIDC Area, Satara - 415004
	Plot No. 352, Kundaim Industrial Estate, Kundaim, Goa – 403115
	J-4/2, Additional MIDC Area, Satara – 415004
	Tarpin Block, Rorathang, East District, Sikkim – 737133
	Plot 1-7, 1st Ring Road, Luzira Industrial Park P.O Box 34871, Kampala-Uganda
	7 Oser Avenue, Hauppauge, NY, USA, ZIP – 11788
	600 Old Willets, Path Hauppauge, NY, USA, ZIP – 11788
	550 South Research Place, Central Islip, NY, USA, ZIP – 11722
	18 Golden Drive Morehill Benoni 1501
	1474 South Coast Road, Mobeni, Durban, Kwa-Zulu Natal, 4052
	BP 4491 - 11850, Oum Azza, Ain Aouda, Rabat – Morocco
Manufacturing of medical devices	Plot No. 38 &39, Opp. Sagar Petrol Pump, Western Express Highway, Sativali, Tal. Vasai (E), Dist. Thane- 401208

Analytical Research & Bioequivalence Division	PEE – DEE Infotech, Plot No.: GEN – 40, TTC, MIDC Behind Millennium Park, Near NELCO, Mahape, New Mumbai – 400 710
Pathology Lab & Screening Area	1st Floor, Jayshree Plaza, L.B.S. Marg, Bhandup West, Near Dreams Mall, Mumbai, Maharashtra 400078
Analytical Research Division (Stability Samples Storage)	EL-87, Electronic Zone, MIDC Industrial Area, Mahape, Navi Mumbai, Maharashtra 400701
Testing Laboratory (Testing of pharmaceutical product)	Building A8, Antonie Van Leeuwenhoeklaan 9, 3721 MA, Bilthoven, The Netherlands

Declaration of Compliance with the Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct laid down by the Company for the financial year ended 31st March, 2020.

For Cipla Limited

Date: 15th May, 2020
Place: New Jersey, USA

Umang Vohra
Managing Director and Global Chief Executive Officer

Annexure A – Statutory details of Board of Directors

Name	Category	Original Date of Appointment	Tenure as on 31st March, 2020 (in years)	No. of Board meeting attended (total held in the FY 2019-20 during tenure)	Attendance at last AGM held on 16th August, 2019	No. of Directorships held in other Indian companies as on 31st March, 2020	Name of other listed companies where he/she is a Director as on 31st March, 2020 (1)	No. of Committee memberships/ Chairpersonships held in other Indian public companies as on 31st March, 2020 (2)	
								Memberships	Chairpersonships
Dr Y K Hamied (DIN: 00029049)	Non-Executive / Non -Independent Directors	21st July, 1972	47.8	6(6)(3)	Yes	1	--	Nil	Nil
Mr M K Hamied (DIN: 00029084)		16th August, 1977	42.7	6(6)	Yes	Nil	--	Nil	Nil
Mr S Radhakrishnan (DIN: 02313000)		12th November, 2010	9.4	5 (6)	Yes	1	--	3	Nil
Ms Samina Hamied (DIN: 00027923)	Executive Directors	10th July, 2015	4.8	6(6)	Yes	1	--	1	Nil
Mr Umang Vohra (DIN: 02296740)		1st September, 2016	3.7	6(6)	Yes	Nil	--	Nil	Nil
Mr Ashok Sinha (DIN: 00070477)	Independent Directors	16th July, 2013	6.8	6(6)	Yes	7	• J. K. Cement Limited • The Tata Power Company Limited	7	5
Dr Peter Mugyenyi (DIN: 06799942)		12th February, 2014	6.1	6(6)(4)	Yes	Nil	--	Nil	Nil
Mr Adil Zainulbhai (DIN: 06646490)		23rd July, 2014	5.8	6(6)(4)	No	8	• Reliance Industries Ltd • Network18 Media & Investments Ltd • TV18 Broadcast Ltd • Larsen & Toubro Ltd	9	5
Ms Punita Lal (DIN: 03412604)		13th November, 2014	5.4	4(6)	Yes	2	CEAT Ltd	Nil	Nil
Ms Naina Lal Kidwai (DIN: 00017806)		6th November, 2015	4.4	6(6)(5)	Yes	4	• Max Financial Services Ltd • Larsen and Toubro Ltd	5	2
Mr Peter Lankau(6) (DIN: 07688110)		10th January, 2017	2.5	0(1)	No	Nil	--	Nil	Nil

(1) All the directorships held by the directors in other listed companies are in the capacity of Independent Directors.

(2) Committees considered for the purpose are those prescribed under the Listing Regulations viz. Audit Committee and Stakeholders Relationship Committee of listed Indian public companies and unlisted Indian public limited companies including Cipla Limited.

(3) Out of six Board meetings held during the year, attended three meetings through video conferencing.

(4) Out of the six Board meetings held during the year, attended one meeting through video conferencing.

(5) Out of the six Board meetings held during the year, attended two meeting through video conferencing.

(6) Resigned from the position of Director w.e.f 1st July, 2019.

The average attendance at the meetings of the Board of Directors during FY 2019-20 was 93.44%

Annexure B

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Cipla Limited having CIN **L24239MH1935PLC002380** and having registered office at Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company*
1	Y K Hamied	00029049	21st July, 1972
2	M K Hamied	00029084	16th August, 1977
3	S Radhakrishnan	02313000	12th November, 2010
4	Samina Hamied	00027923	10th July, 2015
5	Umang Vohra	02296740	1st September, 2016
6	Ashok Sinha	00070477	16th July, 2013
7	Peter Mugyenyi	06799942	12th February, 2014
8	Adil Zainulbhai	06646490	23rd July, 2014
9	Punita Lal	03412604	13th November, 2014
10	Naina Lal Kidwai	00017806	6th November, 2015

*Note – Date of appointment of all the directors are original date of appointment as per MCA Records.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Avinash Bagul
Partner
FCS No: 5578
C P No: 19862
UDIN: F005578B000242903
PR No. 637/2019

Date: 15th May, 2020
Place: Mumbai

Annexure C

Independent Assurance Statement

Scope and Approach

DNV GL Business Assurance India Private Limited ('DNV GL') was engaged by the management of Cipla Limited ('Cipla', Corporate Identity Number L24239MH1935PLC002380) to undertake an independent assurance of the Company's sustainability performance in its printed Annual Report 2019-20 ('the Report'). The disclosures in this Report are prepared based on the Guiding Principles and Content Elements of the International <IR> Framework ('<IR>') of the International Integrated Reporting Council ('IIRC') and uses the Global Reporting Initiative's (GRI's) Sustainability Reporting Standards ('GRI Standards') to bring out the Company's sustainability performance. Our assurance engagement was planned and carried out from March 2020 – July 2020.

We performed our work using DNV GL's assurance methodology VeriSustain™[1], which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and the GRI's Principles for Defining Report Content and Quality.

We planned and performed our work to obtain the evidence we considered necessary to provide a limited level of assurance based on ISAE 3000/VeriSustain, in doing so, we evaluated the qualitative and quantitative disclosures presented in the Report together with Cipla's protocols for how the data and information were measured, monitored, recorded and reported. The performance data in the agreed scope of work included the qualitative and quantitative information on non-financial performance disclosed in the Report based on <IR> Framework for the value creation across the six (6) capitals of <IR> for its identified material topics, for the activities undertaken by the Company over the reporting period 1st April, 2019 to 31st March, 2020.

The reporting topic boundaries of non-financial performance is based on the internal and external materiality assessment covering Cipla's global operations as set out in the Report in the section "About this Report".

We understand that the reported disclosures on economic performance, including Corporate Social Responsibility (CSR) expenses incurred by the Company and contributions to the Cipla Foundation, are based on audited financial statements presented in the Report, which is subject to a separate independent statutory audit process and was not included in our scope of work. As part of our assurance process, we did not engage with any external stakeholders.

Responsibilities of the Management of Cipla and of the Assurance Provider

The Management of Cipla has the sole accountability for the preparation of the non-financial disclosures in this Report and are responsible for the integrity of all information disclosed in the Report as well as the processes for collecting, analysing and reporting the information presented within the report, including the references to the Company's website. Cipla is also responsible for ensuring the maintenance and integrity of reported and referenced non-financial disclosures in its website.

In performing this assurance work, our responsibility is to the management of Cipla; however, this statement represents our independent opinion and is intended to inform the outcome of our assurance to the stakeholders of the Company. DNV GL was not involved in the preparation of any statement or data included in the Report except for this Assurance Statement and Management Report highlighting our assessment findings for future improvements.

DNV GL's assurance engagements are based on the assumption that the data and information provided by Cipla to us as part of our review have been provided in good faith and are free from any misstatements. We disclaim any liability or responsibility for any decision, investment or otherwise, that a person or an entity may make based on this Assurance Statement.

Basis of our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at Cipla's Corporate Office at Mumbai, visited a sample operational site at Patalganga in Maharashtra, and performed audits

[1] The VeriSustain protocol is available on request from www.dnvgl.com

*Assurance Engagements other than Audits or Reviews of Historical Financial Information.

remotely with the facilities at Verna in Goa, Indore in Madhya Pradesh, Kurkumbh in Maharashtra, Rangpoo in Sikkim and Durban in South Africa. We adopted a risk-based approach, i.e. we concentrated our verification efforts on the issues of high material relevance to Company's pharmaceutical business and its key stakeholders. We undertook the following activities:

- Reviewed the Company's approach to addressing the reporting requirements of <IR> including stakeholder engagement and its materiality determination process;
- Reviewed disclosures related to value creation across six capitals and claims made in the Report, and assessed the robustness of related management systems, data accuracy, information flow and controls for the reported disclosures;
- Visited the Corporate Office at Mumbai in India and sample facilities ie. Active Pharmaceutical Ingredients (API) and Formulations manufacturing facility at Patalganga (Unit-1, Unit-1 Extension and Unit-2) in Maharashtra, and performed remote audits with API and Formulation manufacturing facilities at Kurkumbh (Unit-2 and Unit-3) in Maharashtra, and the Formulations units at Verna (Unit-1 and Unit-3) in Goa, Indore in Madhya Pradesh, Rangpoo in Sikkim and Durban in South Africa, to review processes and systems for preparing site level sustainability disclosures and implementation of the Company's sustainability strategies. We were free to choose sites for conducting assessments on the basis of their materiality;
- Carried out desk reviews for sustainability performance data related to the API manufacturing facilities at Virgonagar and Bommasandra in Karnataka;
- Examined and reviewed documents, data and other information made available by the Company related to reported disclosures;
- Conducted in-person interviews with top and senior management team of Cipla and other representatives, including data owners and decision-makers from different divisions and functions of the Company to validate the non-financial disclosures;
- Performed sample-based review of the mechanisms in implementation of company sustainability related policies implemented by the company, as described in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative and qualitative information included in the Report based on the GRI Standards chosen by Cipla to bring out its non-financial performance.

During the assurance process, we did not come across limitations to the scope and boundary of the agreed assurance engagement.

Opinion and Observations

On the basis of the verification undertaken, nothing has come to our attention that causes us to believe that the Report does not properly describe Cipla's adherence to the Guiding Principles and Content Elements of <IR> including representation of the material topics, business model, disclosures on value creation through six capitals, related strategies and management approach, and GRI Topic-specific Standards chosen related to the material topics identified by Cipla to bring out its performance against its identified material topics.

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report identifies patients, channel partners, suppliers, government and regulators, healthcare professionals, communities, shareholders and investors, institutional partners and employees as its key stakeholders across its pharmaceutical business. A stakeholder engagement exercise for purpose of identification of material issues was carried out in 2018. Formal and informal processes are in place for identifying key stakeholder concerns and outcomes, and these are brought out within the Report. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Materiality

The process of determining the issues that is most relevant to an organization and its stakeholders.

The Report brings out the materiality determination exercise and the processes for identification, prioritization and review through which twenty-six (26) focus areas identified by Cipla have emerged. The material issues were reviewed by the Board and no change in the existing list of material issues was identified. In our opinion, nothing has come to our attention that Cipla has missed out any known material issues, nor the Report does not meet the requirements related to the Principle of Materiality.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Company has established formal and informal processes to identify and respond to key stakeholder concerns and this is evidenced through its various policies and strategies. In our opinion, Cipla's sustainability performance is adequately disclosed in the Report, through the management approach, Content Elements of <IR>, selected GRI Topic-specific Standards and challenges considering the overall sustainability context of Cipla's pharmaceutical business. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of data and information verified at the corporate office and sites were found to be fairly accurate and reliable. Sustainability performance related to selected GRI Topic-specific Standards are captured in data formats devised by the Company. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These identified errors have been communicated, and corrections were made in the reported data and information. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability, however Cipla may further strengthen the Reliability of its disclosures by implementing formal processes and tools for sustainability data management including processes for periodic reviews and validation.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported

The Report has adequately addressed the disclosure requirements of <IR> related to Content and Quality, including value creation through six (6) capitals, business model, strategy, management approach and monitoring systems and has brought out its sustainability performance through GRI Standards and Company-specific metrics. Cipla may further strengthen on its adherence to the Principle of Completeness by bringing out sustainability performance related to boundaries of material impacts where systems for capturing sustainability performance reliably are being developed; for e.g. performance related to Natural Capital for operations in Morocco, and performance related to Human Capital for trainees and contractual employees; these exclusions have been brought out in the Report through relevant footnotes.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone

The Report had disclosed sustainability issues, challenges and performance in a neutral tone, in terms of content and presentation, and had also considered its sustainability context and external environment in bringing out its value creation across six (6) capitals during the reporting period. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

For DNV GL Business Assurance India Private Limited
3rd July, 2020
Mumbai, India

Bhargav Lankalapalli
Lead Verifier,
DNV GL Business Assurance India Private Limited, India.

Vadakepatth Nandkumar
Assurance Reviewer,
Head – Regional Sustainability Operations
DNV GL Business Assurance India Private Limited, India.

DNV GL Business Assurance India (Private) Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.com

Annexure D

Certificate by CEO/CFO to the Board of Directors

We, Mr Umang Vohra, Managing Director and Global Chief Executive Officer and Mr Kedar Upadhye, Global Chief Financial Officer hereby certify that:

A. We have reviewed financial statements and the cash flow statements (standalone and consolidated) for the year ended 31st March, 2020 and that to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee that:

(1) there has not been any significant changes in internal control over financial reporting during the year under reference;

(2) there has been no significant change in the accounting policies requiring disclosures except as mandated by the Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, and

(3) there has not been during the year, any instances of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Cipla Limited

Umang Vohra
Managing Director and
Global Chief Executive Officer

Place: New Jersey, USA
Date: 15th May, 2020

For Cipla Limited

Kedar Upadhye
Global Chief Financial Officer

Place: Mumbai

Exhibit A

Nomination, Remuneration and Board Diversity Policy

PREAMBLE AND TITLE

This Policy shall be called the Nomination, Remuneration and Board Diversity Policy (the "Policy").

The Board of Directors (the "Board") at their meeting held on 22nd May, 2019 has approved and adopted this revised Policy, on the recommendation of the Nomination and Remuneration Committee ("NRC"), in compliance with the requirements under the provisions of the Companies Act, 2013 and rules made thereunder (the "Act"), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") as amended from time to time.

OBJECTIVE

This Policy is intended to achieve the following objectives:

a) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive including Independent Directors), Key Managerial Personnel and persons who may be appointed in senior management positions.

b) To provide framework for remuneration of the Directors, Key Managerial Personnel and Senior Management Personnel and align with the Company's business strategies, values, key priorities and goals.

c) To provide for rewards linked directly to the effort, performance, dedication and achievement of Company's targets by the employees.

d) To lay down approach for Board diversity.

SCOPE

This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

DEFINITIONS

a) "**Applicable Law**" includes any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notification and clarification or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time.

b) "**Company**" means Cipla Limited.

c) "**Employee**" means any person who is in the permanent employment of the Company.

d) "**Senior Management Personnel**" means officers/ personnel of the Company who are members of its Core Management Team (i.e. Management Council Members) excluding Board members comprising all members of management one level below the chief executive officer / managing director / whole time director / manager (including chief executive officer / manager, in case they are not part of the Board) and shall specifically include chief financial officer and company secretary (except administrative support staff/executive assistants), including the Functional Heads.

Words and expressions not defined in this policy shall have the same meaning as contained in the Act and the Listing Regulations.

APPLICABILITY OF PARTS

a) Part I provides for criteria for appointment of Directors, Key Managerial Personnel, Senior Management Personnel and other employees;

b) Part II deals with remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees (parameters, components and limit).

PART I: APPOINTMENT

GENERAL CRITERIA

a) The Board shall comprise of optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 3 and maximum of 15, the Board shall have an appropriate combination of Executive, Non-Executive, Independent and Women.

b) The NRC shall be responsible for identifying suitable candidate for appointment as Director of the Company. While evaluating a person for appointment / re-appointment as Director, the Committee shall consider and evaluate number of factors including but not limited to background, knowledge, skills, abilities (ability to exercise sound judgement), professional experience and functional expertise, educational and professional background, personal accomplishment, age, experience of pharma sector / industry, marketing, technology, finance and other disciplines relevant to the business etc. and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board.

c) The proposed candidate shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, medical science, pharmaceutical, corporate governance or such other areas related to the Company's business as determined by the NRC.

d) During the term of the office, every director shall -

  i. uphold ethical standards of integrity and probity;

  ii. act objectively and constructively;

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

  iv. shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;

  v. shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.

APPOINTMENT OF MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR

The Board based on the recommendation of the NRC shall be responsible for identifying suitable candidate for the position of Managing Director/Whole-time Director.

The terms and conditions of the appointment shall be in accordance with the provisions of Applicable Law.

APPOINTMENT OF INDEPENDENT DIRECTOR

While evaluating a person for appointment / re-appointment as an Independent Director, the Committee shall ensure that the proposed candidate satisfies the following additional criteria:

- Meet the baseline definition and criteria of "independence" as set out in section 149 of the Act, the Listing Regulations and other applicable laws.
- Should not hold any Board / employment position with a competitor in the geographies where the Company is operating. However, the Board may in special circumstances waive this requirement.
- Has attained minimum age of 25 years and is not older than 70 years.
- Does not hold independent directorship in more than seven listed entities.
- Does not hold directorship in more than three listed entities if serving as a whole time director in any listed entity.

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.

The re-appointment / extension of term of the Director shall be on the basis of their performance evaluation report.

APPOINTMENT OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL (NOT BEING A DIRECTOR)

a) The Managing Director and Global Chief Executive Officer ("MD & GCEO") shall be responsible for identifying suitable candidate for the position of Key Managerial Personnel i.e. Chief Financial Officer, Company Secretary and other Senior Management Personnel;

b) The appointment of Key Managerial Personnel and Senior Management Personnel shall be approved by the Board on recommendation of the NRC and the MD & GCEO;

APPOINTMENT OF OTHER EMPLOYEES

The appointment of other employees shall be made on the basis of the experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be approved by the Human Resource Department under the overall control of the MD & GCEO.

REMOVAL OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL

a) The removal of directors, KMP or senior management personnel may be warranted due to reasons such as disqualification prescribed under the applicable laws, performance, disciplinary reasons, etc.

b) The removal of any director can be recommended by NRC in consultation with the Chairman / Vice Chairperson to the Board. The removal shall be finally approved by the shareholders' basis recommendation of the Board.

c) The removal of KMP and senior management personnel shall be approved by the Board basis recommendation of the NRC and MD&GCEO.

PART II: REMUNERATION

BOARD MEMBERS

a) The overall limits of remuneration of the Board members including executive Board members (i.e. managing director, whole-time director, executive directors etc.) are governed by the provisions of section 197 of the Act read with the Rules and Schedules made thereunder and shall be approved by the shareholders of the Company.

b) Within the overall limit approved by the shareholders, on the recommendation of the NRC, the Board shall determine the remuneration. The Board can determine different remuneration for different directors on the basis of their role, responsibilities, duties, time involvement etc.

c) While determining the remuneration to Directors, KMP, Senior Management Personnel and other employees, the following shall be ensured:

  - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMP, senior management and other employees of the quality required to run the Company successfully;
  - Relationship of remuneration to performance is clear and meets appropriate benchmarks and
  - Remuneration to directors, KMP, senior management and other employees involves a balance of fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

REMUNERATION TO MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR

The shareholders shall approve maximum permissible amount which can be paid to the Managing Director/ Whole-time Director. Within the overall limits approved by the shareholders, on the recommendation of the Nomination and Remuneration Committee, the Board shall have the authority to revise the remuneration from time to time.

The Managing Director / Whole-time Director (other than promoters) shall also be eligible for the grant of stock options, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the Nomination and Remuneration Committee from time to time.

REMUNERATION TO NON-EXECUTIVE DIRECTORS

Pursuant to the provisions of section 197 of the Act and the shareholders' approval, the Board has approved the following remuneration for Non-Executive Directors (including Independent Directors):

Non-Executive Directors shall be entitled to sitting fees of ₹50,000 per Board meeting and per Board committee meetings except for Operations and Administrative Committee.

The Non-Executive Directors shall be entitled to such commission as approved by the Board within the overall limits approved by the shareholders. In no case the commission shall exceed 1% of the profits of the Company computed as per the applicable provisions of the Act

The sitting fee shall be payable immediately after the Board / Board committee meeting to those directors who attend the meeting. The Commission shall be payable at the end of the financial year after approval of the annual financial statements by the Board.

The Promoter Directors and the Independent Directors will not be entitled for grant of Stock Options.

All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/Committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/management, site visits, induction and training programmes and in obtaining professional advice from independent advisors in furtherance of his/her duties as a director.

REMUNERATION TO KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES (NOT BEING A DIRECTOR)

The MD & GCEO shall propose the remuneration for the KMPs and Senior Management Personnel to the NRC.

The Board shall have the final authority to approve the remuneration based on recommendation of NRC.

The remuneration including revision in remuneration of other employees shall be decided by the Human Resources Department in consultation with the matrix manager within the overall framework of compensation and appraisal practices of the Company and under the overall authority of the MD & GCEO.

The remuneration may include basic salary, allowances, perquisites, performance linked incentive, retirement benefits, joining / retention bonus, long-term or retention incentives, leave travel concessions, ex-gratia / one-time payments, medical benefits, housing / other loans at concessional rates, severance package or any other component / benefits.

The Key Managerial Personnel, Senior Management Personnel and other employees of the Company (not being a Director) shall also be eligible for grant of stock options, wherever deemed fit, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the NRC from time to time.

DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

All directors and officers (including Key Managerial Personnel and Senior Management Personnel) of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy.

BOARD DIVERSITY

a) The Company acknowledges the importance of diversity in its broadest sense in the Boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that women with the right skills and experience can play in contributing to diversity of perspective in the Boardroom.

b) The NRC shall review and evaluate Board composition to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, it will take into account diversity, including diversity of gender, amongst other relevant factors. The NRC will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

c) All appointments to the Board (as recommended by the NRC) shall be made on merit while taking into account suitability for the role, Board balance and composition, the required mix of skills, background and experience (including consideration of diversity and ethnicity). Other relevant matters such as independence and the ability to fulfil required time commitments in the case of Independent and Non-Executive Directors will also be taken into account.

d) The NRC shall monitor and periodically review the Board Diversity and recommend to the Board so as to improve one or more aspects of its diversity and measure progress accordingly.

e) The Company will be able to ensure Board diversity if shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. The Company shall continue to provide sufficient information to the shareholders about the qualifications, expertise and characteristics of each Board Member.

ADMINISTRATION, REVIEW AND AMENDMENT OF THE POLICY

The NRC shall monitor and periodically review the Policy and recommend the necessary changes to the Board for its approval.

The Global Chief Financial Officer and the Company Secretary are jointly authorised to amend the policy to give effect to any changes/amendments notified by Ministry of Corporate Affairs or the Securities and Exchange Board of India or any other regulatory authority. The amended policy shall be placed before the Board for noting and ratification.

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

Exhibit B

Dividend Distribution Policy

TITLE

This Policy shall be called 'Dividend Distribution Policy'.

COMMENCEMENT

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

OBJECTIVE

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

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

DEFINITIONS

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

b. "**Company**" means Cipla Limited.

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

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

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

DECLARATION OF DIVIDEND

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

PARAMETERS FOR DIVIDEND PAYOUT

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

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

1. Prospective growth opportunities/threats/ concerns of the Company;
2. Inadequacy or absence of profits;
3. Higher working capital requirements for business operations of the Company.

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

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

1. Profits of the Company;
2. Past dividend pattern;
3. Major capital expenditure to be incurred by the Company;
4. Cash flow requirements of the Company;
5. Debt-equity ratio of the Company;
6. Cost of borrowing of the Company, keeping in view the growth opportunities;
7. Debt obligations of the Company;
8. Investments in new business;
9. Provisioning for financial implications arising out of unforeseen events and/or contingencies;
10. Reputation of the Company
11. Restrictions/covenants if any, contained in any lender agreements or any other arrangement or agreement entered into by the Company.

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

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

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

d. **Utilization of Retained Earnings:**

The Company believes in cash retention for growth, expansion and diversification including acquisitions to be made by it, and also as a means to meet contingency. The retained earnings of the Company may be used in any of the following ways:

1. Capital expenditure for working capital;
2. Organic and/or inorganic growth;
3. Investment in new business(es);
4. Additional investment in existing business(es);
5. Declaration of dividend;
6. Capitalisation of shares;
7. Buy back of shares;
8. General corporate purposes, including contingencies;
9. Any other permitted usage as per the Companies Act, 2013.

e. **Parameters with regard to various classes of shares:**

Presently, the issued share capital of the Company comprises of only one class of equity shares of ₹2 each. In the event of the Company issuing any other class(es) of shares, the Board shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

AMENDMENTS

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

Independent Auditor's Report

To the Members of Cipla Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Cipla Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Drugs (Prices Control) Orders Act (DPCO) matters: The Company is regulated by National Pharmaceutical Pricing Authority, Government of India (NPPA). There are a number of legal and regulatory cases, of which the most significant is under Drugs (Prices Control) Orders Act (DPCO) as disclosed in Note 39 to the standalone financial statements, relating to overcharging of certain drugs under DPCO. According to NPPA's public disclosure, the total demand against the Company aggregates to ₹2,655.13 crore as at 31 March 2020, of which: a) ₹2,447.39 crore relates to matters pending at Honourable Bombay High Court, wherein the Company has deposited ₹175.08 crore being 50% of the total demand of ₹350.15 crore as at 1st August, 2003 under protest pursuant to direction of Honourable Supreme Court of India; and	Our audit of DPCO matters included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for updating the status of the matters, assessment of accounting treatment in accordance with Ind AS 37, and for measurement of amounts involved; b) Evaluated the design and tested the operating effectiveness of key controls around above process; c) Inspected correspondence with the Company's external legal counsel in order to corroborate our understanding of these matters, accompanied by discussions with both internal and external legal counsels. Tested the objectivity and competence of such management experts involved;

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
b) ₹207.74 crore relates to other matters, wherein based on facts and legal advice, the Company has recorded a charge of ₹7.00 crore (including interest) during the year ended 31 March 2020 and carries a total provision of ₹104.26 crore (including interest) as at 31 March 2020. The amounts involved are material and the application of accounting principles as given under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets ('Ind AS 37'), in order to determine the amounts to be recognised as liability or to be disclosed as a contingent liability, is inherently subjective and needs careful evaluation and significant judgement to be applied by the management. Considering the materiality and the inherent subjectivity which involves significant management judgment in predicting the outcome of the matter, DPCO matters have been considered to be a key audit matter for the current period audit.	d) Obtained direct confirmation from the external legal counsel handling DPCO matters with respect to the legal determination of the liability arising from such litigation, conclusion of the matters in accordance with the requirements of Ind AS 37 and disclosures to be made in the financial statements. Evaluated the response received from the external legal counsel to ensure that the conclusions reached our supported by sufficient legal rationale; e) Assessed the appropriateness of methods used, and the reliability of underlying data for the calculations made for quantifying the amounts involved. Tested the arithmetical accuracy of such calculations; and f) Evaluated the Company's disclosures for adequate disclosure regarding the significant litigations of the Company. Based on the audit procedures performed, the judgements made by the management were reasonable and disclosures made in respect of these matters were appropriate in the context of the standalone financial statements taken as a whole.
Revenue from operations: (Refer note 1 and 27 to the Standalone financial statements) The Company recognises revenue from the sales of pharmaceutical products to resellers or distributors, out licensing arrangements and service fee. The Company recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery to a customer. The Company records product sales net of estimated incentives/discounts, returns, rebates and other related charges. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered with customers. Further, the Company has a large number of customers operating in various geographies and sales contracts with customers have a variety of different terms relating to the recognition of revenue, the entitlement to sales rebates, the right to return and price adjustments. Sales arrangements in certain jurisdictions lead to material deductions to gross sales in arriving at revenue.	Our audit included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for revenue recognition (from sale to customers, out-licensing arrangements and service fee), judgments in estimation and accounting treatment of discount schemes, returns, rebates and regulatory compliance requirements; b) Evaluated the design and tested the operating effectiveness of the Company's internal controls, including general IT controls, key IT application controls exercised by the management, over recognition of revenue and measurement of various discount schemes, returns and rebates; c) Evaluated the terms of the licensing arrangements to determine satisfaction of performance obligations under the contracts for appropriate revenue recognition and tested allocation of consideration between performance obligations to verify deferral of revenue in respect of unsatisfied performance obligations;

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
The Company also has development and commercialisation arrangements relating to research and development of new products in the pharmaceutical sector. This includes in-licensing and out-licensing arrangements and other types of complex agreements. We identified the recognition of revenue from operations as a key audit matter because: a) Accrual towards rebates, discounts, returns and allowances is complex and requires significant judgments and estimates in relation to complex contractual agreements/commercial terms across various geographies. Any change in these estimates can have a significant financial impact. b) The nature of development and commercialisation arrangements are often inherently complex and unusual, requiring significant management judgment to be applied in respect of revenue recognition. c) The Company considers revenue as key benchmark for evaluating performances and hence, there is risk of revenue being overstated due to pressure to achieve targets, earning expectations or incentive schemes linked to performance for a reporting period. d) Considering the widespread impact of the outbreak due to COVID-19, point of transfer of goods control (transit days) and probability of collection from customers was required to be re-assessed in certain geographies.	d) Performed substantive testing by selecting samples of revenue transactions pertaining to sale of products during the year, and verified the underlying supporting documents including contracts, agreements, sales invoices and dispatch/shipping documents; e) Performed cut-off testing procedures by testing samples of revenue transactions recorded during the year in specific periods before and after year end to conclude there has not been overstatement/understatement of revenue recorded for the year; f) Obtained management workings for amounts recognised towards discount schemes, returns, and rebates during the year and as at year end. On a sample basis, tested the underlying calculations for amounts recorded as accruals and provisions towards the aforementioned obligations, as per the terms of related schemes, contracts and regulations, and traced the underlying data to source documents; g) Evaluated historical accuracy of the Company's estimates of year-end accruals pertaining to aforesaid arrangements made in the previous years to identify any management bias; h) Tested all the manual sales-related adjustments made to revenue comprising of variable consideration under Ind AS 115 to ensure the appropriateness of revenue recognition during the year; and i) Evaluated the adequacy of disclosures in the standalone financial statements. Based on audit procedures performed, we determined that the revenue recognition and measurement is appropriate in the context of the standalone financial statements taken as a whole.
Recoverability of investments in subsidiaries: The Company has investments of ₹6,354.76 crore in subsidiaries being carried at cost in accordance with Ind AS 27, Separate Financial Statements. The Company assesses the recoverable amounts of each investment when impairment indicators exist by comparing the fair value (less costs of disposal) and carrying amount of that investment as on the reporting date.	Our audit included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for identification of impairment indicators and tested the design and operating effectiveness of internal controls over such identification and impairment measurement through fair valuation of identified investments;

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
The Company has recorded an impairment loss on investment in Cipla Biotec Limited (formerly known as Cipla Biotec Private Limited) of ₹32.36 crore during the year ended 31 March 2020. Refer note 5 to the standalone financial statements. Management's assessment of whether there are impairment indications and estimate of the recoverable amounts of the identified investments determined through discounted cash flow valuation method requires significant management judgment in carrying out the impairment assessment. The key assumptions used in management's assessment of the recoverable amounts include, but are not limited to, projections of future cash flows, growth rates, discount rates, estimated future operating and capital expenditure. Changes to these assumptions could lead to material changes in estimated recoverable amounts, resulting in either impairment or reversals of impairment taken in prior years. Considering the materiality of amounts involved, and the inherent subjectivity involved in estimating future cash flows which required significant management judgment, assessment of impairment losses to be recognised, if any, on the carrying value of aforesaid investments has been considered to be a key audit matter for the current period audit.	b) Involved auditor's experts to assess the appropriateness of the valuation methodologies used by the management; c) Reconciled the cash flows to the business plans approved by the respective Board of Directors of the identified investee companies; d) Evaluated and challenged management's assumptions such as implied growth rates during explicit period, terminal growth rate, targeting savings and discount rate for their appropriateness based on our understanding of the business of the respective investee companies, past results and external factors such as industry trends and forecasts, including the possible impact of COVID -19 pandemic on such assumptions; e) Obtained and evaluated sensitivity analysis performed by the management on key assumptions of implied growth rates during explicit period, terminal growth rates and discount rates; f) Tested the mathematical accuracy of the management computations with regard to cash flows and sensitivity analysis; g) Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the current estimated recoverable amount for each of the identified investments to evaluate sufficiency of headroom between recoverable value and carrying amount; and h) Evaluated the adequacy of disclosures given in the standalone financial statements, including disclosure of significant assumptions, judgements and sensitivity analysis performed, in accordance with applicable accounting standards. Based on the audit procedures performed, we determined that the management's assertion on the recoverability of investments in subsidiaries is appropriate in the context of the standalone financial statements taken as a whole.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Inventory existence: As at 31 March 2020, the Company held inventories of ₹3,021.36 crore as disclosed in Note 10 to the standalone financial statements. Inventories mainly consist of raw and packing material, work-in-progress, stock-in-trade, finished goods and stores, spares and consumables. Due to inherent nature of the business and its widespread reach globally, inventories are kept at a number of locations which include plants, loan licensing facilities, depots, cold storages and third-party warehouses. As per the Company's annual inventory verification plan, management has performed physical verification of the inventory at all locations, with the help of third party experts where required, under the supervision of finance team, over the period from January 2020 to mid-March 2020. Due to outbreak of the COVID-19, there has been a lockdown enforced in various geographies near year end and several restrictions were imposed by the respective governments across the globe on travel and movement considering public health and safety measures which resulted into complexities for us to observe the physical verification of inventory conducted by the management. This was resolved by applying alternate audit techniques with the help of audio/video devices and use of other auditors, etc., as further described in our audit procedures. As a result of the above-mentioned complexities and due to the size, number of locations and geographical spread of the inventories as at year end, we determined the existence of inventory to be a key audit matter for the current period audit.	Our audit of existence of inventory included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for inventory counts, including the changes required thereto as a result of COVID-19 related restrictions, and evaluated the design and tested the operating effectiveness of key controls with respect to physical verification of inventory; b) Inspected the instructions given by supervisory teams to the management count teams; c) Reviewed the management's process for ensuring that there was no movement of stock during the physical verification of inventory; d) Appointed independent auditor's experts for observing inventory counts at certain locations; e) Observed live video feeds of inventory counts for certain locations subsequent to year-end and gathered video evidence of warehouses, inventory counts, and other safeguarding procedures, and performed roll-back procedures; f) Performed roll-forward procedures on inventory counts performed on locations before the lockdown had commenced; g) Recounted a sample of inventory items at each location to confirm management count; h) Obtained direct confirmations from the third-party warehouses and loan licensing units with respect to the existence of the inventories; and i) Ensured that the differences noted in management's physical verification of inventory from book records were adequately adjusted in books of account. Based on the audit procedures performed, the management's assertion on existence of inventories was determined to be appropriate in the context of the standalone financial statements taken as a whole.

Independent Auditor's Report

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

   - Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. Based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

17. Further to our comments in Annexure I, as required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

   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;

Independent Auditor's Report

Independent Auditor's Report

c) The standalone financial statements dealt with by this report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;

f) We have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 15 May 2020 as per Annexure II expressed unmodified opinion; 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company, as detailed in note 39 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;

ii. As detailed in note 51 to the standalone financial statements, the Company did not have any long-term contracts for which there were material any material foreseeable losses as at 31 March 2020;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and

iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 20504662AAAABP8396

Place: New Delhi
Date: 15 May 2020

Annexure I to the Independent Auditor's Report of even date to the Members of Cipla Limited, on the standalone financial statements for the year ended 31 March 2020

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventories at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification, discrepancies noticed on such verification have been properly dealt with in the books of account.

(iii) The Company has granted interest free unsecured loans to one company covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) In our opinion the terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.

(b) The schedule of repayment of principal has been stipulated and the receipts of the principal amount are regular;

(c) There is no overdue amount in respect of loan granted to such company.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) There are no dues in respect of sales-tax, service tax and duty of customs, that have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax, duty of excise, goods and service tax and value added tax on account of any dispute, are as follows:

Annexure I to the Independent Auditor's Report of even date to the Members of Cipla Limited, on the standalone financial statements for the year ended 31 March 2020

Annexure I

Name of the statute	Nature of dues	Amount (in ₹ crores)	Amount paid under Protest (in ₹ crores)	Period to which the amount relates (F.Y. except otherwise stated)	Forum where dispute is pending
Income Tax Act, 1961	Income tax	378.74	218.69	A.Y. 2008-09, A.Y. 2009-10, A.Y. 2013-14, A.Y. 2015-16 and A.Y. 2016-17	CIT Appeals
Income Tax Act, 1961	Income tax	55.96	55.82	A.Y. 2014-15	Income Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty	0.17	0.08	2016-17 to 2018-19	Additional Commissioner
The Central Excise Act, 1944	Excise duty	10.47	1.61	2011-12 to 2013-14 and 2016-17	CESTAT (EZB)
The Central Excise Act, 1944	Excise duty	74.85	3.61	2008-09 to 2015-16	CESTAT (SZB)
The Central Excise Act, 1944	Excise duty	66.47	3.33	1992-1993 to 1999-2000 and 2004-05 to 2016-17	CESTAT (WZB)
The Central Excise Act, 1944	Excise duty	12.68	-	1999-00 to 2005-06	Commissioner (Common Adjudicating officer)
The Central Excise Act, 1944	Excise duty	3.69	0.24	2008-09 to 2016-17	Commissioner (Appeals)
The Central Excise Act, 1944	Excise duty	0.02	0.01	2001-02 to 2006-07	Hon'ble Bombay High Court
The Central Excise Act, 1944	Excise duty	0.94	0.04	2009-10 and 2011-12	Deputy Commissioner
The Central Excise Act, 1944	Excise duty	0.12	-	2015-16 to 2016-17	Revision Authority
Bihar Vat Act, 2005	VAT	0.97	-	2014-15	Patna Appellate Authority
Goa Vat Act, 2005	VAT	0.12	-	2006-07	Directorate, Goa
Gujarat Vat Act, 2005	VAT	0.38	0.13	2013-14	GVAT tribunal
Karnataka Vat Act, 2003	VAT	0.93	0.27	2012-13	Joint Commissioner in Appeal
Maharashtra Vat Act, 2002	VAT	0.04	-	2002-03	Joint Commissioner.
Maharashtra Vat Act, 2002	VAT	0.41	0.07	2007-08 and 2013-14	Deputy Commissioner

Annexure I to the Independent Auditor's Report of even date to the Members of Cipla Limited, on the standalone financial statements for the year ended 31 March 2020

Annexure I

Name of the statute	Nature of dues	Amount (in ₹ crores)	Amount paid under Protest (in ₹ crores)	Period to which the amount relates (F.Y. except otherwise stated)	Forum where dispute is pending
Rajasthan Vat Act, 2003	VAT	0.83	0.29	2002-03 and 2011-12	Rajasthan Tax Board – Ajmer
Uttar Pradesh Vat Act, 2008	VAT	0.09	0.04	2011-12	Uttar Pradesh Appellate Authority
West Bengal Vat Act, 2003	VAT	2.72	0.26	2001-02 to 2015-16	Tribunal/ Commissioner

(Note: F.Y. represents Financial Year and A.Y. represents Assessment Year)

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provision of clause 3(xiv) of the Order are not applicable.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 20504662AAAABP8396

Place: New Delhi
Date: 15 May 2020

Annexure II to the Independent Auditor's Report of even date to the members of Cipla Limited, on the standalone financial statements for the year ended 31 March 2020

Annexure II

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Cipla Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of Internal Financial Control over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to 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 the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure II to the Independent Auditor's Report of even date to the members of Cipla Limited, on the standalone financial statements for the year ended 31 March 2020

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Control over Financial Reporting issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 20504662AAAABP8396

Place: New Delhi
Date: 15 May 2020

Standalone Balance Sheet

as at 31st March, 2020

₹ in Crores

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	3,686.18	3,992.13
(b) Right-of-use assets	2.2	132.49	-
(c) Capital work-in-progress	2.3	255.73	241.32
(d) Investment properties	3	126.44	61.85
(e) Intangible assets	4	205.87	135.33
(f) Intangible assets under development	4	64.00	56.01
(g) Financial assets			
(i) Investments	5	6,355.32	3,803.61
(ii) Loans	6	41.89	207.91
(iii) Other financial assets	7	7.01	4.77
(h) Income tax assets (net)	8	353.74	272.45
(i) Other non-current assets	9	149.93	164.78
Total non-current assets		**11,378.60**	**8,940.16**
(2) Current assets			
(a) Inventories	10	3,021.36	2,868.41
(b) Financial assets			
(i) Investments	11	834.43	2,011.58
(ii) Trade receivables	12	3,560.27	3,168.73
(iii) Cash and cash equivalents	13	261.54	64.47
(iv) Bank balances other than cash and cash equivalents	14	261.53	110.09
(v) Loans	15	4.49	5.04
(vi) Other financial assets	16	382.49	379.63
(c) Other current assets	17	698.61	868.70
Total current assets		**9,024.72**	**9,476.65**
(3) Assets classified as held-for-sale	2.1	2.34	2.00
Total assets		**20,405.66**	**18,418.81**
Equity and liabilities			
(1) Equity			
(a) Equity share capital	18	161.25	161.14
(b) Other equity	19	17,241.71	15,620.77
Total equity		**17,402.96**	**15,781.91**
(2) Share application money pending allotment[i]		**0.00**	**-**
(3) Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	20	104.59	53.36
(b) Provisions	21	105.14	108.12
(c) Deferred tax liabilities (net)	8	112.97	42.84
(d) Other non-current liabilities	22	60.71	64.50
Total non-current liabilities		**383.41**	**268.82**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	6.06	-
(ii) Trade payables	24		
Total outstanding dues of micro enterprises and small enterprises		77.46	28.01
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,534.66	1,453.34
(iii) Other financial liabilities	25	313.90	222.68
(b) Other current liabilities	26	141.14	183.91
(c) Provisions	21	541.50	428.55
(d) Income tax liabilities (net)	8	4.57	51.59
Total current liabilities		**2,619.29**	**2,368.08**
Total liabilities		**3,002.70**	**2,636.90**
Total equity and liabilities		**20,405.66**	**18,418.81**
i. Represents ₹7,820			
The accompanying notes form an integral part of these standalone financial statements.	1-52		

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

New Delhi, 15th May, 2020

For and on behalf of the **Board of Directors**

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 15th May, 2020

Standalone Statement of Profit and Loss

for the year ended 31st March, 2020

₹ in Crores

Particulars	Notes	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(1) Income			
(a) Revenue from operations			
(i) Revenue from sale of products	27	12,220.22	11,968.44
(ii) Other operating revenue	28	438.93	405.57
		12,659.15	12,374.01
(b) Other income	29	892.85	577.52
Total income		**13,552.00**	**12,951.53**
(2) Expenditure			
(a) Cost of materials consumed	30	2,999.17	3,112.25
(b) Purchases of stock-in-trade	31	1,363.12	1,259.21
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	(43.08)	136.70
(d) Employee benefits expense	33	1,911.08	1,839.84
(e) Finance costs	34	36.05	16.97
(f) Depreciation, impairment and amortisation expense	35	599.78	569.72
(g) Other expenses	36	3,721.57	3,524.01
Total expenditure		**10,587.69**	**10,458.70**
(3) Profit before tax		**2,964.31**	**2,492.83**
(4) Tax expense (net)	8		
(a) Current tax		545.96	576.43
(b) Deferred tax		100.18	27.99
(5) Profit for the year		**2,318.17**	**1,888.41**
(6) Other comprehensive income/(loss)			
(a) Items that will not be reclassified to profit or loss			
(i) Re-measurements of post-employment benefit obligations	40(e)	(22.35)	12.00
(ii) Income tax relating to these items		7.05	(4.19)
(b) Items that will be reclassified to profit or loss			
(i) Gains/(losses) on cash flow hedges		(72.13)	48.81
(ii) Income tax relating to these items		23.00	(17.06)
Other comprehensive income/(loss) for the year		**(64.43)**	**39.56**
(7) Total comprehensive income for the year		**2,253.74**	**1,927.97**
(8) Earnings per equity share of face value of ₹2 each	48		
Basic (in ₹)		28.76	23.45
Diluted (in ₹)		28.72	23.41
The accompanying notes form an integral part of these standalone financial statements.	1-52		

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
New Delhi, 15th May, 2020

For and on behalf of the **Board of Directors**

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DIN: 02296740

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Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 15th May, 2020

Standalone Statement of Changes in Equity

for the year ended 31st March, 2020

(a) Equity share capital (Refer note 18)

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	161.14	161.02
Changes in equity share capital during the year on exercise of employee stock options (ESOSs)	0.11	0.12
Balance at the end of the year	**161.25**	**161.14**

(b) Other equity (Refer note 19)

₹ in Crores

Particulars	Attributable to the owners of the Company						Other equity
	Reserves and surplus					Other reserve	
	Capital reserve	Securities premium reserve	General reserve	Employee stock options reserve	Retained earnings	Cash flow hedge reserve	
Balance as at 1st April, 2018	**0.08**	**1,542.15**	**3,141.73**	**53.76**	**9,214.31**	**0.47**	**13,952.50**
Profit for the year	-	-	-	-	1,888.41	-	1,888.41
Other comprehensive income (net of tax)	-	-	-	-	7.81	31.75	39.56
Payment of dividend (including tax on dividend) (refer note 47B)	-	-	-	-	(281.97)	-	(281.97)
Exercise of employee stock options	-	32.44	-	(32.44)	-	-	-
Share based payments expense	-	-	0.89	21.38	-	-	22.27
Balance as at 31st March, 2019	**0.08**	**1,574.59**	**3,142.62**	**42.70**	**10,828.56**	**32.22**	**15,620.77**
Profit for the year	-	-	-	-	2,318.17	-	2,318.17
Other comprehensive income/ (loss) (net of tax)	-	-	-	-	(15.30)	(49.13)	(64.43)
Payment of dividend (including tax on dividend) (refer note 47B)	-	-	-	-	(651.71)	-	(651.71)
Exercise of employee stock options	-	27.44	-	(27.44)	-	-	-
Share based payments expense	-	-	-	18.91	-	-	18.91
Balance as at 31st March, 2020	**0.08**	**1,602.03**	**3,142.62**	**34.17**	**12,479.72**	**(16.91)**	**17,241.71**

The accompanying notes form an integral part of these standalone financial statements (Note 1-52).

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

New Delhi, 15th May, 2020

For and on behalf of the **Board of Directors**

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DIN: 00027923

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Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 15th May, 2020

Standalone Statement of Cash Flows

for the year ended 31st March, 2020

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from operating activities		
Profit before tax	**2,964.31**	**2,492.83**
Adjustments for:		
Depreciation, impairment and amortisation expense	599.78	569.72
Interest expense	36.05	16.97
Unrealised foreign exchange (gain)/loss (net)	(73.60)	12.61
Share based payment expense	18.56	22.01
Allowances for credit loss (net)	103.50	42.88
Provision for dimunition in value of investments	32.36	-
Interest income	(51.63)	(37.54)
Interest income on income tax refund	(9.28)	(22.09)
Dividend income	(565.51)	(241.50)
Fair value loss/(gain) on financial instruments at fair value through profit or loss	20.91	(19.11)
Sundry balance written back	(2.41)	(26.60)
Corporate guarantee commission	(18.35)	(19.92)
Net gain on sale of current investments carried at fair value through profit or loss	(114.02)	(96.39)
Net gain on sale/liquidation of investments in subsidiaries	(0.07)	(11.02)
Net (gain)/loss on sale/disposal of property, plant and equipment	(2.86)	2.93
Rent income	(9.16)	(5.35)
Operating profit before working capital changes	**2,928.58**	**2,680.43**
Adjustments for working capital:		
(Increase)/decrease in inventories	(152.95)	169.57
Increase in trade and other receivables	(260.07)	(802.82)
Increase/(decrease) in trade payables and other liabilities	167.56	(127.75)
Cash generated from operations	**2,683.12**	**1,919.43**
Income taxes paid (including tax deducted at source)	(664.98)	(451.38)
Net cash flow generated from operating activities (a)	**2,018.14**	**1,468.05**
Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work-in-progress and capital advance/payables)	(304.05)	(251.37)
Purchase of intangible assets (including intangible asset under development)	(145.66)	(60.68)
Proceeds from sale of property, plant and equipment	10.15	1.74
Investments in associates (Refer note 5)	(9.00)	-
Investment in subsidiaries (Refer note 5)	(2,503.47)	(250.57)
Proceeds from sale/liquidation/capital reductionof investment in subsidiaries (Refer note 5)	93.48	105.91
Sale/(purchase) of current investments (net)	1,270.27	(856.34)
Change in other bank balance and cash not available for immediate use	(151.67)	(100.45)
Interest received	38.95	17.85
Dividend received from subsidiaries	565.51	241.50
Dividend received from current investment[i]	-	0.00
Rent received	9.16	5.35
Net cash flow used in investing activities (b)	**(1,126.33)**	**(1,147.05)**

Standalone Statement of Cash Flows

for the year ended 31st March, 2020

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from financing activities		
Proceeds from issue of equity shares (ESOSs)	0.11	0.12
Proceeds/(repayment) from/(to) current borrowings (net)	6.06	(174.43)
Repayment of non-current borrowings	-	(0.07)
Interest paid	(9.69)	(16.97)
Payment of lease liabilities	(38.66)	-
Dividend paid	(564.26)	(241.57)
Tax paid on dividend	(87.45)	(40.40)
Net cash flow used in financing activities (c)	**(693.89)**	**(473.32)**
Net increase /(decrease) in cash and cash equivalents (a+b+c)	**197.92**	**(152.32)**
Cash and cash equivalents at the beginning of the year	64.47	217.45
Exchange difference on translation of foreign currency cash and cash equivalents	(0.85)	(0.66)
Cash and cash equivalents at the end of the year (refer note 13)	**261.54**	**64.47**

Note:

The above statement of cash flow has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS) 7-Statement of Cash Flows.

i. Represents ₹47,733

Reconciliation of borrowings

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening balance		
Current borrowings	-	174.43
Current maturity of non-current borrowings	-	0.07
	-	**174.50**
Movement of borrowings (net)		
Repayment of non-current borrowings	-	(0.07)
Proceeds/(repayment) from/(to) current borrowings (net)	6.06	(174.43)
	6.06	**(174.50)**
Closing balance		
Current borrowings	6.06	-
	6.06	-

The accompanying notes form an integral part of these standalone financial statements (Note 1-52).

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

New Delhi, 15th May, 2020

For and on behalf of the **Board of Directors**

Umang Vohra
Managing Director and
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DIN: 02296740

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DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 15th May, 2020

Notes to the standalone financial statements

Corporate information

Cipla Limited (Corporate identity number: L24239MH1935PLC002380) ("Cipla" or "the Company") having registered office at Cipla house, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, is a public company incorporated and domiciled in India. The Company is in the business of manufacturing, developing, and marketing wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The Company has its wide network of manufacturing, trading and other incidental operations in India and International markets. Equity Shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Global Depository Receipts are listed on Luxembourg Stock Exchange.

Note 1 – Significant accounting policies and key accounting estimates and judgements

1.1 Basis of preparation

(i) Compliance with Indian Accounting Standards (Ind-AS)

The financial statements of the Company as at and for the year ended 31st March, 2020 have been prepared and presented in accordance with Indian Accounting Standards ("Ind-AS") notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], as amended from time to time and other relevant provisions of the Act and accounting principles generally accepted in India.

(ii) Basis of measurement

The financial statements have been prepared on a historical cost basis and on accrual basis, except for the following:

- Financial assets and liabilities are measured at fair value or at amortised cost depending on classification;
- Derivative financial instruments and contingent consideration is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value;
- Lease liability and Right of use of assets – measured at fair value; and
- Share-based payments – measured at fair value.

(iii) Consistency of accounting policy

The accounting policies are applied consistently to all the periods presented in the financial statements, except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

(iv) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

- Ind AS 116, *Leases*
- Amendment to Ind AS 12, *Income Taxes*, Appendix C, Uncertainty over Income Tax Treatments and Dividend distribution tax
- Amendment to Ind AS 19, *Employee Benefits*, Plan amendment, curtailment, or settlement
- Amendment to Ind AS 109, *Financial Instruments*, Prepayment Features with Negative Compensation
- Amendment to Ind AS 28, *Investment in Associates and Joint Ventures*, Long-term Interests in Associates and Joint Ventures

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(v) Functional currency and rounding of amounts

The financial statements are presented in Indian Rupee (₹) which is also the functional currency of the Company. All amounts disclosed in the financial statements and notes have been rounded-off to the nearest crore or decimal thereof as per the requirement of Schedule III, unless otherwise stated. Amount less than ₹50,000/- is presented as ₹0.00 crore.

Notes to the standalone financial statements

1.2 Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act and Ind AS 1, *Presentation of Financial Statements.*

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within twelve months after the reporting date; or

d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities include the current portion of assets and liabilities, respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

1.3 Use of estimates and judgements

The preparation of financial statements requires management of the Company to make judgements, estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

Following are the critical judgements and estimates:

1.3.1 Judgements

(i) Leases

Ind AS 116 "*Leases*" requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

(ii) Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

In assessing the realisability of deferred tax assets, management considers whether some portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

(iii) Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

(iv) Provisions and contingent liabilities

The Company exercises judgement in determining if a particular matter is possible, probable or remote. The Company also exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual outcome may be different from the originally concluded position.

1.3.2 Estimates

(i) Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangibles assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(ii) Sales returns

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates. With respect to established products, the Company

Notes to the standalone financial statements

considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets.

(iii) Expected credit loss

The Company applies expected credit losses ("ECL") model for measurement and recognition of loss allowance on the following:

- Trade receivables and lease receivables.
- Financial assets measured at amortised cost (other than trade receivables and lease receivables).
- Financial assets measured at fair value through other comprehensive income ("FVTOCI").

In accordance with Ind AS 109, the Company applies ECL model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

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

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In case of other assets, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

(iv) Accounting for defined benefit plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

(v) Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount. Management estimates expected future cash flows from each asset or cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(vi) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

1.4 Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (Refer note 1.8 for more details). The Company had applied for the one-time transition exemption of considering the carrying cost on the transition date i.e., 1st April, 2015 as the deemed cost under Ind AS and regarded thereafter as historical cost. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in the nature of repairs and maintenance are recognised in the profit or loss as and when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advance under non-current assets.

Capital work-in-progress included in non-current assets comprises of direct costs, related incidental expenses and attributable interest. Capital work-in-progress are not depreciated as these assets are not yet available for use.

(ii) Depreciation

Depreciation on the property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed in Schedule II to the Act. Depreciation on property, plant and equipment, which are added/disposed-off during the year, is provided on pro-rata basis with reference to the month of addition/deletion, in the profit or loss.

For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which

Notes to the standalone financial statements

an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

The estimated useful lives are as follows:

Property, plant and equipment	Useful life
Buildings	
- Factory and administrative buildings	30 to 60 years
- Ancillary structures	3 to 10 years
Plant and equipment	2 to 25 years
Furniture, fixtures and office equipment	3 to 8 years
Vehicles	8 years

(iii) De-recognition

An item of property, plant and equipment, is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss.

1.5 Intangible assets

(i) Recognition and measurement

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands and computer software acquired separately are measured on initial recognition at cost. Further, payments to third parties for in-licensed products, generally take the form of up-front and milestones payments which are capitalised following a cost accumulation approach to variable payments (milestones) for the acquisition of intangible assets when receipt of economic benefits out of the separately purchased transaction is considered to be probable. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

(ii) In-process research and development assets ("IPR&D") or Intangible assets under development

Acquired research and development intangible assets that are under development are recognised as In-process research and development assets ("IPR&D") or Intangible assets under development. IPR&D assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Subsequent expenditure on an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset is:

- recognised as an expense when incurred, if it is research expenditure;
- capitalised if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset.

(iii) Expenditure on regulatory approval

Expenditure for obtaining regulatory approvals and registration of products for overseas markets is charged to the profit or loss.

(iv) Amortisation

The Company amortises intangible assets with a finite useful life using the straight-line method over the following useful lives:

- Marketing intangibles, Trademarks, Technical know- how and Brands 2-10 years
- Computer software 3 to 6 Years

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

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(v) De-recognition

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the profit or loss and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as at the date of de-recognition.

1.6 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of de-recognition.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

1.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

Investment properties generally have a useful life of 5-60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

1.8 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment losses, including impairment on inventories, are recognised in the profit or loss.

1.9 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 profit or loss.

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1.10 Foreign currency transactions and balances

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date exchange rates are recognised in profit or loss. Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

1.11 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.

Stores, spares and consumables, work-in-progress, stock-in-trade and finished goods are valued at lower of cost and net realisable value.

Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Cost of inventories is determined on a weighted moving average basis.

Stores and spares are inventories that do not qualify to be recognised as property, plant and equipment and consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.

The factors that the Company considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

1.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset and presented within other income.

When loans or similar assistance are provided by the government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured at amortised cost.

Export entitlement from Government authorities are recognised in the profit or loss as other operating revenue when the right to receive is established as per the terms of the scheme in respect of the exports made by the Company with no future related cost and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

1.13 Revenue recognition

A contract with a customer exists only when the parties to the contract have approved it and are committed to perform their respective obligations, the Company can identify each party's rights regarding the distinct goods or services to be transferred ("performance obligations"), the Company can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenues are recorded in the amount of consideration to which the Company expects to be entitled in exchange for performance obligations upon transfer of control to the customer and is measured at the fair value of the consideration received or receivable, net of returns, sales tax and

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applicable trade discounts, allowances, goods and services tax (GST) and amounts collected on behalf of third parties.

(i) Sale of products:

The majority of customer contracts that the Company enters into consist of a single performance obligation for the delivery of pharmaceutical products. The Company recognise revenue from product sales when control of the product transfers, generally upon shipment or delivery, to the customer, or in certain cases, upon the corresponding sales by customer to a third party. The Company records product sales net of estimated incentives/ discounts, returns, and other related charges. These are generally accounted for as variable consideration estimated in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. The revenue for such variable consideration is included in the Company's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. In making this assessment the Company considers its historical record of performance on similar contracts.

(ii) Sales by clearing and forwarding agents:

Revenue from sales of generic products in India is recognised upon delivery of products to distributors by clearing and forwarding agents of the Company. Control in respect of ownership of generic products are transferred by the Company when the goods are delivered to distributors from clearing and forwarding agents. Clearing and forwarding agents are generally compensated on a commission basis as a percentage of sales made by them.

(iii) Out licensing arrangements:

Revenues include amounts derived from product out-licensing agreements. The Company enters into collaborations and out-licensing arrangement of the Company's products to other parties.

Licensing arrangements performance obligations generally include intellectual property ("IP") rights, certain R&D and contract manufacturing services. The Company accounts for IP rights and services separately if they are distinct – i.e., if they are separately identifiable from other items in the arrangement and if the customer can benefit from them on their own or with other resources that are readily available to the customer. The consideration is allocated between IP rights and services based on their relative stand-alone selling prices.

Revenue from IP rights is recognised at the point in time when control of the distinct license is transferred to the customer, the Company has a present right to payment and ownership are transferred to the customer.

Revenue from sales-based milestones and royalties promised in exchange for a license of IP is recognised only when, or as, the later of subsequent sale or the performance obligation to which some or all of the sales-based royalty has been allocated, is satisfied. The Company estimates variable consideration in the form of sales-based milestones by using the expected value or most likely amount method, depending on which method the Company expects to better predict the amount of consideration to which it will be entitled.

(iv) Service fee

Revenue from services rendered, is recognised in the profit or loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

(v) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the

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financial asset to that asset's net carrying amount on initial recognition.

(vi) Dividends

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

1.14 Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution

Post retirement contribution plans such as Employees' Pension Scheme, Labour welfare fund, Employee State Insurance Corporation (ESIC) are charged to the profit or loss for the year when the contributions to the respective funds accrue. The Company does not have any obligation other than the contribution made.

(iii) Defined benefit plans

a) Employees provident fund

In accordance with The Employees Provident Fund and Miscellaneous Provision Act, 1952, all eligible employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to "Cipla Limited Employee's Provident Fund Trust", a Trust set up by the Company to manage the investments and distribute the amounts to employees at the time of separation from the Company or retirement, whichever is earlier. This plan is a defined obligation plan as the Company is obligated to provide its members a rate of return which should, at a minimum, meet the interest rate declared by Government administered provident fund. A part of the Company's contribution is transferred to Government - administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in the Profit or Loss under "Employee benefits expense".

b) Gratuity obligations

Post-retirement benefit plans such as gratuity is determined on the basis of actuarial valuation made by an independent actuary as at the reporting date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is included in retained earnings and will not be reclassified to profit or loss.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Other benefit plan

Liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the profit or loss and are not deferred.

(v) Termination benefits

Termination benefits are recognised in the profit or loss when:

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

1.15 Share-based payments

Equity settled share-based payment transactions

The Company operates equity-settled share-based remuneration plans for its employees.

All services received in exchange for the grant of any share-based payment are measured at their fair values on the grant date and is recognised as an employee expense, in the profit or loss with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "Employee stock options reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

Grant date is the date when the Company and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth). All share-based remuneration is ultimately recognised as an expense in profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

Market conditions are taken into account when estimating the fair value of the equity instruments granted.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

1.16 Taxes

Income tax expense comprises of current tax expense and deferred tax expense/benefit. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity.

(i) Current income tax:

Current income tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the applicable income tax law. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis,

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or to realise the asset and settle the liability simultaneously.

(ii) Deferred tax:

Deferred tax is recognised using the Balance sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

The Company recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Company is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations and tax on dividend received from foreign affiliates in which the Company holds more than 26% shares is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment and receipt.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

1.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(i) Company as a lessee

The Company's lease asset classes primarily consist of leases for land, buildings and computers. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(ii) Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

(iii) Arrangements in the nature of lease

The Company enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Company applies the requirements of Ind AS 116 "*Leases*" to the lease element of the arrangement. For the purpose of applying the requirements under Ind AS 116 "*Leases*", payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

(iv) Transition to Ind AS 116

Effective 1st April, 2019, the Company has adopted Ind AS 116 "*Leases*" using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

On 1st April, 2019, the Company has recognised a lease liability measured at the present

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value of the remaining lease payments, and right-of-use (ROU) asset at an amount equal to lease liability (adjusted for any related prepayments). Accordingly, on transition to Ind AS 116, the Company recognised lease liabilities and corresponding equivalent ROU assets. The Company has elected not to apply the requirements of Ind AS 116 to short-term leases and certain leases for which the underlying asset is of low value.

In the profit or loss for the current period, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for imputed interest on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Comparatives as at and for the year ended 31st March, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31st March, 2019.

1.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less.

1.19 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1.20 Contingencies

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

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1.21 Fair value measurement

The Company measures financial instruments at fair value at each reporting date.

Financial instruments

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

(i) Financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(b) Initial recognition and measurement

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

(c) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in below categories:

- Debt instruments at amortised cost.
- Debt instruments at fair value through other comprehensive income (FVTOCI).
- Derivatives and equity instruments at fair value through profit or loss (FVTPL).
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

(d) Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss. Transaction cost of financial assets at FVTPL are expensed in profit or loss.

(e) Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and

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written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the profit or loss. Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries and associates at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2015.

(f) De-recognition

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(g) Impairment of financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset. For this purpose, the Company follows a 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

(ii) Financial liabilities

(a) Classification

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

(b) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

(c) Subsequent measurement

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

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

(d) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings.

(e) De-recognition

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

(iii) Derivative financial instruments

The Company uses derivative financial instruments, such as foreign exchange forward and currency option contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(iv) Cash flow hedge

The Company classifies its foreign exchange forwards and currency option contracts that hedge foreign currency risk associated with highly probable forecasted as cash flow hedges and measures them at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss and is included in the 'Other income/ expenses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. When the hedging

Notes to the standalone financial statements

instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain/loss that was reported in equity are immediately reclassified to profit or loss.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(vi) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model as per Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 115.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

1.22 Recent accounting pronouncements (Standards issued but not effective)

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

Notes to the standalone financial statements

Note 2.1: Property, plant and equipment

₹ in Crores

Particulars	Freehold land	Leasehold Land	Buildings and flats[i]	Plant and equipment[ii]	Furniture and fixtures	Office equipments	Vehicles	Total
Gross block								
Balance as at 1st April, 2018	**39.15**	**22.81**	**1,969.58**	**3,256.47**	**101.53**	**86.24**	**5.91**	**5,481.69**
Additions during the year	-	0.15	46.56	351.27	3.72	5.68	0.53	407.91
Transfer to investment property (refer note 3)	-	-	(64.69)	(0.78)	(0.92)	(1.06)	-	(67.45)
Assets classified as held for sale[iii]	-	-	-	(23.27)	-	-	-	(23.27)
Deletions and adjustments during the year	-	-	(0.11)	(9.16)	(0.64)	(0.55)	(0.30)	(10.76)
Balance as at 31st March, 2019	**39.15**	**22.96**	**1,951.34**	**3,574.53**	**103.69**	**90.31**	**6.14**	**5,788.12**
Additions for the year	-	-	16.63	253.24	4.35	4.52	0.77	279.51
Transition impact of IndAS 116 (Refer note 2.2)	-	(22.96)	-	-	-	-	-	(22.96)
Transfer to investment property (refer note 3)	-	-	(71.24)	(1.01)	(1.00)	(1.15)	-	(74.40)
Deletions and adjustments during the year	-	-	(0.27)	(22.08)	(0.68)	(0.83)	(0.12)	(23.98)
Balance as at 31st March, 2020	**39.15**	**-**	**1,896.46**	**3,804.68**	**106.36**	**92.85**	**6.79**	**5,946.29**
Depreciation and impairment								
Accumulated balance as at 1st April, 2018	**-**	**0.73**	**157.87**	**1,079.30**	**37.69**	**45.28**	**2.46**	**1,323.33**
Depreciation charge for the year	-	0.25	59.18	420.53	10.59	13.17	0.74	504.46
Transfer to investment property (refer note 3)	-	-	(3.19)	(0.24)	(0.28)	(0.72)	-	(4.43)
Assets classified as held for sale[iii]	-	-	-	(21.27)	-	-	-	(21.27)
Deletions and adjustments during the year	-	-	(0.11)	(5.00)	(0.42)	(0.44)	(0.13)	(6.10)
Accumulated balance as at 31st March, 2019	**-**	**0.98**	**213.75**	**1,473.32**	**47.58**	**57.29**	**3.07**	**1,795.99**
Depreciation charge for the year	-	-	57.99	396.09	10.08	11.38	0.68	476.22
Impairment charge for the year[iv]	-	-	0.07	14.88	-	0.01	-	14.96
Transition impact of IndAS 116 (refer note 2.2)	-	(0.98)	-	-	-	-	-	(0.98)
Transfer to investment property (refer note 3)	-	-	(4.94)	(0.61)	(0.44)	(1.07)	-	(7.06)
Deletions and adjustments during the year	-	-	(0.03)	(17.75)	(0.49)	(0.67)	(0.08)	(19.02)
Accumulated balance as at 31st March, 2020	**-**	**-**	**266.84**	**1,865.93**	**56.73**	**66.94**	**3.67**	**2,260.11**
Net block								
As at 31st March, 2020	**39.15**	**-**	**1,629.62**	**1,938.75**	**49.63**	**25.91**	**3.12**	**3,686.18**
As at 31st March, 2019	**39.15**	**21.98**	**1,737.59**	**2,101.21**	**56.11**	**33.02**	**3.07**	**3,992.13**

i. The gross value of buildings and flats include the cost of shares in co-operative housing societies.

ii. The above additions to property, plant and equipment during the year includes ₹45.28 crore (31st March, 2019: ₹34.25 crore) used for research and development.

iii. Power plant at Goa amounting to ₹18.74 crore impaired in earlier years has been classified as assets held-for-sale, with reversal of corresponding impairment provision. Plant and equipment classified as held-for-sale during the reporting period is measured at the lower of its carrying value and fair market value less cost to sell at the time of classification. Fair market value for such assets is valued at ₹2.34 crore as at 31st March, 2020 (31st March, 2019: ₹2.00 crore).

iv. The impairment charge of ₹14.96 crore for the year ended 31st March, 2020, includes impairment of certain assets that has been assessed as non-usable by the management and has been recorded at scrap value less cost to sell.

Notes to the standalone financial statements

Note 2.2: Lease accounting

Following are the changes in the carrying value of right of use assets for the year ended 31st March, 2020:

₹ in Crores

Particulars	Land	Buildings and Flats	Computers	Total
Balance recognised as at 1st April, 2019	**7.00**	**72.03**	**19.73**	**98.76**
Transfer from Property, plant and equipment on implementation of Ind AS 116	21.98	-	-	21.98
Transfer from Deferred lease and prepaid rent on implementation of Ind AS 116	35.45	-	3.57	39.02
Additions during the year	3.24	5.33	11.67	20.24
Deletions during the year	-	(8.76)	-	(8.76)
Depreciation charge for the year	(1.78)	(20.96)	(16.01)	(38.75)
Balance as at 31st March, 2020	**65.89**	**47.64**	**18.95**	**132.49**

The difference between the lease obligation recorded as of 31st March, 2019 under Ind AS 17 disclosed under Note 38 of the 2019 Annual Report and the value of the lease liability as of 1st April, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liability is in the range of 8.50% to 12.00%.

The following is the break-up of current and non-current lease liabilities as of 31st March, 2020.

₹ in Crores

Particulars	As at 31st March, 2020
Current lease liabilities	25.31
Non-current lease liabilities	49.35
Total	**74.66**

The following is the movement in lease liabilities for the year ended 31st March, 2020

₹ in Crores

Particulars	For the year ended 31st March, 2020
Balance recognised as at 1st April, 2019	98.76
Additions during the year	17.00
Deletions during the year	(8.76)
Prepaid rent as on 31st March, 2020	(3.32)
Finance cost accrued during the year	9.64
Payment of lease liabilities	(38.66)
Balance at the end	**74.66**

The table below provides details regarding the contractual maturities of lease liabilities as of 31st March, 2020 on an undiscounted basis:

₹ in Crores

Particulars	As at 31st March, 2020
Less than one year	32.54
One to five years	57.90
More than five years	11.94
Total	**102.38**

Notes to the standalone financial statements

Note 2.2: Lease accounting (Contd.)

Rental expense recorded for short-term leases was ₹27.04 crore for the year ended 31st March, 2020.

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense.

Right-of- use asset	Range of remaining term
Leasehold land	3 to 94 years
Buildings and flats	1 to 7 years
Computers	1 to 3 years

Note 2.3 Details of capital work-in-progress

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening balance	241.32	435.28
Additions during the year	297.15	219.40
Capitalised during the year	(282.74)	(407.91)
Impairment during the year[i]	-	(5.45)
Closing balance	**255.73**	**241.32**

i. The impairment loss during the previous year relates to certain capital work-in-progress that has been assessed as non-usable by the management and has been recorded at the scrap value less cost to sell.

Note 3: Investment properties

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Gross block		
Opening balance	**67.78**	**0.33**
Transfer from property, plant and equipment	74.40	67.45
Closing balance	**142.18**	**67.78**
Accumulated depreciation		
Opening balance	5.93	0.01
Transfer from property, plant and equipment	7.06	4.43
Depreciation for the year (refer note 35)	2.75	1.49
Closing balance	**15.74**	**5.93**
Net block	**126.44**	**61.85**
Fair value	**159.21**	**75.26**

Rental income (includes income from operating sublease ₹1.33 crore) recognised in profit or loss for investment properties aggregates to ₹8.78 crore (31st March, 2019: ₹3.77 crore)

Estimation of fair value

The fair valuation of the assets is based on the perception about the macro and micro economic factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities, etc.

This value is based on valuation conducted by an external valuation specialist. The fair value measurement is categorised in level 3 fair value hierarchy.

Notes to the standalone financial statements

Note 4: Intangible assets

₹ in Crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Brands	Total
Gross block						
Balance as at 1st April, 2018	**185.53**	**71.42**	**4.67**	**10.45**	**1.08**	**273.15**
Additions for the year	3.30	28.68	-	-	-	31.98
Deletions and adjustment during the year	-	-	-	-	-	-
Balance as at 31st March, 2019	**188.83**	**100.10**	**4.67**	**10.45**	**1.08**	**305.13**
Additions for the year (Refer note below)	13.73	10.31	-	113.63	-	137.67
Deletions and adjustment during the year	(0.32)	-	-	-	-	(0.32)
Balance as at 31st March, 2020	**202.24**	**110.41**	**4.67**	**124.08**	**1.08**	**442.48**
Amortisation and impairment						
Accumulated balance as at 1st April, 2018	**82.76**	**23.11**	**2.37**	**2.68**	**0.56**	**111.48**
Amortisation charge for the year	37.62	16.84	0.48	1.04	0.11	56.09
Impairment charge for the year[i]	-	-	1.82	-	0.41	2.23
Accumulated balance as at 31st March, 2019	**120.38**	**39.95**	**4.67**	**3.72**	**1.08**	**169.80**
Amortisation charge for the year	39.86	20.17	-	3.04	-	63.07
Impairment charge for the year[i]	-	1.15	-	2.88	-	4.03
Deletions and adjustment	(0.29)	-	-	-	-	(0.29)
Accumulated balance as at 31st March, 2020	**159.95**	**61.27**	**4.67**	**9.64**	**1.08**	**236.61**
Net block						
As at 31st March, 2020	**42.29**	**49.14**	**-**	**114.44**	**-**	**205.87**
As at 31st March, 2019	**68.45**	**60.15**	**-**	**6.73**	**-**	**135.33**

i. The carrying amount of certain marketing intangibles and trademarks has been reduced to its recoverable amount by recognition of an impairment loss in profit or loss.

Intangible assets under development

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening balance	**56.01**	**27.32**
Additions during the year	145.66	60.67
Capitalised during the year	(137.67)	(31.98)
Closing balance	**64.00**	**56.01**

Acquisition of trademarks:

During the year, the Company completed the following significant acquisitions of intangible assets and intangible assets under development amounting to ₹113.63 crore in form of trademarks. The Company has recorded the acquired assets as intangible assets under Ind AS 38 "Intangible Assets" on the assessment that fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets which is controlled by the Company and future economic benefits are probable.

Product	Date of agreement	₹ in Crores	Type of deal
Nutrition products' portfolio (CPink, CDense, Productiv and Folinine)	10th October, 2019	82.86	Acquisition of trademark.
Vysov	10th December, 2019	30.77	Acquisition of trademark for India Territory
Total		**113.63**	

Notes to the standalone financial statements

Note 4: Intangible assets (Contd.)

Contingent consideration (On achievement of sale target as per agreement):

As at 31st March, 2020, the fair value of the contingent consideration was assessed as ₹ Nil in respect of above acquisitions as the sales targets are not probable and estimable. Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived basis weighted average probability approach of achieving various financial and non-financial performance targets. Basis the future projections and the performance of the products, the contingent consideration is subject to revision on a yearly basis.

Note 5: Non-current investments

₹ in Crores

Particulars	No. of units	As at 31st March, 2020	No. of units	As at 31st March, 2019
(A) Investments in Subsidiaries (Unquoted)				
I. Equity shares - carried at cost				
Equity shares of Goldencross Pharma Limited of ₹10 each, fully paid (formerly known as Goldencross Pharma Private Limited)	45,966	191.12	45,966	191.12
Equity shares of Cipla Pharmaceuticals Limited of ₹10 each, fully paid[i]	2,00,00,000	20.00	-	-
Equity shares of Meditab Specialities Limited of ₹1 each, fully paid[ii] (formerly known as Meditab Specialities Private Limited)	71,18,416	382.57	61,72,237	158.42
Meditab Specialities Limited[ii] (Equity component of inter corporate deposits) (formerly known as Meditab Specialities Private Limited) (Refer note no. 41)	-	107.50	-	158.20
Equity shares of Cipla (Mauritius) Limited of USD 1 each, fully paid[v]	-	-	2,00,000	1.20
Equity shares of Cipla (EU) Limited of GBP 1 each, fully paid[vi]	28,43,55,015	2,582.41	5,20,70,000	488.93
Equity shares of Cipla-Medpro South Africa (Proprietary) Limited of R 0.1 Cent each, fully paid	45,07,40,684	2,081.09	45,07,40,684	2,081.09
Equity shares of Cipla Holding B.V. of EUR 100 each, fully Paid[vii]	1,00,367	80.48	2,15,367	172.69
Equity shares of Cipla BioTec Limited of ₹10 each, fully paid[iv] (formerly known as Cipla BioTec Private Limited) Net of impairment ₹283.67 crore (31st March, 2019 - ₹251.41 crore)	25,87,08,433	91.84	25,87,08,433	124.20
Equity shares of Saba Investment Limited of USD 1 each, fully paid	1,74,27,511	230.79	1,74,27,511	230.79
Equity shares of Jay Precision Pharmaceuticals Private Limited of ₹10 each, fully paid	24,06,000	96.24	24,06,000	96.24
Equity shares of Cipla Health Limited of ₹10 each, fully paid[iii]	15,95,047	141.33	15,29,060	100.73

Notes to the standalone financial statements

Note 5: Non-current investments (Contd.)

₹ in Crores

Particulars	No. of units	As at 31st March, 2020	No. of units	As at 31st March, 2019
II. Investment in Preference shares[iii]				
Series A 0.01 % Compulsory Convertible Preference shares of Cipla Health limited Preference shares of ₹50 each, fully paid	33,039	20.33	-	-
Series A1 0.01 % Compulsory Convertible Preference shares of Cipla Health limited Preference shares of ₹50 each, fully paid	5,34,658	329.05	-	-
(B) Investments in associate[viii]				
I. Equity shares - carried at cost				
Equity shares of AMPSolar Power Systems Private Limited of ₹10 each, fully paid	90,000	0.01	-	-
II. Debentures - carried at amortised cost				
0.01% Compulsory Convertible debentures of AMPSolar Power Systems Private Limited of ₹1000 each, fully paid	89,100	0.55	-	-
(C) Other investment - carried at fair value through profit or loss (FVTPL)				
Equity shares of The Saraswat Co-operative Bank Limited of ₹10 each, fully paid ₹10,000 (31st March, 2019 ₹10,000)	1,000	0.00	1,000	0.00
(D) Investments in Government and trust securities - carried at amortised cost				
National savings certificates ₹41,000 (31st March, 2019 ₹41,000)		0.00		0.00
		6,355.32		**3,803.61**
Aggregate amount of unquoted investments		6,355.32		3,803.61
Aggregate amount of impairment in value of investment		959.32		927.06

Notes:

i On 19th November, 2019, the Company has incorporated a new wholly owned subsidiary, Cipla Pharmaceuticals Limited and subscribed its 2,00,00,000 equity shares of ₹10 each.

ii. Pursuant to the Board resolution passed on 22nd May, 2019, the loan of ₹169.08 crore, interest accrued of ₹4.37 crore during the year and equity component of intercorporate deposits of ₹50.70 crore were converted to equity share capital of Meditab Specialities Limited for ₹224.15 crore divided into 9,46,179 shares of ₹1 each at a premium of ₹2,368 per share.

iii. a) On 7th August, 2019, the Company has acquired non-controlling interest of 26.16% representing 5,34,658 Series A Compulsory Convertible Preference Shares of ₹50 each, 33,039 Series A1 Compulsory Convertible Preference Shares of ₹50 each and 1,000 equity shares of ₹10 each, on a fully diluted basis for a total cash consideration of ₹350 crore of its Subsidiary, Cipla Health Limited from Eight Road Investments Mauritius II Limited (Formerly knowns as FIL Capital Investments (Mauritius) II Limited)

b) Pursuant to the Board resolution passed on 19th November 2019, the Company has invested of ₹40 crore divided into 64,987 equity shares of face value of ₹10 each at a premium of ₹6,144.42 per share.

iv. The Company has re-assessed the carrying value of investment in Cipla BioTec Limited (formerly known as Cipla BioTec Private Limited) and recorded impairment charge of ₹32.36 crore during the year ended 31st March, 2020.

v. On 12th December, 2019, the investment made in Cipla (Mauritius) Limited was liquidated. On liquidation, the Company received ₹1.27 crore against the total investment of ₹1.20 crore, accordingly a gain of ₹0.07 crore was accounted as gain from liquidation of investment in subsidiary.

Notes to the standalone financial statements

Note 5: Non-current investments (Contd.)

vi. Pursuant to the Resolutions passed by the Board of Directors of the Company on 22nd May, 2019 and 7th August, 2019, the Company has further invested ₹2,093.48 crore and acquired 232,285,015 equity shares of Cipla (EU) Limited of GBP 1 each.

vii. On 26th March, 2020, the Company has cancelled 120,000 equity shares of Cipla Holding B.V. of EUR 100 each at par. Accordingly, the Company received back ₹92.21 crore.

viii. Pursuant to Share Purchase, Subscription and Shareholder's agreement dated 23rd May, 2019 ("SPSSA"), the Company acquired 26% stake on fully diluted basis in AMP Solar Power Systems Private Limited, representing 90,000 equity shares of ₹10 each and 89,100, 0.01% Compulsory Convertible debentures of AMP Solar Power Systems Private Limited of ₹1,000 each for a total consideration of ₹9.00 Crore. The Company has further plans to invest in 39,000 equity shares of ₹10 each and 38,610, 0.01% Compulsory Convertible debentures of AMPSolar Power Systems Private Limited of ₹1,000 each for a total consideration of ₹3.90 Crore at second stage closing. Further, the Company also entered in a Power Purchase Agreement('PPA') with AMP Solar Power Systems Private Limited to procure 100% of the output of solar energy produced by the Company for 25 years as per the rates negotiated in the agreement.

As per the SPSSA, in the event of termination of the contracts or completion of the PPA term, the Company will receive nominal value of its investment without any share of profit/ loss in the associate. Accordingly, the investment amount has been amortised to give the effect of expected fixed return on such investment due to the difference in agreement rate and existing government grid rates.

As the Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 "Investments in associates and joint ventures".

Note 6: Non-current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good, except otherwise stated (Carried at amortised cost, except otherwise stated)		
Deposits with body corporates and others		
Considered good	41.89	38.83
Considered doubtful	0.86	0.85
Less: Allowance for bad and doubtful advances	(0.86)	(0.85)
Loan to subsidiary (refer note 5, 41 and 44)	-	169.08
	41.89	**207.91**

Note 7: Non-current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Margin deposits[i]	0.52	0.48
Capital subsidy receivable	-	4.29
Amount recoverable from supplier	6.49	-
	7.01	**4.77**

i. Amount held as margin money under lien to tax authority and electricity department.

Notes to the standalone financial statements

Note 8: Income taxes

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

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A. Profit or loss section		
Current income tax charge	545.96	576.43
MAT credit utilisation / entitlement	227.06	83.64
Adjustments in respect of deferred tax of previous year	19.47	(22.60)
Deferred tax on account of temporary differences	(146.35)	(33.05)
	646.14	**604.42**
B. OCI section - tax related to items recognised in OCI during the year:		
Income tax relating to re-measurements gain on defined benefit plans	7.05	(4.19)
Income tax relating to cash flow hedge	23.00	(17.06)
	30.05	**(21.25)**
C. Equity		
MAT credit utilised for tax liability under section 115BBD	-	40.40
	-	**40.40**

Reconciliation of tax expense and the profit before tax multiplied by India's domestic tax rate for 31st March, 2020 and 31st March, 2019:

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit before tax	**2,964.31**	**2,492.83**
At India's applicable statutory income tax rate of 34.944% (31st March, 2019: 34.944%)	1,035.85	871.09
Effect for:		
Prior year adjustments to deferred tax	19.47	(22.60)
Weighted deductions and exemptions	(238.10)	(222.37)
Non-deductible expenses for tax purpose	63.33	49.27
Others	(1.25)	13.42
Tax impact on dividend income (Exempt)	(197.61)	(84.39)
Effect of impairment of investment	11.30	-
Differential tax rate impact[i]	(46.85)	-
Income tax expense reported in the profit or loss	**646.14**	**604.42**
Effective income tax rate	**21.80%**	**24.25%**

i. The Government of India, on 20th September, 2019 vide the Taxation Laws (Amendment) Ordinance, 2019, inserted a new Section 115 BAA in the Income Tax Act, 1961, which provides an option to the Company for paying tax at reduced rates (lower tax rate) as per the provisions/ conditions defined in the said section. Based on its evaluation, the Company expects to avail lower tax rate only from a later financial year (31st March, 2021) and therefore has applied the lower tax rate of 25.17% in measurement of deferred taxes only to the extent that such deferred tax assets/ liabilities are expected to be realised/ settled in the periods during which the Company expects to be subject to lower tax rate. To the extent deferred tax assets/ liabilities was realised/ settled during the year ending 31st March, 2020, the normal tax rate of 34.994% has been applied. Consequently, deferred tax liabilities (net) reversed by the Company as at 31st March, 2020 is not significant.

Notes to the standalone financial statements

Note 8: Income taxes (Contd.)

There are unused capital losses amounting to ₹129.50 crore as at 31st March, 2020 (31st March, 2019 ₹104.59 crore) for which no deferred tax asset has been recognised as the Company believes that availability of taxable profit against which such temporary difference can be utilised, is not probable.

The Company have ongoing disputes which includes receives demands, notices and inquiries from income tax authorities in India. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances and transfer pricing adjustments.

The Company have contingent liability of ₹49.97 crore (31st March, 2019: ₹60.86 crore), in respect of tax demands which are being contested by it based on the management evaluation and advice of tax consultants as the management believes that the ultimate tax determination is uncertain due to various tax positions taken by adjudicating authorities in the past.

The Company has made provisions for taxes basis its best judgement, considering past resolutions to disputed matters by adjudicating authorities, prior year assessments and advice from external experts, if required. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Deferred tax:

Movement in deferred tax assets and liabilities during the year ended 31st March, 2020:

₹ in Crores

Particulars	As at 31st March, 2019	Profit or loss	Other comprehensive income	Equity	As at 31st March, 2020
Deferred tax assets/(liabilities) :					
Property, plant and equipment and intangible assets	(494.77)	141.15	-	-	(353.62)
Employee benefits expense	55.44	(10.59)	7.05	-	51.90
Others	28.07	14.75	23.00	-	65.82
Allowance for credit loss	33.46	8.67	-	-	42.13
Deferred revenue	23.62	(8.39)	-	-	15.23
Provision for right of return/ discounts and others	84.28	(18.71)	-	-	65.57
MAT credit entitlement/utilised	227.06	(227.06)	-	-	-
Deferred tax assets/(liabilities) (net)	**(42.84)**	**(100.18)**	**30.05**	**-**	**(112.97)**

Movement in deferred tax assets and liabilities during the year ended 31st March, 2019:

₹ in Crores

Particulars	As at 31st March, 2018	Profit or loss	Other comprehensive income	Equity	As at 31st March, 2019
Deferred tax assets/(liabilities) :					
Property, plant and equipment and intangible assets	(515.08)	20.31	-	-	(494.77)
Employee benefits expense	50.95	8.68	(4.19)	-	55.44
Others	14.54	30.59	(17.06)	-	28.07
Allowance for credit loss	52.49	(19.03)	-	-	33.46
Deferred revenue	26.09	(2.47)	-	-	23.62
Provision for right of return/ discounts and others	66.71	17.57	-	-	84.28
MAT credit entitlement/utilised	351.10	(83.64)	-	(40.40)	227.06
Deferred tax assets/(liabilities) (net)	**46.80**	**(27.99)**	**(21.25)**	**(40.40)**	**(42.84)**

Notes to the standalone financial statements

Note 8: Income taxes (Contd.)

D. Tax assets and Liabilities:

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Income tax assets	353.74	272.45
Income tax liabilities	(4.57)	(51.59)

Note 9: Other non-current assets

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good, except otherwise stated)		
Capital advances		
Secured, considered good[i]	0.64	0.06
Unsecured, considered good[ii]	113.87	102.81
Deferred lease assets (Refer note 2.2)	-	33.89
Prepaid expenses	12.73	2.02
VAT receivable	22.69	26.00
	149.93	164.78
i. Secured against bank guarantees.		
ii. Includes amount paid to wholly owned subsidiary - Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited) (refer note 41)	55.74	55.74

Note 10: Inventories

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Lower of cost and net realisable value)		
Raw materials and packing materials	1,349.14	1,245.28
Work-in-progress	700.10	750.85
Finished goods	595.34	529.88
Stock-in-trade	330.07	301.70
Stores, spares and consumables	46.71	40.70
	3,021.36	2,868.41

Notes to the standalone financial statements

Note 10: Inventories (Contd.)

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Goods-in-transit included above		
Raw materials and packing materials	45.26	79.52
Work-in-progress	32.37	27.32
Finished goods	51.62	46.05
Stock-in-trade	13.73	3.69
	142.98	156.58

The Company recorded inventory write down (net) of ₹307.65 crore (31st March, 2019: ₹315.19 crore). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade in profit or loss.

Note 11: Current investments

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Investment in mutual funds (quoted)	834.43	2,011.58
(Carried at fair value through profit or loss)		
Aggregate amount of quoted investments	834.43	2,011.58
Aggregate market value of quoted investments	834.43	2,011.58

Note 12: Trade receivables

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Unsecured, considered good[i]	3,560.27	3,168.73
Unsecured, considered doubtful	163.81	92.20
Less: Allowance for expected credit loss	(163.81)	(92.20)
	3,560.27	3,168.73
i. Includes amount due from related parties (refer note 41)	1,565.70	1,266.75

- Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.
- Trade receivables are interest and non-interest bearing and are generally due upto 180 days.
- For ageing analysis of trade receivables, refer note 45.
- There are no trade receivables which have significant increase in credit risk and trade receivables which are credit impaired.

Notes to the standalone financial statements

Note 13: Cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with banks		
In current accounts	82.55	63.85
In fixed deposits (original maturity less than 3 months)	150.00	0.21
Remittance in transit[i]	28.41	-
Cash on hand	0.58	0.41
	261.54	64.47

i. Remittance in transit from Cipla Europe NV and Medpro Pharmaceutica (Pty) Ltd.

Note 14: Bank balance other than cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Bank deposits (original maturity between 3 months and 12 months)	250.08	100.45
Balance earmarked for unclaimed dividend[i]	11.45	9.64
	261.53	110.09

i. The above balances are restricted for specific use. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2020 and 31st March, 2019.

Note 15: Current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good, except otherwise stated) **(Carried at amortised cost, except otherwise stated)**		
Deposits with body corporate and others		
Considered good	0.94	0.94

Note 15: Current financial assets - loans (Contd.)

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Considered doubtful	2.25	2.25
Less: Allowance for bad and doubtful loans	(2.25)	(2.25)
	0.94	0.94
Loans to employees	3.55	4.10
	4.49	5.04

Note 16: Current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Incentives/ benefits receivable from Government	181.61	103.71
Deposit (refer note 39B)	175.08	175.08
Derivatives not designated as hedge - carried at fair value (Refer note 45)	-	19.82
Derivatives designated as hedge - carried at fair value (forward contract) (Refer note 45)	-	54.93
Margin deposits[i]	3.66	3.47
Inter-company receivables (Refer note 41)	3.53	0.36
Fixed deposit interest receivable	8.05	0.14
Other receivables		
Considered good	10.56	22.12
Considered doubtful	0.46	0.46
Less: Allowance for bad and doubtful advances	(0.46)	(0.46)
	382.49	379.63

i. Amount held as margin money to government authority.

Notes to the standalone financial statements

Note 17: Other current assets

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances to suppliers	119.80	129.63
Prepaid expenses	53.94	57.04
Balances with statutory/revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	523.42	679.34
Others (deferred lease assets (Refer note 2.2) and other advances)	1.45	2.69
	698.61	868.70

Note 18: Equity share capital

₹ in Crores

Particulars	Numbers	As at 31st March, 2020	Numbers	As at 31st March, 2019
Authorised				
Equity shares of ₹2/- each	87,50,00,000	175.00	87,50,00,000	175.00
		175.00		175.00
Issued				
Equity shares of ₹2/- each	80,62,35,329	161.25	80,57,01,266	161.14
		161.25		161.14
Subscribed and paid-up				
Equity shares of ₹2/- each, fully paid-up	80,62,35,329	161.25	80,57,01,266	161.14
		161.25		161.14

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2020	As at 31st March, 2019
Number of shares outstanding at the beginning of the period	80,57,01,266	80,51,19,164
Add: Allotment of equity shares on exercise of employee stock options (ESOS) (Refer note 42)	5,34,063	5,82,102
Number of shares outstanding at the end of the period	80,62,35,329	80,57,01,266

Details of shareholders holding more than 5 percent shares in the Company

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% of holding	Number of shares	% of holding
Dr. Y. K. Hamied	16,39,67,687	20.34%	16,39,67,687	20.35%
ICICI Prudential Mutual Fund	5,06,75,897	6.29%	2,75,05,977	3.41%
Ms. Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.71%

Notes to the standalone financial statements

Note 18: Equity share capital (Contd.)

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 dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. 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.

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

Equity shares reserved for issue under employee stock options

For number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options by the option holders as per the relevant schemes. (Refer note 42).

Note 19: Other equity

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital reserve	0.08	0.08
Securities premium reserve	1,602.03	1,574.59
General reserve	3,142.62	3,142.62
Employee stock options reserve	34.17	42.70
Retained earnings	12,479.72	10,828.56
Cash flow hedge reserve	(16.91)	32.22
	17,241.71	15,620.77

Note 19: Other equity (Contd.)

Nature and purpose of reserve

Capital reserve

The Company recognised profit or loss on sale, issue, purchase or cancellation of the Company's own equity instruments to capital reserve. Capital reserve may be used by the Company only for some specific purpose.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

General reserve

The General reserve is used from time to time to transfer profit from retained earnings for appropriation purpose.

Employee stock options reserve

Employee stock options reserve is used to record the share based payments, expense under the various ESOS schemes as per SEBI regulations. The reserve is used for the settlement of ESOS. (Refer note 42)

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends, or other distributions paid to shareholders.

Cash flow hedge reserve

For the forward contracts designated as cash flow hedges, the effective portion of the fair value of forward contracts are recognised in cash flow hedging reserve under other equity. Upon de-recognition, amounts accumulated in other comprehensive income are taken to profit or loss at the same time as the related cash flow. (Refer note 45)

Notes to the standalone financial statements

Note 20: Other financial liabilities

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Security deposits	55.24	53.36
Lease liabilities (Refer note 2.2)	49.35	-
	104.59	53.36

Note 21: Provisions

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non-current		
Provision for employee benefits (Refer note 40)	105.14	108.12
	105.14	108.12
Current		
Provision for employee benefits (Refer note 40)	127.48	88.88
Provision for litigation - DPCO [Refer note below and note 39B]	104.26	98.49
Provision for right of return/discounts and others (refer note below)	309.76	241.18
	541.50	428.55

Note: Movement of provision for litigation -DPCO and provision for right of return/ discounts and others

Note 21: Provisions (Contd.)

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for litigation - DPCO [Refer note 39B]		
Balance at the beginning of the year	98.49	93.94
Provided during the year	7.00	8.08
Utilised/ reversed/ payout during the year	(1.23)	(3.53)
Balance at the end of the year	104.26	98.49
Provision for right of return/ discounts and others		
Balance at the beginning of the year	241.18	190.90
Provided during the year	772.33	704.22
Utilised/ reversed/ payout during the year	(703.75)	(653.94)
Balance at the end of the year	309.76	241.18

Note 22: Other non-current liabilities

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred government grants	2.70	2.94
Deferred revenue	57.07	60.52
Deferred lease income	0.94	1.04
	60.71	64.50

Notes to the standalone financial statements

Note 23: Financial liabilities - borrowings

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loans repayable on demand from banks (Unsecured loan)		
Working capital demand loan*	6.06	-
	6.06	-

* The working capital demand loan is availed from HSBC Bank repayable on demand at an interest rate of 7.95% p.a.

Note 24: Trade payables

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Total outstanding dues of micro enterprises and small enterprises	77.46	28.01
Total outstanding dues of creditors other than micro enterprises and small enterprises[i]	1,534.66	1,453.34
	1,612.12	1,481.35
i. Includes amount due to related parties (Refer note 41)	192.43	276.30

- These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 0-90 days of recognition based on the credit terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Note 24: Trade payables (Contd.)

- There are no micro and small enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st March, 2020 and no interest payment made during the year to any Micro and Small Enterprises. This information as required to be disclosed under the micro, small and medium enterprises development Act, 2006 has been determined to the extent such parties are identified on the basis of information available with the Company.

Note 25: Other financial liabilities - current

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Unclaimed dividend*	11.45	9.64
Security deposits	3.25	1.33
Capital creditors	54.61	47.26
Employee dues	73.21	84.61
Derivatives not designated as hedge - carried at fair value through profit or loss (Refer note 45)	17.88	-
Derivatives designated as hedge - carried at fair value through OCI (Refer note 45)	38.03	-
Book overdraft	2.47	-
Import advance licences	42.39	37.62
Accrued expenses	45.30	42.22
Lease liabilities (Refer note 2.2)	25.31	-
	313.90	222.68

*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Notes to the standalone financial statements

Note 26: Other current liabilities

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance from customers	19.58	6.30
Amount refundable to customers	10.86	109.28
Income received in advance	7.25	10.03
Other payables:		
Statutory dues	93.69	50.68
Deferred government grants	0.25	0.25
Deferred revenue	9.00	7.07
Deferred lease income	0.51	0.30
	141.14	183.91

Note 27: Revenue from sale of products

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Sale of products (Refer note below)	12,220.22	11,968.44
	12,220.22	11,968.44

IndAS-115 disclosures

(i) Disaggregation of revenue

The Company's revenue disaggregated by business unit is as follows:

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Sale of products		
India		
Branded and trade generics	6,539.82	6,271.96
Others	109.21	221.47
Export sales		
North America (USA)	1,954.06	1,398.06

Note 27: Revenue from sale of products (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)	995.01	1,281.12
Emerging Market (EM)	1,172.05	1,515.37
Europe	727.74	527.88
Active Pharmaceutical Ingredient (API)	719.28	736.50
Others	3.05	16.08
	12,220.22	11,968.44

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

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Contracted price	13,116.41	12,638.27
Less: Trade discounts, sales and expiry return	(896.19)	(669.83)
Sale of product	12,220.22	11,968.44

(iii) Contract assets

The Company recognises an asset i.e., right to the returned saleable goods (included in inventories) for the products expected to be returned in saleable condition. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of returned goods. The Company updates the measurement of the asset recorded for any revision to its expected level of returns, as well as any additional decrease in value of the returned products.

As on 31st March, 2020, the Company has ₹15.96 crore (31st March, 2019 ₹13.24 crore) as contract asset.

Notes to the standalone financial statements

Note 27: Revenue from sale of products (Contd.)

(iv) Contract liabilities

The Company records a contract liability when cash payments are received or due in advance of its performance.

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance from customers	19.58	6.30
Amount refundable to customers	10.86	109.28
Deferred revenue	66.07	67.59

Deferred revenue

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Balance at the beginning of the year	67.59	74.66
Revenue recognised during the year	(9.71)	(7.07)
Milestone payment received during the year	8.19	-
Balance at the end of the year	**66.07**	**67.59**

(v) Information about major customers

No single external customer represents 10% or more of the Company's total revenue for the year ended 31st March, 2020 and 31st March, 2019 respectively.

Note 28: Other operating revenue

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rendering of services	2.74	6.48
Export incentives	249.96	155.27
Technical know-how and licensing fees	16.72	41.02
Scrap sales	29.55	31.90
Sale of marketing and other product license	27.29	72.00
Royalty income	56.02	50.68

Note 28: Other operating revenue (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Goods and service tax area based incentive	22.50	13.78
Miscellaneous income[i]	34.15	34.44
	438.93	**405.57**

i. Income below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

Note 29: Other income

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest income:		
Loan to subsidiaries - carried at amortised cost (Refer note 41)	4.37	19.69
Deposit and others	56.54	39.94
Dividend income:		
Subsidiaries - carried at amortised cost (Refer note below and note 41)	565.51	241.50
Government grants[i]	0.96	6.95
Net gain on foreign currency transaction and translation	119.39	20.38
Net gain on sale of investment -		
Current investments - carried at FVTPL	114.02	96.39
Non-current investments - subsidiaries	0.07	11.02
Fair value gain on financial instruments at fair value through profit or loss	(20.91)	19.11
Net gain on disposal of property, plant and equipment	2.86	-
Sundry balances written back	2.41	26.60
Insurance claim	2.99	4.58
Rent income	9.16	5.35
Corporate guarantee commission (Refer note 41)	18.35	19.92

Note 29: Other income (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Litigation settlement income	-	47.96
Miscellaneous income[ii]	17.13	18.13
	892.85	**577.52**

i. Government grant pertain to subsidy on property, plant and equipment of manufacturing set up. There are no unfulfilled conditions or contingencies attached to these grant.

ii. Income below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

Note: Dividend from following subsidiaries was received during the year.

₹ in Crores

Name of the Company	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Foreign subsidiaries:		
Cipla-Medpro South Africa (Proprietary) Limited	476.73	189.59
Saba Investment Limited	15.05	41.57
Cipla Holding BV	8.75	-
Indian subsidiaries:		
Meditab Specialities Limited	28.30	-
Jay Precision Pharmaceuticals Private Limited	18.29	10.34
Goldencross Pharma Limited	18.39	-
	565.51	**241.50**

Note 30: Cost of materials consumed

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Semi finished goods consumed	978.34	1,025.89
Raw material consumed	917.91	1,023.78
Packing material consumed	992.93	930.80
Cost of material - others	109.99	131.78
	2,999.17	**3,112.25**

Note 31: Purchases of stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Purchases of stock-in-trade	1,363.12	1,259.21
	1,363.12	**1,259.21**

Note 32: Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening stock		
Work-in-progress	750.85	729.73
Finished goods	529.88	700.38
Stock-in-trade	301.70	289.02
	1,582.43	**1,719.13**
Less: Closing stock (Refer note 10)		
Work-in-progress	700.10	750.85
Finished goods	595.34	529.88
Stock-in-trade	330.07	301.70
	1,625.51	**1,582.43**
(Increase)/Decrease	**(43.08)**	**136.70**

Note 33: Employee benefits expense

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages	1,689.00	1,633.63
Contribution to provident and other funds (Refer note 40)	96.77	98.00
Share based payments expense (Refer note 42)[i]	18.56	22.01
Staff welfare expenses	106.75	86.20
	1,911.08	**1,839.84**

i. Share based payments expense charges includes net recovery of ₹0.35 crore from subsidiaries. (31st March, 2019: ₹0.25 crore) (Refer note 41)

Notes to the standalone financial statements

Note 34: Finance costs

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest on DPCO	7.00	8.08
Interest on Lease liabilities	9.64	-
Interest on Working capital demand loan and bank overdraft	0.05	-
Interest others (including interest on taxes)	19.36	8.89
	36.05	16.97

Note 35: Depreciation, impairment and amortisation expense

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Depreciation on property, plant and equipment (Refer note 2.1)	476.22	504.46
Impairment of tangible assets (Refer note 2.1)	14.96	-
Depreciation on right-of-use assets (Refer note 2.2)	38.75	-
Impairment of capital work-in-progress (Refer note 2.3)	-	5.45
Depreciation on investment properties (Refer note 3)	2.75	1.49
Impairment on intangible assets (Refer note 4)	4.03	2.23
Amortisation of intangible assets (Refer note 4)	63.07	56.09
	599.78	569.72

Note 36: Other Expenses

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Manufacturing expenses	501.71	493.74
Stores and spares	120.33	100.49
Repairs and maintenance:		
Buildings	27.16	30.38
Plant and equipment	93.46	78.42
Insurance	28.58	16.20
Rent (Refer note 2.2)	27.04	58.92
Rates and taxes	42.38	26.84
Power and fuel	253.95	264.93
Travelling and conveyance	315.86	275.10
Sales promotion expenses	321.49	363.66
Commission on sales	220.18	270.12
Freight and forwarding	159.70	170.60
Allowance for credit loss (net) (Refer note 45)	103.50	42.88
Contractual services	178.38	158.93
Non-executive directors remuneration (Refer note 41)	8.57	9.12
Postage and telephone expenses	19.29	30.37
Legal and professional fees	557.13	425.94
Payment to auditors:		
Audit fees	1.25	1.21
Taxation matters	0.30	0.20
For other services	0.38	0.36
Reimbursement of expenses	0.26	0.14
Net loss on sale/ disposal of property, plant and equipment	-	2.93
Corporate social responsibility expenditure (CSR) (Refer note 46)	36.31	33.42
Donations[i]	17.14	11.99
Research - clinical trials, samples and grants	391.51	381.23
Miscellaneous expenses[ii]	295.71	275.89
	3,721.57	3,524.01

i. Includes ₹15.00 crore towards donation to Electoral fund (31st March, 2019: ₹9.00 crore).

ii. Expenses below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

Notes to the standalone financial statements

Note 37: Research and development (R&D) expenditure

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
The amount of expenditure as shown in the respective heads of account is as under:		
R&D capital expenditure (gross)		
Building	4.13	7.97
Assets other than building	41.15	26.28
	45.28	34.25
Less: Realisation on sale of R&D assets		
Assets other than building	0.05	0.05
	0.05	0.05
Total R&D capital expenditure (net)	45.23	34.20
R&D revenue expenditure included in the profit or loss (excluding depreciation)		
Materials consumed	182.06	228.30
Employee benefits expense	206.24	208.10
Power and fuel	25.36	25.78
Repairs and maintenance	17.86	21.99
Manufacturing expenses	24.84	22.10
Professional fees	104.08	113.98
Research - clinical trials, samples and grants	246.44	203.10
Printing and stationery	0.21	0.34
Travelling expenses	13.38	18.32
Other research and development expenses	140.74	158.46
Allocated manufacturing expenses for R&D batches	14.89	12.88
Total R&D revenue expenditure	976.10	1,013.35

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Total R&D expenditure	1,021.33	1,047.55
Amount eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961		
R&D capital expenditure (gross)	41.15	26.28
R&D revenue expenditure	881.61	902.01
	922.76	928.29
Less: Realisation on sale of R&D assets	0.05	0.05
	922.71	928.24
Revenue from operations	12,659.15	12,374.01
Total R&D expenditure/ revenue	8.07%	8.47%
Total eligible R&D expenditure/revenue	7.29%	7.50%

Note 38: COVID-19

Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures, which had some impact on the Company's supply chain during March, 2020. The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The management has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Company's financial statements as of and for the year ended 31st March, 2020.

Notes to the standalone financial statements

Note 39: Contingent liabilities, commitments and other litigations (to the extent not provided for)

A. Details of contingent liabilities and commitments:

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Contingent liabilities		
Claims against the Company not acknowledged as debt	310.56	280.26
Guarantees*	2,266.02	4,044.40
Letters of credit	67.28	13.90
Income tax on account of disallowance/additions	49.97	60.86
Excise duty/service tax on account of valuation/ cenvat credit	129.71	137.07
Sales tax on account of credit/classification	6.48	9.44
	2,830.02	**4,545.93**
Commitments		
(a) Estimated amount of contracts unexecuted on capital account [also refer below note (c)]	291.78	256.06

(b) Until previous year, with respect to 0.001% Compulsory Convertible Preference Shares (the'CCPS') issued by Cipla Health Limited ('CHL') , a subsidiary of the Cipla Limited (the'Company'), to Eight Road Investments Mauritius II Limited [Formerly known as FIL Capital Investments (Mauritius) II Limited] ('Investor') aggregating to ₹128.97 crore, Investor had an option to sell the CCPS to CHL or the Company at the fair value of such CCPS on exercise date of such option. Such option was exercisable upto 1st April,2021, only in the event Cipla Health Limited/ the Company fails to provide an exit opportunity to the Investor in the form of qualified public offering, secondary sale or acquisition, before then.

During the year, the Company purchased CCPS from Investor and thereby there is no outstanding commitment as at 31st March, 2020.

(c) Deal with Venus Remedies Limited:

During the year, the Company signed for an acquisition of a novel and patented anti-infective product, Elores, from Venus Remedies Limited ("VRL") for the Indian market to further strengthen its presence in the branded Indian critical care space and as a part of its agenda to contribute to the fight against Anti-Microbial Resistance. The deal includes the acquisition of intellectual property rights such as trademarks, design and know-how related to the brand. The transaction is subject to fulfilment of certain completion conditions and both parties would be working together to complete this.

Total consideration committed for the transaction is ₹65 crore and contingent considerations on achievement of certain milestones which are based on achievement of the specific net sales from Elores brand ranging from 1st January, 2020 to 31st December, 2024, payable on 31st March, 2024 as first milestone payment and on 31st March, 2025 as second milestone payment.

*The Company has given guarantees in favour of various banks for ₹4,440.40 Crore (31st March, 2019: ₹4,080.39 Crore) relating to loan obtained by Cipla (EU) Limited and Invagen Pharmaceuticals Inc. (wholly owned subsidiaries). Loan outstanding as at 31st March, 2020 is ₹2,084.39 Crore (31st March, 2019 ₹3,885.47 Crore). (Refer note 41)

Note:

i. Claims against the Company not acknowledged as debt include claim relating to pricing, commission, etc.

ii. It is not practicable for the Company to estimate the timing of cash outflow, if any, in respect of our pending resolution of the respective proceedings as it is determined only on receipt of judgements/ decisions pending with various forum/authorities.

iii. The Company does not expect any reimbursements in respect of the above contingent liabilities.

iv. The Company's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

v. There has been a judgement by the Honourable Supreme Court of India dated 28th February, 2019,

Notes to the standalone financial statements

Note 39: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the Employee Provdient Fund Act,1952 ("EPF"). In view of the interpretative aspects related to the Judgement including the effective date of application, the Company has been advised to await further developments in this matter. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

B. Details of other litigations:-

(i) The Government of India has served demand notices in March 1995 and May 1995 on the Company in respect of six bulk drugs, claiming that an amount of ₹5.46 crore along with interest due thereon is payable into the DPEA under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Company. The Company has filed its replies to the notices and has contended that no amount is payable into the DPEA under the Drugs (Prices Control) Order, 1979.

(ii) The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Orders. The total demand against the Company as stated in NPPA public disclosure amounts to ₹2,655.13 crore.

Out of the above, demand notices pertaining to a set of products being Norfloxacin, Ciprofloxacin, Salbutamol and Theophylline were challenged by the Company (i) in the Honourable Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, as they cannot be included in the ambit of price control based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and (ii) in the Honourable Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company and the matters were carried in appeal by the Union of India to the Honourable Supreme Court of India. The Honourable Supreme Court in its judgment of 1st August, 2003 remanded the said writ petitions to the Honourable Bombay High Court with directions that the Court will have to consider the petitions afresh, having due regard to the observations made by the Honourable Supreme Court in its judgment. On the Union of India filing transfer petitions, the Honourable Supreme Court ordered transfer of the said petitions to the Honourable Bombay High Court to it for being heard with the appeal filed against the Honourable Allahabad High Court order. Subsequently, in its order of 20th July, 2016 the Honourable Supreme Court recalled its transfer order and remanded the petitions to Honourable Bombay High Court for hearing. While remanding the matter to Honourable Bombay High Court, the Honourable Supreme Court directed Cipla to deposit 50% of the overcharged amount with the NPPA as stated in its order of 1st August, 2003 which at that point of time was ₹350.15 crore. Complying with the directions passed by the Honourable Supreme Court, Cipla has deposited an amount of ₹175.08 crore which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices in these cases post such transfer of cases to Honourable Bombay High Court. Meanwhile, the Honourable Supreme Court of India vide its Order and Judgment dated 21st October, 2016, allowed the Appeals filed by the Government against the Judgment and Order of the Honourable Allahabad High Court regarding basis of fixation of retail prices. The said order was specific to fixation of retail prices without adhering to the formula/ process laid down in DPCO, 1995. However, the grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Honourable Bombay High Court.

The Honourable Bombay High Court had, in expectation of NPPA filing its counter-statement on status of each petitioner's compliance with the 2003 and 2016 Honourable Supreme Court orders (on deposit 50% of amount demanded), re-scheduled the hearing for 5th June, 2019, but the same was not listed on that date.

Further during the current quarter ended 31st March, 2020, the Company filed amendment applications before the Honourable Bombay High Court to incorporate the effect of a ruling by the Honourable Supreme Court of India to adjust trade margins of 16% from outstanding demands as not accrued to the manufacturers and to re-calculate interest from date of non-payment of demand within the time period stated in each demand. The said amendment also places certain additional grounds on record. The Honourable Bombay High Court issued notice to Union of India and NPPA on

Notes to the standalone financial statements

Note 39: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

the amendment applications and set 30th March, 2020 for further hearing but the case was adjourned due to the COVID-19 lockdown and the next date is awaited.

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Honourable Supreme Court of India. Although, the decision of Honourable Supreme Court dated 21st October, 2016 referred above was in favour of Union of India with respect to the appeals preferred by the Government challenging the Honourable Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Honourable Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹1,736.00 crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹2,272.32 crore (after adjusting deposit of ₹175.08 crore), however, the Company has not received any further notices beyond an aggregate amount of ₹1,736.00 crore.

In addition, Company had made provision of ₹104.26 crore as of 31st March, 2020 for products not part of the referenced writ proceedings. Few demands for these products aggregating ₹90.26 crore received recently, were challenged before the Honourable Bombay High Court and the Honourable Delhi High Court and no coercion orders obtained. These writs are pending final hearing by the Courts for which the next date is awaited.

Note 40 : Employee benefits

a. Description of the plan:

Retirement benefit plans of the Company include Gratuity and Provident Fund. The Company established the Cipla Limited Employees Gratuity Fund (the "Gratuity Fund") to fund the Gratuity Plan. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

Provident Fund is managed through Cipla Limited Employees Provident Fund Trust (the "Provident Fund") managed by the Company.

Note 40 : Employee benefits (Contd.)

b. Governance of the plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Further, since these funds are Income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act and Rules.

c. Investment strategy:

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

d. Charge to the profit or loss:

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Defined contribution plan		
Employees pension scheme	30.95	23.97
Others - ESIS, Labour welfare fund, etc.	3.17	5.24
	34.12	**29.21**
Defined benefit plan		
Gratuity	21.35	26.84
Provident fund	41.30	41.95
	62.65	**68.79**
Total contribution to provident fund and other fund	**96.77**	**98.00**

Notes to the standalone financial statements

Note 40 : Employee benefits (Contd.)

e. Disclosures for defined benefit plans based on actuarial reports

₹ in Crores

Particulars	31st March, 2020 Gratuity (funded plan)	31st March, 2019 Gratuity (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	133.11	134.35
Interest cost	10.37	10.52
Current service cost	22.09	27.15
Actuarial changes arising from changes in demographic assumptions	18.41	(4.21)
Actuarial changes arising from changes in financial assumptions	7.64	5.41
Actuarial changes arising from changes in experience assumptions	(7.28)	(12.29)
Benefits paid	(20.89)	(27.82)
Liability at the end of the year	**163.45**	**133.11**
ii. Change in fair value of assets		
Opening fair value of plan assets	142.63	138.27
Expected return on plan assets	11.11	10.83
Return on plan assets, excluding interest income	(3.58)	0.91
Contributions by employer	15.00	15.00
Benefits paid	(29.65)	(22.38)
Closing fair value of plan assets	**135.51**	**142.63**
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(163.45)	(133.11)
Fair value of plan assets as at year end	135.51	142.63
Net asset/(liability) recognised	**(27.94)**	**9.52**
iv. Expenses recognised in profit or loss		
Current service cost	22.09	27.15
Interest on defined benefit obligation	10.37	10.52
Expected return on plan assets	(11.11)	(10.83)
Total expense recognised in profit or loss	**21.35**	**26.84**
v. Expenses recognised in other comprehensive income (OCI)		
Actuarial changes arising from changes in demographic assumptions	18.41	(4.21)
Actuarial changes arising from changes in financial assumptions	7.64	5.41
Actuarial changes arising from changes in experience assumptions	(7.28)	(12.29)
Actuarial gain/(loss) return on plan assets, excluding interest income	3.58	(0.91)
Net (income)/expense for the period recognised in OCI	**22.35**	**(12.00)**
vi. Actual return on plan assets		
Expected return on plan assets	11.11	10.83
Actuarial gain/(loss) on plan assets	(3.58)	0.91
Actual return on plan assets	**7.53**	**11.74**
vii. Asset information		
Insurer managed funds	**100%**	**100%**
viii. Expected employer's contribution for the next year	**45.00**	**12.59**

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences (Refer note 40(g)) are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense :

Notes to the standalone financial statements

Note 40: Employee benefits (Contd.)

Principal actuarial assumptions used	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Financial assumptions:		
Discounted rate (per annum)	6.84%	7.79%
Expected rate of return on plan assets	6.84%	7.79%
Expected rate of future salary increase (per annum)		
- For the next 2 years	5.00%	7.00%
- Thereafter starting from the 3rd year	5.00%	5.00%
Demographic assumptions:		
Mortality rate	Indian assured lives Mortality (2006-08) Ultimate	Indian assured lives Mortality (2006-08) Ultimate
Retirement age	60 years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	15.00%	15.00%
- For Service 5 years and above	5.00%	1.00%

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.

Sensitivity Analysis

₹ in Crores

Particulars	For the Year ended 31st March, 2020		For the Year ended 31st March, 2019	
Discount rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	(13.45)	15.71	(15.97)	19.31
Salary growth rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	15.84	(13.79)	19.62	(16.46)
Attrition rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	2.14	(2.46)	5.48	(6.34)

The sensitivity analysis above has been determined based on reasonable possible changes of the respective assumption occurring at the end of the reporting period while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes to the standalone financial statements

Note 40: Employee benefits (Contd.)

Maturity analysis of the benefit payments: from the fund

₹ in Crores

Projected benefits payable in future years from the date of reporting	As at 31st March, 2020	As at 31st March, 2019
1st following year	10.75	3.94
2nd following year	10.89	2.83
3rd following year	12.35	4.50
4th following year	15.08	5.74
5th following year	16.07	9.65
Sum of years 6 to 10	60.63	43.62
Sum of years 11 and above	235.44	405.00

f. The details of the Company's defined benefit plans in respect of the Company owned provident fund trust based on the actuarial reports

₹ in Crores

Particulars	31st March, 2020 Provident fund (funded plan)	31st March, 2019 Provident fund (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	945.15	862.31
Interest cost	82.13	73.05
Current service cost	41.30	41.95
Employee contribution	82.43	76.80
Liability transferred in	25.63	19.86
Benefits paid	(140.46)	(128.11)
Other experience adjustment	49.75	(0.71)
Liability at the end of the year	**1,085.93**	**945.15**
ii. Change in fair value of assets		
Opening fair value of plan assets	962.45	875.33
Expected return on plan assets	82.13	73.05
Actuarial gain	49.75	3.54
Contributions	123.73	118.75
Transfer of plan assets	25.63	19.86
Benefits paid	(140.46)	(128.11)
Other experience adjustment	(9.23)	0.03
Closing fair value of plan assets	**1,094.00**	**962.45**
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(1,085.93)	(945.15)
Fair value of plan assets as at year end	1,094.00	962.45
Funded status	(8.07)	(17.30)
Net asset/(liability) recognised	**-**	**-**
iv. Expenses recognised in profit or loss		
Current service cost	41.30	41.95
Interest cost	82.13	73.05
Expected return on plan assets	(82.13)	(73.05)
Total expense recognised in profit or loss	**41.30**	**41.95**

Notes to the standalone financial statements

Note 40: Employee benefits (Contd.)

f. The details of the Company's defined benefit plans in respect of the Company owned provident fund trust based on the actuarial reports

₹ in Crores

Particulars	31st March, 2020 Provident fund (funded plan)	31st March, 2019 Provident fund (funded plan)
v. Actual return on plan assets		
Expected return on plan assets	82.13	73.05
Actuarial gain on plan assets	49.75	3.54
Actual return on plan assets	**131.88**	**76.59**
vi. Asset information		
Investment in PSU bonds	475.27	423.54
Investment in Government securities	502.73	423.75
Bank special deposit	15.58	15.58
Investment in other securities	42.10	36.03
Private sector bonds	-	4.00
Equity/insurer managed funds/mutual funds	52.67	55.72
Cash and cash equivalents	5.65	3.83
Total assets at the end of the year	**1,094.00**	**962.45**
vii. Principal actuarial assumptions used		
Discounted rate (p.a.)	6.84%	7.79%
Expected rate of return on plan assets (p.a.)	8.50%	8.65%
Expected rate of future salary increase (p.a.)		
- For the next 2 years	5.00%	7.00%
- Thereafter starting from the 3rd year	5.00%	5.00%
viii. Experience adjustments		
Defined benefit obligation	1,085.93	945.15
Plan assets	(1,094.00)	(962.45)
Deficit/(surplus)	**(8.07)**	**(17.30)**
Experience adjustment on plan assets - gain	49.75	3.54

g. Compensated absences note:

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Company towards this obligation was ₹121.07 crore and ₹115.11 crore as at 31st March, 2020 and 31st March, 2019, respectively.

Notes to the standalone financial statements

Note 41: Related Party Disclosures

Information on related party transactions as required by Ind AS-24 - Related Party Disclosures are given below:

A. Enterprise where control exists:

Sr. No.	Name of the Company
(a)	**Subsidiaries (held directly)**
1	Cipla FZE (upto 31st March, 2018 and finally liquidated w.e.f. 11th february, 2019)
2	Cipla (Mauritius) Limited (in the process of liquidation)
3	Cipla-Medpro South Africa (Proprietary) Limited
4	Cipla Holding B.V.
5	Cipla Biotec Limited (formerly known as Cipla Biotec Private Limited)
6	Cipla (EU) Limited
7	Cipla Health Limited (purchased non controlling interest of 26.16% on 7th August, 2019)
8	Goldencross Pharma Limited (formerly known as Goldencross Pharma Private Limited)
9	Jay Precision Pharmaceuticals Private Limited
10	Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited)
11	Saba Investment Limited
12	Cipla Pharmaceuticals Limited (Incorporated on 19th November, 2019)
(b)	**Subsidiaries (held indirectly)**
13	Cipla (UK) Limited (in the process of liquidation)
14	Cipla Australia Pty. Ltd
15	Medispray Laboratories Private Limited
16	Sitec Labs Limited (formerly known as Sitec Labs Private Limited)
17	Meditab Holdings Limited
18	Tasfiye Halinde Cipla İlaç Ticaret Anonim Şirketi (formerly known as Cipla İlaç Ticaret Anonim Şirketi) (Liquidated on 7th October, 2019)
19	Cipla Kenya Limited
20	Cipla Malaysia Sdn. Bhd.
21	Cipla Europe NV
22	Cipla Quality Chemical Industries Limited
23	Galilee Marketing Proprietary Limited (liquidated w.e.f. 11th October, 2018)
24	Inyanga Trading 386 Proprietary Limited (in the process of liquidation)
25	Xeragen Laboratories Proprietary Limited (liquidated w.e.f. 7th September, 2018)
26	Cipla-Medpro Holdings Proprietary Limited (in the process of liquidation)
27	Cape to Cairo Exports Proprietary Limited (in the process of de-registration)
28	Cipla Dibcare Proprietary Limited (in the process of liquidation)
29	Cipla Life Sciences Proprietary Limited
30	Cipla-Medpro Proprietary Limited
31	Cipla-Medpro Distribution Centre Proprietary Limited
32	Cipla Medpro Botswana Proprietary Limited
33	Cipla OLTP (Pty) Limited (formerly known as Cipla Nutrition Proprietary Limited)
34	Medpro Pharmaceutica Proprietary Limited
35	Med Man Care Proprietary Limited (liquidated w.e.f. 15th October, 2018)
36	Breathe Free Lanka (Private) Limited
37	Medica Pharmaceutical Industries Company Limited
38	Cipla Pharma Lanka (Private) Limited (purchased non controlling interest of 40% on 30th January, 2020)
39	Cipla Brasil Importadora E Distribuidora De Medicamentos Limiteda.
40	Cipla Maroc SA
41	Cipla Middle East Pharmaceuticals FZ-LLC
42	Quality Chemicals Limited
43	Cipla Philippines Inc.
44	Cipla USA Inc.
45	InvaGen Pharmaceuticals Inc.
46	Exelan Pharmaceuticals Inc.
47	Anmaraté (Pty) Limited
48	Cipla Biotec South Africa (Pty) Limited
49	Cipla Algérie
50	Cipla Technologies LLC, USA
51	Cipla Gulf FZ-LLC (w.e.f. 10th October, 2018)
52	Mirren (Pty) Limited (w.e.f. 22nd October, 2018)
53	Madison Pharmaceuticals Inc. (w.e.f 26th October, 2018)
54	Cipla Colombia SAS (incorporated on 25th April, 2019)
55	Cipla (China) Pharmaceutical Co. Ltd. (incorporated on 20th May, 2019)
56	Cipla (Jiangsu) Pharmaceutical Co., Ltd (incorporated on 8th August, 2019)
(c)	**Associates held directly**
57	AMPSolar Power Systems Private Limited (w.e.f. 12th June, 2019)
(d)	**Associates held indirectly**
58	Stempeutics Research Private Limited
59	Avenue Therapeutics, Inc.
60	Brandmed (Pty) Ltd (w.e.f. 24th April, 2019)

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

B. Key management personnel (KMP)

1 Ms. Samina Hamied - Executive Vice-Chairperson
2 Mr. Umang Vohra – Managing Director and Global Chief Executive Officer
3 Mr. Kedar Upadhye - Global Chief Financial Officer
4 Dr. Raghunathan Ananthanarayanan - Global Chief Operating Officer (from 8th August, 2018 and upto 31st December, 2019)

C. Non-executive Chairman and Non-executive Vice-Chairman

1 Dr. Y. K. Hamied, Chairman
2 Mr. M. K. Hamied, Vice Chairman

D. Non-executive Directors

1 Mr. Ashok Sinha
2 Mr. Adil Zainulbhai
3 Ms. Punita Lal
4 Ms. Naina Lal Kidwai
5 Ms. Ireena Vittal (upto 31st March, 2019)
6 Mr. Peter Lankau (upto 30th June, 2019)
7 Dr. Peter Mugyenyi
8 Mr. S. Radhakrishnan

E. Entities over which Key management personnel are able to exercise significant influence

1 Cipla Foundation
2 Chest Research Foundation (formerly known as Hamied Foundation upto 14th October, 2019)
3 Cipla Cancer and AIDS Foundation

F. Trust over which entity has control/significant influence

1 Cipla Limited Employees Provident Fund
2 Cipla Limited Employees Gratuity Fund
3 Cipla Employees Stock Option Trust
4 Cipla Health Employees Stock Option Trust

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A. Equity component of ICD converted to non-current investment		
Meditab Specialities Limited (Refer note 5)	-	50.70
	-	**50.70**
B. Equity component of ICD converted on account of loan conversion		
Meditab Specialities Limited (Refer note 5)	50.70	-
	50.70	**-**
C. Investment made - equity		
Cipla (EU) Limited	2,093.48	206.84
Cipla Health Limited	40.00	43.73
Meditab Specialities Limited (Refer note 5)	224.15	50.70
Cipla Pharmaceuticals Limited	20.00	-
	2,377.63	**301.27**
D. Investment made in associates - equity		
AMPSolar Power Systems Private Limited [Refer note 5 and 5 (viii)]	0.09	-
	0.09	**-**
E. Investment made in associates - CCD		
AMPSolar Power Systems Private Limited [Refer note 5 and 5 (viii)]	8.91	-
	8.91	**-**
F. Sale/buy- back of investment - equity		
Cipla (Mauritius) Limited (Refer note 5)	1.27	105.91
	1.27	**105.91**
G. Share cancellation		
Cipla Holding B.V. (Refer note 5)	94.07	-
	94.07	**-**

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
H. Loan repaid		
Meditab Specialities Limited (Refer note 5)	173.45	-
	173.45	**-**
I. Loans given/ unwinding of interest		
Meditab Specialities Limited	4.37	19.69
	4.37	**19.69**
J. Outstanding payables		
Goldencross Pharma Limited	42.47	75.62
Saba Investment Limited	-	0.36
Sitec Labs Limited	23.41	25.74
Cipla Europe NV	-	54.74
Cipla (UK) Limited	-	0.53
Medispray Laboratories Private Limited	68.02	45.75
InvaGen Pharmaceuticals Inc.	-	1.15
Cipla Malaysia Sdn. Bhd.	2.10	2.34
Cipla (EU) Limited	-	39.89
Jay Precision Pharmaceuticals Private Limited	12.16	9.80
Cipla Biotec Limited	4.10	2.08
Meditab Specialities Limited	9.60	18.30
Cipla Gulf FZ LLC	0.89	-
Cipla Kenya Limited	14.24	-
Cipla (China) Pharmaceutical Co. Ltd	5.19	-
Cipla Life Sciences (Pty) Ltd	0.02	-
Cipla Brasil Importadora E Distribuidora De Medicamentos Limiteda.	10.23	-
	192.43	**276.30**

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
K. Outstanding receivables		
Cipla Gulf FZ LLC.	-	0.01
Quality Chemicals Limited	12.07	10.31
Breathe Free Lanka (Private) Limited	75.88	68.42
Cipla Quality Chemical Industries Limited	41.64	41.54
Cipla Australia Pty. Ltd	28.69	18.60
Cipla USA Inc.	910.26	804.20
Cipla-Medpro South Africa Proprietary Limited	260.70	239.48
Cipla Holding B.V.	0.03	0.01
Cipla Health Limited	27.48	23.61
Cipla Kenya Limited	-	1.00
Cipla Middle East Pharmaceuticals FZ-LLC	87.44	37.20
Cipla Maroc S.A.	2.99	12.77
Exelan Pharmaceuticals Inc.	15.74	0.63
Cipla Technologies LLC, USA	7.49	8.36
Medica Pharmaceutical Industries Company Limited	0.63	0.97
Cipla (EU) Limited	35.24	-
Cipla Colombia SAS	21.65	-
Cipla Europe NV	35.15	-
InvaGen Pharmaceuticals Inc.	6.14	-
Saba Investment Limited	0.01	-
	1,569.23	**1,267.11**
L. Capital advance		
Meditab Specialities Limited (Refer note 9)	55.74	55.74
	55.74	**55.74**

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
M. Loan to subsidiaries		
Meditab Specialities Limited (Refer note 6)	-	169.08
	-	**169.08**
N. Interest received (Refer note 29)		
Meditab Specialities Limited	4.37	19.69
Cipla (EU) Limited (Guarantee commission)	6.80	8.01
InvaGen Pharmaceuticals Inc. (Guarantee commission)	10.08	11.91
Cipla Australia Pty. Ltd (Guarantee commission)	0.04	-
	21.29	**39.61**
O. Remuneration (Including sitting fees)[i]		
Dr. Y.K. Hamied	2.03	2.02
Mr. M.K. Hamied	2.08	2.07
Ms. Samina Hamied	6.74	7.27
Mr. Umang Vohra	15.05	17.06
Mr. S.Radhakrishnan	2.10	2.09
Mr. Kedar Upadhye	3.84	3.85
Dr. Raghunathan Ananthanarayanan	-1.02	8.85
Mr. Ashok Sinha	0.48	0.46
Mr. Adil Zainulbhai	0.47	0.38
Ms. Punita Lal	0.40	0.41
Ms. Naina Lal Kidwai	0.45	0.43
Ms. Ireena Vittal	-	0.41
Mr. Peter Lankau	0.10	0.44
Dr. Peter Mugyenyi	0.46	0.43
	33.18	**46.17**

i. Expenses towards gratuity, compensated absences and premium paid for group health insurance has not been considered in above information as a separate actuarial valuation/premium paid are not available.

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
P. Purchase of goods		
Goldencross Pharma Limited	102.71	97.49
Medispray Laboratories Private Limited	142.64	159.99
Meditab Specialities Limited	0.04	0.13
Jay Precision Pharmaceuticals Private Limited	96.84	102.69
Cipla Quality Chemical Industries Limited	1.08	0.21
Cipla Health Limited	1.07	0.24
InvaGen Pharmaceuticals Inc.	0.41	19.62
Stempeutics Research Private Limited	-	0.16
Cipla Biotec Limited	-	0.02
	344.79	**380.55**
Q. Processing charges paid		
Goldencross Pharma Limited	52.00	56.56
Medispray Laboratories Private Limited	48.19	51.65
Meditab Specialities Limited	36.19	38.15
	136.38	**146.36**
R. Testing and analysis charges paid		
Sitec Labs Limited	82.98	76.44
Stempeutics Research Private Limited	2.06	1.79
Cipla Biotec Limited	0.09	-
	85.13	**78.23**
S. Freight charges paid		
Goldencross Pharma Limited	0.28	0.34
Meditab Specialities Limited	0.00	-

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Stempeutics Research Private Limited	0.02	-
	0.30	**0.34**
T. Sale of goods		
Goldencross Pharma Limited	3.69	2.82
Meditab Specialities Limited	0.30	0.31
Medispray Laboratories Private Limited	20.86	29.77
Cipla Quality Chemical Industries Limited	24.44	46.35
Cipla Health Limited	1.01	0.00
Sitec Labs Limited	0.45	0.50
Cipla (EU) Limited	46.77	16.30
Cipla Europe NV	110.95	60.45
Cipla-Medpro South Africa Proprietary Limited	17.27	645.58
Cipla Australia Pty. Ltd	10.99	16.49
Cipla USA Inc.	1,516.03	1,166.76
Quality Chemicals Limited	9.49	6.18
InvaGen Pharmaceuticals Inc.	2.37	0.92
Cipla Kenya Limited	2.39	(5.93)
Cipla Maroc S.A.	15.41	13.01
Cipla Middle East Pharmaceuticals FZ-LLC	112.04	87.34
Breathe Free Lanka (Private) Limited	87.93	111.70
Jay Precision Pharmaceuticals Private Limited	-	0.03
Cipla Colombia SAS	20.50	-
Cipla Gulf FZ-LLC	32.20	-
Cipla Life Sciences Proprietary Limited	0.18	-

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Medpro Pharamaceutica (Pty) Ltd	474.79	-
Exelan Pharmaceuticals Inc.	48.40	-
	2,558.46	**2,198.58**
U. Sale of assets		
Goldencross Pharma Limited	-	0.00
Meditab Specialities Limited	0.01	0.02
Medispray Laboratories Private Limited	0.23	0.05
Cipla Biotec Limited	0.02	-
InvaGen Pharmaceuticals Inc.	0.17	-
	0.43	**0.07**
V. Purchase of assets		
Cipla Biotec Limited	0.64	0.48
Goldencross Pharma Limited	-	0.61
Stempeutics Research Private Limited	-	3.00
	0.64	**4.09**
W. Processing charges received		
Meditab Specialities Limited	0.83	0.38
Medispray Laboratories Private Limited	1.91	4.96
	2.74	**5.34**
X. Contribution to provident fund and other fund		
Cipla Limited Employees Gratuity Fund	15.00	15.00
Cipla Limited Employees Provident Fund	41.30	41.95
	56.30	**56.95**

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Y. Service charges paid		
Cipla Biotec Limited	13.90	12.27
Cipla (EU) Limited	9.59	7.89
Cipla (UK) Limited	0.39	1.35
Cipla Australia Pty. Ltd	14.38	13.34
Cipla Ilac Ticaret Anonim Sirketi	-	0.78
Cipla USA Inc.	40.73	32.45
Cipla Malaysia Sdn. Bhd.	12.27	19.12
Cipla Europe NV	23.59	9.54
Cipla-Medpro South Africa Proprietary Limited	-	1.71
Quality Chemicals Limited	2.20	1.06
Chest Research Foundation	-	2.22
Cipla Health Ltd.	1.21	-
Cipla (China) Pharmaceutical Co. Ltd	5.41	-
Cipla Gulf FZ-LLC	14.99	-
Exelan Pharmaceuticals Inc.	13.14	-
	151.80	**101.73**
Z. Service charges received		
Cipla Biotec Limited	2.67	2.06
Cipla Health Limited	16.99	13.43
Saba Investment Limited	-	0.23
Cipla (EU) Limited	1.59	1.57
Cipla (UK) Limited	0.01	0.06
Cipla Europe NV	0.10	0.16
Cipla Holding B.V.	0.04	0.09
Cipla-Medpro South Africa Proprietary Limited	-	0.25
Cipla Technologies LLC, USA	5.62	6.46
Cipla USA Inc.	0.38	0.26

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
InvaGen Pharmaceuticals Inc.	1.64	3.75
Goldencross Pharma Limited	0.07	0.06
Medispray Laboratories Private Limited	0.18	0.20
Cipla Quality Chemical Industries Limited	0.19	0.36
Cipla Australia Pty. Ltd	0.01	0.00
Breathe Free Lanka (Private) Limited	0.01	0.01
Cipla Kenya Limited	0.00	0.00
Cipla Maroc S.A.	0.01	0.00
Exelan Pharmaceuticals Inc.	0.08	0.37
Meditab Specialities Limited	0.09	0.08
Cipla Malaysia Sdn. Bhd.	0.00	0.00
Sitec Labs Limited	0.11	0.11
Medpro Pharamaceutica (Pty) Ltd	0.45	-
Cipla Gulf FZ-LLC	0.26	-
	30.50	**29.51**
AA. Donations given		
Cipla Foundation	35.11	28.80
Chest Research Foundation	2.00	-
	37.11	**28.80**
AB. Rent received		
Dr. Y.K. Hamied (₹20,040/- in both the year)	0.00	0.00
Cipla Biotec Limited	1.33	1.33
	1.33	**1.33**
AC. Reimbursement of operating/other expenses		
Cipla Biotec Limited	0.09	0.02
Cipla Maroc S.A.	0.13	0.49

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cipla Quality Chemical Industries Limited	0.18	0.12
Meditab Specialities Limited	0.02	0.00
InvaGen Pharmaceuticals Inc.	8.83	10.25
Cipla Health Limited	15.24	0.36
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	10.23	1.98
Cipla Kenya Limited	0.58	0.77
Cipla USA Inc.	10.01	20.34
Stempeutics Research Private Limited	0.31	0.18
Cipla (UK) Limited	0.01	-
Cipla Colombia SAS	4.09	-
Cipla Technologies LLC	0.06	-
Medispray Laboratories Private Limited	0.00	-
Medpro Pharamaceutica (Pty) Ltd	0.95	-
Quality Chemicals Limited	0.02	-
	50.75	**34.51**
AD. Reimbursement received of operating/other expenses		
Goldencross Pharma Limited	0.61	0.83
Meditab Specialities Limited	0.46	0.45
Jay Precision Pharmaceuticals Private Limited	0.36	0.61
Cipla Health Limited	3.48	4.12
Cipla Gulf FZ-LLC	0.01	0.54
Cipla (EU) Limited	1.13	0.30
Cipla Australia Pty. Ltd	0.10	0.00
Cipla (UK) Limited	0.00	0.01

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cipla-Medpro South Africa Proprietary Limited	-	1.17
Cipla Quality Chemical Industries Limited	0.37	0.34
Cipla USA Inc.	2.23	0.21
Medispray Laboratories Private Limited	0.89	0.99
Cipla Biotec Limited	0.01	0.01
Sitec Labs Limited	0.39	0.43
Cipla Europe NV	1.12	0.12
InvaGen Pharmaceuticals Inc.	1.52	1.16
Breathe Free Lanka (Private) Limited	0.23	0.12
Cipla Malaysia Sdn. Bhd.	0.05	0.02
Cipla Maroc S.A.	0.30	0.05
Cipla Holding B.V.	0.16	0.05
Cipla Technologies LLC, USA	1.63	1.89
Exelan Pharmaceuticals Inc.	0.05	0.04
Cipla Kenya Limited	0.08	0.04
Medpro Pharamaceutica (Pty) Ltd	2.13	-
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	0.00	-
Cipla Colombia SAS	0.01	-
	17.32	**13.50**
AE. Royalty received		
Cipla Health Limited	4.00	2.96
Cipla Quality Chemical Industries Limited	7.44	15.83
Cipla-Medpro South Africa Proprietary Limited	44.58	31.89
	56.02	**50.68**

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
AF. Technical know-how fees received		
Cipla Health Limited	1.55	-
	1.55	-
AG. Royalty paid		
Cipla (EU) Limited	4.19	4.22
	4.19	4.22
AH. Dividend received		
Cipla-Medpro South Africa (Proprietary) Limited	476.73	189.59
Saba Investment Limited	15.05	41.56
Jay Precision Pharmaceuticals Private Limited	18.29	10.35
Goldencross Pharma Limited	18.39	-
Cipla Holding B.V.	8.75	-
Meditab Specialities Limited	28.30	-
	565.51	241.50
AI. Guarantee given on behalf of subsidiary Company		
Cipla (EU) Limited	833.72	1,562.90
Invagen Pharmaceuticals Inc.	1,250.67	2,322.57
	2,084.39	3,885.47
AJ. Dividend paid		
Dr. Y.K. Hamied	114.78	50.02
Mr. M.K. Hamied	24.20	10.37
Ms. Samina Hamied	12.53	5.37
Mr. Umang Vohra	0.16	0.04
Mr. S.Radhakrishnan	0.11	0.01
Mr. Kedar Upadhye	0.03	-
	151.81	65.81
AK. Payable to KMP and Non executive directors (Commission/remuneration)		
Dr. Y.K. Hamied	2.00	2.00
Mr. M.K. Hamied	2.00	2.00

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Ms. Samina Hamied	2.30	2.30
Mr. Umang Vohra	4.00	5.50
Mr. S.Radhakrishnan	2.00	2.00
Mr. Kedar Upadhye	0.90	0.91
Mr. Ashok Sinha	0.40	0.40
Mr. Adil Zainulbhai	0.36	0.32
Ms. Punita Lal	0.35	0.35
Ms. Naina Lal Kidwai	0.35	0.35
Ms. Ireena Vittal	-	0.36
Mr. Peter Lankau	0.10	0.40
Dr. Peter Mugyenyi	0.41	0.40
Dr. Raghunathan Ananthanarayanan	-	1.78
	15.17	19.07
AL. Contribution payable to gratuity/provident fund		
Cipla Limited Employees Provident Fund	10.37	9.64
Cipla Limited Employees gratuity fund	27.94	-
	38.31	9.64
AM. Receivable from gratuity fund		
Cipla Limited Employees Gratuity Fund	-	9.51
	-	9.51

Terms and conditions of transactions with related parties:

All related party transactions entered during the year were in ordinary course of the business and on arms length basis. Outstanding balances at the year end are unsecured and settlement occurs in cash.

Refer note 44 for terms and conditions for loans given to subsidiaries.

Notes to the standalone financial statements

Note 42: Employee stock option scheme

Employee stock option scheme

The Company has implemented "ESOS 2013 - A" as approved by the shareholders on 22nd August 2013. The plan covers all the employees of the Company and its subsidiaries and directors (excluding promoter directors) [collectively "eligible employees"]. The nomination and remuneration committee of the Board of Cipla Limited administers this ESOS plan and grants stock options to the eligible employees. 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	21-May-19	2,72,522	2.00	2 years	5 years from vesting date
ESOS 2013 - A	21-May-19	66,555	2.00	1 year	5 years from vesting date
ESOS 2013 - A	05-Nov-19	1,50,118	2.00	50% options in 1 year and remaining 50% to vest in 2 years	On or before 31st December of the respective calendar year of vesting

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹2 each.

Weighted average share price for options exercised during the year :

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	493.35

Stock option activity under the scheme(s) for the year ended 31st March, 2020 is set out below:

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	10,55,791	2.00	2.00	4.57
Granted during the year	4,89,195	2.00	2.00	-
Forfeited/cancelled during the year	82,006	2.00	2.00	-
Exercised during the year	5,37,973	2.00	2.00	-
Outstanding at the end of the year	9,25,007	2.00	2.00	5.13
Exercisable at the end of the year	2,15,936	2.00	2.00	3.22

Notes to the standalone financial statements

Note 42: Employee stock option scheme (Contd.)

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	ESOS 2013 - A
Expected dividend yield (%)	0.56%
Expected volatility	24.71%
Risk-free interest rate	6.64%
Weighted average share price (₹)	535.64
Exercise price (₹)	2.00
Expected life of options granted in years	4.21
Weighted average fair value of options (₹)	521.64

The effect of share-based payment transactions on the entity's profit for the period and earnings per share is presented below:

Particulars	31st March, 2020	31st March, 2019
Profit after tax as reported (₹ in Crores)	2,318.17	1,888.41
Share based payment expense (₹ in Crores)	18.56	22.01
Earnings per share		
Basic (₹)	28.99	23.72
Diluted (₹)	28.95	23.68

Note 43: Segment information

In accordance with paragraph 3 of Indian Accounting Standard (Ind AS) 108 -Operating Segments, segment information has been given in the consolidated financial statements of the Company, and therefore, no separate disclosure on segment information is given in these standalone financial statements.

Note 44: Details of loans given, investment made and guarantee given

(a) Disclosure as per Regulations 34(3) and 53(f) of Securities Exchange Board of India - Listing Obligations and Disclosure Requirements (LODR)

₹ in Crores

Sr. No.	Name of the Company	Nature	As at 31st March, 2020	Maximum balance during the year	As at 31st March, 2019	Maximum balance during the year
1	Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited) (Refer note 5(ii) and 41)	Loan	-	173.45	169.08	219.78

Notes to the standalone financial statements

Note 44: Details of loans given, investment made and guarantee given (Contd.)

(b) Disclosure as per Section 186(4) of the Companies Act, 2013.

₹ in Crores

Sr. No.	Name of the Company	For the year ended 31st March, 2020	For the year ended 31st March, 2019
1	Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited) (Refer note 5(ii) and 41)	4.37	19.69

Notes:

i. All the above loans have been given for business purposes, settlement of which was neither planned nor likely to occur in the next twelve months. Loan given is interest free.

ii. The loanees have not made any investment in the shares of the Company.

iii. Loans given to employees as per the Company's policy are not considered.

c) Refer note 5 for investments.

d) Corporate guarantees given by the Company in respect of loans as at 31st March, 2020.

₹ in Crores

Name of the Company	As at 31st March, 2020	As at 31st March, 2019
Cipla (EU) Limited (refer note 41)	833.72	1,562.90
Invagen Pharmaceuticals Inc. (refer note 41)	1,250.67	2,322.57
	2,084.39	3,885.47

Note 45: Financial instruments

A. Fair value measurement

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Note 45: Financial instruments (Contd.)

The following methods and assumptions were used to estimate the fair values:

The carrying amount of trade receivable, trade payable, capital creditors, loans, cash and cash equivalents and other bank balances as at 31st March, 2020 and 31st March, 2019 are considered to be the same as their fair values, due to their short term nature. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and short term borrowings subsequently measured at amortised cost is not significant in each of the year presented.

Financial Instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of following:

Level 1 - category includes financial assets and liabilities, that are measured in whole or in significant part by reference to published quotes in an active market.

Level 2 - category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Company's own valuation models whereby the material assumptions are market observable. The majority of Company's over-the-counter derivatives and several other instruments not traded in active markets fall within this category.

Level 3 - category includes financial assets and liabilities measured using valuation techniques based on non market observable inputs. This means that fair values are determined in whole or in part using a valuation

Notes to the standalone financial statements

Note 45: Financial instruments (Contd.)

model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Company. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

The carrying value and fair value of financial instruments by categories as on 31st March, 2020, were as follows:

₹ in Crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost				
Investment properties (refer note 3)	126.44	-	-	159.21
Investments - National saving certificate (refer note 5)	0.00	-	-	0.00
Investments in associate(refer note 5)	0.56	-	-	0.56
Financial assets at fair value through profit or loss				
Investments in mutual funds (refer note 11)	834.43	834.43	-	-
Investments - Saraswat Co-operative Bank Limited (refer note 5)	0.00	-	-	0.00
Financial liabilities:				
Financial liabilities at amortised cost				
Lease liabilities (refer note 20 and 25)	74.66	-	-	74.66
Financial liabilites at fair value through profit or loss				
Derivatives not designated as hedge (refer note 25)	17.88	-	17.88	-
Financial liabilities at fair value through other comprehensive income				
Derivatives designated as hedge (refer note 25)	38.03	-	38.03	-

The carrying value and fair value of financial instruments by categories as on 31st March, 2019, were as follows:

₹ in Crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost				
Investment properties (refer note 3)	61.85	-	-	75.26
Investments - National savings certificate (refer note 5)	0.00	-	-	0.00
Financial assets at fair value through profit or loss				
Derivatives not designated as hedge (refer note 16)	19.82	-	19.82	-
Investments in mutual funds (refer note 11)	2,011.58	2,011.58	-	-

Notes to the standalone financial statements

Note 45: Financial instruments (Contd.)

₹ in Crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Investments - Saraswat Co-operative Bank Limited (refer note 5)	0.00	-	-	0.00
Financial assets at fair value through other comprehensive income				
Derivatives designated as hedge (refer note 16)	54.93	-	54.93	-

B. Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables, security deposits, loans and advances, etc. arises from its operation.

The Company has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Company has instituted Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risk trend, exposure and potential impact analysis at a Company level.

The Audit Committee of the Board reviews the risk management framework at periodic intervals.

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices. The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

(a) Currency risk:

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. The Company also holds derivative financial instruments such as foreign exchange forward and currency option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the Rupee appreciates/ depreciates against US dollar (USD), Euro (EUR), Great Britain Pound (GBP), South African Rand (ZAR) and Other currencies.

Notes to the standalone financial statements

Note 45: Financial instruments (Contd.)

Foreign exchange risk

(i) Foreign exchange derivatives and exposures outstanding at the year end

₹ in Crores

Nature of Instrument	Currency	Cross currency	As at 31st March, 2020	As at 31st March, 2019
Forward contracts - Sold	USD	INR	2,178.37	2,054.00
Forward contracts - Sold	ZAR	INR	348.09	292.88
Foreign exchange currency options contracts - Sold and bought	USD	INR	227.00	-
Unhedged foreign exchange exposures:				
Trade and other receivables			829.30	1,140.04
Cash and cash equivalents			1.77	4.21
Trade and other payables			(463.11)	(539.71)

Note: The Company uses foreign exchange forward and currency option contracts/derivatives for hedging purposes.

(ii) Foreign currency risk from financial instruments as of :

₹ in Crores

Particulars	31st March, 2020					
	USD	EUR	GBP	ZAR	Other Currency	Total
Trade and other receivables	600.97	88.33	39.23	43.25	57.52	829.30
Cash and cash equivalents	0.85	-	-	-	0.92	1.77
Trade and other payables	(353.67)	(74.68)	(15.12)	(2.01)	(17.63)	(463.11)
Net assets / (liabilities)	**248.15**	**13.65**	**24.11**	**41.24**	**40.81**	**367.96**

₹ in Crores

Particulars	31st March, 2019					
	USD	EUR	GBP	ZAR	Other Currency	Total
Trade and other receivables	890.02	133.75	8.79	67.30	40.18	1,140.04
Cash and cash equivalents	0.84	-	-	-	3.37	4.21
Trade and other payables	(366.05)	(108.85)	(56.43)	(4.48)	(3.90)	(539.71)
Net assets / (liabilities)	**524.81**	**24.90**	**(47.64)**	**62.82**	**39.65**	**604.54**

Notes to the standalone financial statements

Note 45: Financial instruments (Contd.)

(iii) Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31st March, 2019 - 2%) would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Movement in exchange rate		
USD - INR	5%	2%
Euro - INR	5%	2%
GBP - INR	5%	2%
ZAR - INR	5%	2%
Other currency	5%	2%
Impact on profit/ loss		
USD - INR	12.41	10.50
Euro - INR	0.68	0.50
GBP - INR	1.21	(0.95)
ZAR - INR	2.06	1.26
Other currency	2.04	0.79

(b) Price risk

The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March, 2020, the investments in debt mutual funds amounts to ₹834.43 crore (31st March, 2019: ₹2,011.58 crore). These are exposed to price risk. The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds. A 1% increase in prices would have led to approximately an additional ₹8.34 crore gain in profit or loss (31st March, 2019: ₹20.11 crore gain). A 1% decrease in prices would have led to an equal but opposite effect.

(c) Interest rate risk

Company's interest rate risk arises from borrowings and investment in short-term deposits. The Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate. Considering the short-term nature, there is no significant interest rate risk pertaining to short-term deposits.

The interest rate profile of the Company's variable interest-bearing financial instruments (including sensitivity) as reported to the management of the Company is as follows:

The Company's interest-bearing financial instruments is reported as below

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Variable rate instruments		
Borrowings (interest rate 7.95%)	6.06	-
Sensitivity		
1% rate increase	0.06	-
1% rate decrease	(0.06)	-

Notes to the standalone financial statements

Note 45: Financial instruments (Contd.)

Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. The Company establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables, cash and cash equivalents and investments.

Trade and other receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Cash and cash equivalents and investments:

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating.

The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Details of financial assets – not due, past due and impaired:

None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at 31st March, 2020.

The ageing analysis of the receivable (gross of provision) has been considered from the date the invoice falls due.

₹ in Crores

Particulars	Neither past due nor impaired	Past due but not impaired			Total
		0-180 days	180-365 days	Above 365 days	
As at 31st March, 2020	2,688.88	748.53	129.35	157.32	3,724.08
As at 31st March, 2019	1,913.24	1,112.33	138.60	96.76	3,260.93

Expected credit loss:

In accordance with Ind AS 109, the Company uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers.

Notes to the standalone financial statements

Note 45: Financial instruments (Contd.)

The details of changes in allowance for credit losses during the year ended 31st March, 2020 and 31st March, 2019 for trade and other receivables are as follows:

₹ in Crores

Movement of allowances of credit loss	Loans (current)	Loans (non-current)	Other financial assets	Trade receivables	Total
As at 1st April, 2018	**2.25**	**0.88**	**3.93**	**143.15**	**150.21**
Provided during the year	-	-	-	120.92	**120.92**
Reversals of provision	-	(0.03)	(3.47)	(168.20)	**(171.70)**
Effect of changes in the foreign exchange rates	-	-	-	(3.67)	**(3.67)**
As at 31st March, 2019	**2.25**	**0.85**	**0.46**	**92.20**	**95.76**
Provided during the year	-	0.01	-	135.72	**135.73**
Reversals of provision	-	-	-	(70.15)	**(70.15)**
Effect of changes in the foreign exchange rates	-	-	-	6.04	**6.04**
As at 31st March, 2020	**2.25**	**0.86**	**0.46**	**163.81**	**167.38**

Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2020 and 31st March, 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2020:

₹ in Crores

Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Non Derivative:					
Borrowings	6.06	-	-	-	**6.06**
Trade payables	1,612.12	-	-	-	**1,612.12**
Other financial liabilities	257.99	18.65	29.19	56.75	**362.58**
Derivative:					
Derivatives not designated as hedge - carried at fair value through profit or loss	17.88	-	-	-	**17.88**
Derivatives designated as hedge - carried at fair value through OCI	38.03	-	-	-	**38.03**
	1,932.08	**18.65**	**29.19**	**56.75**	**2,036.67**

Notes to the standalone financial statements

Note 45: Financial instruments (Contd.)

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2019:

₹ in Crores

Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Non Derivative:					
Trade payables	1,481.35	-	-	-	**1,481.35**
Other financial liabilities	222.68	-	3.25	50.11	**276.04**
	1,704.03	**-**	**3.25**	**50.11**	**1,757.39**

(d) Impact of hedging activities

The Company uses foreign exchange forward and currency option contracts to hedge against the foreign currency risk of highly probable USD and ZAR sales. Such derivative financial instruments are governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established.

a) Disclosure of effects of hedge accounting in the Company's balance sheet

₹ in Crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
31st March, 2020						
Cash flow hedge						
Foreign exchange risk						
i) Foreign exchange forward contracts (refer note 25)	1,753.26	-	31.07	April 2020 - March 2021	1:1*	USD 1 = INR 73.42 ZAR 1 = INR 4.82
ii) Foreign exchange currency options contracts sold (refer note 25)	227.00	-	(0.53)	April 2020 - March 2021	1:1*	USD 1 = INR 75.25
iii) Foreign exchange currency options contracts bought (refer note 25)	227.00	-	7.49	April 2020 - March 2021	1:1*	USD 1 = INR 71.80
Fair value hedge						
Foreign exchange risk						
(i) Foreign exchange forward contracts (refer note 25)	773.21	-	17.88	April 2020 - March 2021	1:1*	USD 1 = INR 73.51 ZAR 1 = INR 4.55

Notes to the standalone financial statements

Note 45: Financial instruments (Contd.)

₹ in Crores

Type of hedge	Carrying amount			Maturity date	Hedge ratio	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
31st March, 2019						
Cash flow hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 16)	1,698.14	54.93	-	April 2019 - March 2020	1:1*	USD 1 = INR 72.79 ZAR 1 = INR 5.11
Fair value hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 16)	710.65	19.82	-	April 2019 - March 2020	1:1*	USD 1 = INR 71.45 ZAR 1 = INR 5.01

* The foreign currency forward and currency option contracts are denominated in the same currency as the highly probable future sales, therefore hedge ratio of 1:1.

b) Disclosure of effects of hedge accounting in the Company's profit or loss and other comprehensive income

₹ in Crores

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss (Recognised as component of revenue)	Amount recognised in P&L
31st March, 2020				
Foreign exchange risk				
(i) Cash flow hedge	(28.33)	-	(43.80)	-
(ii) Fair value hedge	-	-	-	(37.70)

₹ in Crores

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss (Recognised as component of revenue)	Amount recognised in P&L
31st March, 2019				
Foreign exchange risk				
(i) Cash flow hedge	54.42	-	(5.61)	-
(ii) Fair value hedge	-	-	-	(12.83)

Notes to the standalone financial statements

Note 45: Financial instruments (Contd.)

Hedge effectiveness is determined at the inception of hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationships exists between the hedged item and hedging instruments. It is calculated by comparing changes in fair value of the hedged item, with the changes in fair value of the hedging instrument.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

c) Movement in cash flow hedging reserve and costs of hedging reserve

₹ in Crores

Cash flow hedging reserve	As at 31st March, 2020	As at 31st March, 2019
Opening balance	32.22	**0.47**
Add: Changes in fair value	(28.33)	54.42
Less: Amount reclassified to profit or loss	(43.80)	(5.61)
Less: Deferred tax relating to above	23.00	(17.06)
Closing balance	(16.91)	**32.22**

Note 46: Corporate social responsibility (CSR) expenditure

The Company has incurred ₹36.31 crore (31st March, 2019: ₹33.42 crore) towards CSR activities, as per Section 135 of the Companies Act, 2013 and Rules thereon. It is included in other expenses head in the profit or loss. Amount spent on construction/ aquisition of any assets is Nil during the year.

Gross amount required to be spent by the Company during the year ₹36.24 crore (31st March, 2019: ₹32.14 crore).

The above includes contribution of ₹35.11 crore (31st March, 2019: ₹28.80 crore) to Cipla Foundation which is a trust, with the main objective of working in the areas of social, economic and environmental issues.

Notes to the standalone financial statements

Note 47: Capital management

A. Risk Management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt. Consistent with others in Industry, the Company monitors capital on the basis of the following gearing ratio (net debt divided by total 'equity').

Net debt = Total borrowings less [Cash and cash equivalents + Bank balance other than cash and cash equivalents (excluding balance earmarked for unclaimed dividend) + Current investments]

Total 'equity' is as shown in the balance sheet.

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total debt	6.06	-
Less: Cash and cash equivalent (including current investment and bank deposit with original maturity between 3 to 12 months)	1,346.05	2,176.50
Net debt (A)	(1,339.99)	(2,176.50)
Total equity (B)	17,402.96	15,781.91
Net debt to equity ratio (A/B)	(0.08)	**(0.14)**

B. Dividend on equity share

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
(a) Dividend on equity shares paid during the year		
Final dividend for the year [FY 2018-19 ₹3.00 (FY 2017-18 ₹3.00) per equity share of ₹2.00 each]	241.77	241.57
Dividend distribution tax on final dividend	34.23	40.40
	276.00	**281.97**
Interim dividend (including one time special dividend) for the FY 2019-20 ₹4.00 per equity share of ₹2.00 each	322.49	-
Dividend distribution tax on interim dividend	53.22	-
	375.71	**-**
Total	651.71	**281.97**
(b) Proposed dividend on equity share not recognised as liability	-	**291.40**

During the previous year, the Board of Directors of the Company at its meeting held on 22nd May, 2019 had recommended a final dividend of ₹3.00 per equity share which was subject to approval at the ensuing Annual General Meeting of the Company and hence was not recognised as a liability.

Notes to the standalone financial statements

Note 48: Earnings Per Share (EPS)

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 year.

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 which includes all stock options granted to employees. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

Disclosure as required by Indian Accounting Standard (Ind AS)33 - Earnings per share:

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit after tax as per profit or loss (₹ in Crores)	2,318.17	1,888.41
Basic weighted average number of equity shares outstanding	80,60,17,621	80,53,61,167
Basic earnings per share of par value ₹2/- per share	28.76	23.45
Add- Dilutive impact of employee stock options	10,58,934	14,68,822
Diluted weighted average number of equity shares outstanding	80,70,76,555	80,68,29,989
Diluted earnings per share of par value ₹2/- per share	28.72	23.41

Note 49: Reclassification note

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

Note 50: Subsequent events

There are no subsequent events that occurred after the reporting date.

Note 51: Unforseeable losses

The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts (including derivative contracts) for which there were any material foreseeable losses.

Note 52: Authorisation of Financial statements

The financial statements for the year ended 31st March, 2020 were approved by the Board of Directors on 15th May, 2020.

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
New Delhi, 15th May, 2020

For and on behalf of the **Board of Directors**

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 15th May, 2020

Consolidated Financial Statements

Independent Auditor's Report

To the Members of Cipla Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Cipla Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs of the Group and its associates as at 31st March, 2020 and their consolidated profit (including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Drug (Prices Control) Orders Act ('DPCO') matters: The Holding Company and many of its Indian subsidiaries are regulated by National Pharmaceutical Pricing Authority, Government of India (NPPA). There are number of legal and regulatory cases, of which the most significant is a matter under Drugs (Prices Control) Orders Act (DPCO) as disclosed in Note 45B to the consolidated financial statements, relating to overcharging of certain drugs under DPCO. According to NPPA's public disclosure, the total demand against the Group aggregates to ₹2,655.13 crore as at 31 March 2020, of which: a) ₹2,447.39 crore relates to matters pending at Honourable Bombay High Court, wherein the Holding Company has deposited ₹175.08 crore being 50% of the total demand of ₹350.15 crore as at 1 August 2003 under protest pursuant to direction of Honourable Supreme Court of India; and b) ₹207.74 crore relates to other matters, wherein based on facts and legal advice, the Group has recorded a charge of ₹7.00 crore (including interest) during the year ended 31st March, 2020 and carries a total provision of ₹104.26 crore (including interest) as at 31st March, 2020. The amounts involved are material and the application of accounting principles as given under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets ('Ind AS 37'), in order to determine the amounts to be recognised as liability or to be disclosed as a contingent liability, is inherently subjective and needs careful evaluation and significant judgement to be applied by the management. Considering the materiality and the inherent subjectivity which involves significant management judgment in predicting the outcome of the matter, DPCO matters have been considered to be a key audit matter for the current period audit.	Our audit of DPCO matters included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for updating the status of the matters, assessment of accounting treatment in accordance with Ind AS 37, and for measurement of amounts involved; b) Evaluated the design and tested the operating effectiveness of key controls around above process; c) Inspected correspondence with the Group's external legal counsel in order to corroborate our understanding of these matters, accompanied by discussions with both internal and external legal counsels. Tested the objectivity and competence of such management experts involved; d) Obtained direct confirmation from the external legal counsel handling DPCO matters with respect to the legal determination of the liability arising from such matters, conclusion of the matters in accordance with the requirements of Ind AS 37 and disclosures to be made in the financial statements. Evaluated the response received from the external legal counsel to ensure that the conclusions reached our supported by sufficient legal rationale; e) Assessed the appropriateness of methods used, and the reliability of underlying data for the calculations made for quantifying the amounts involved. Tested the arithmetical accuracy of such calculations; and f) Evaluated the Group's disclosures for adequate disclosure regarding the significant litigations of the Group. Based on the audit procedures performed, the judgements made by the management were reasonable and disclosures made in respect of these matters were appropriate in the context of the consolidated financial statements taken as a whole.
Impairment of goodwill, intangible assets and intangible assets under development: As at 31st March, 2020, the Group has goodwill balance of ₹2,934.00 crore relating to multiple Cash Generating Units ('CGUs'). Further, the Group is carrying product-related capitalised intangibles and intangibles under development aggregating to ₹1,496.54 crore and ₹403.53 crore, respectively. These balances are subject to a test of impairment by the management in accordance with Ind AS 36 "Impairment of Assets". The Group has recorded an impairment charge on intangible assets of ₹52.95 crore during the year ended 31st March, 2020. Refer note 4 and 5 to the Consolidated Financial Statements. The carrying values of goodwill, intangible assets and intangible assets under development will be recovered through future cash flows and there is a risk that the assets will be impaired if these cash flows do not meet the group's expectations.	Our audit included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for identification of impairment indicators for goodwill, intangibles and intangibles under development and process for identification of CGUs and impairment testing of such assets; b) Tested the design and operating effectiveness of internal controls over such identification and impairment measurement of identified assets; c) Evaluated management's identification of CGUs; d) Obtained the impairment assessment workings prepared by the management and its experts;

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
In addition to significance of the amounts, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the recoverable amounts involved in forecasting cash flows for each of the CGUs, intangible assets and those under development, principally relating to budgeted revenue, operating margins, short-term and long-term growth rates and the discount rates used. Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying values of goodwill, intangibles and intangible assets under development is considered to be complex and determined to be a key audit matter in our current period audit.	e) Involved auditor's experts to assess the appropriateness of the valuation methodologies used by the management to determine the recoverable values; f) Reconciled the cash flows to the business plans approved by the Board of Directors of the companies which constitute identified CGUs; g) Evaluated and challenged management's assumptions such as implied growth rates during explicit periods, terminal growth rates and discount rates for their appropriateness based on our understanding of the business of the respective CGUs, past results and external factors such as industry trends and forecasts, including the possible impact of COVID-19 pandemic on such assumptions; h) Obtained and evaluated sensitivity analysis performed by the management on key assumptions of implied growth rates during explicit periods, terminal growth rates and discount rates; i) Tested the mathematical accuracy of the management computations; j) Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the estimated recoverable amounts for respective CGUs to evaluate sufficiency of headroom between recoverable values and carrying amounts; and k) Evaluated the adequacy of disclosures given in the consolidated financial statements with respect to goodwill, intangibles and intangible assets under development, including disclosure of significant assumptions, judgements and sensitivity analysis performed, in accordance with applicable accounting standards. Based on the audit procedures performed, we determined that the management's assessment that the carrying values of goodwill, intangible assets and intangible assets under development do not require any further impairment is appropriate in the context of the consolidated financial statements taken as a whole.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Revenue from operations: (Refer note 1 and 30 to the consolidated financial statements) The Group recognises revenue from the sales of pharmaceutical products to resellers or distributors, out-licensing arrangements and service fee. The Group recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery to a customer. The Group records product sales net of estimated incentives/discounts, returns, chargeback, rebates and other related charges. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered with customers. Further, the Group has a large number of customers operating in various geographies and sales contracts with customers have a variety of different terms relating to the recognition of revenue, the entitlement to sales rebates, the right to return and price adjustments. Sales arrangements in certain jurisdictions lead to material deductions to gross sales in arriving at revenue such as the Group's sales to customers in the United States of America ('US') which fall under certain commercial and governmental reimbursement schemes and mandated contracts of which the most significant ones are chargebacks, rebates, failure to supply penalties and Medicaid Drug Rebate Program ('Medicaid'). The Group also has development and commercialisation arrangements relating to research and development of new products in the pharmaceutical sector. This includes in-licensing and out-licensing arrangements and other types of complex agreements. We identified the recognition of revenue from operations as a key audit matter because: a) Accrual towards rebates, discounts, returns, chargebacks and allowances is complex and requires significant judgments and estimates in relation to complex contractual agreements/commercial terms across various geographies. Any change in these estimates can have a significant financial impact. These estimates are particularly complex in US healthcare environment which involves multi-layered product discounting due to competitive pricing pressure apart from regulatory requirements such as Medicaid;	Our audit included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for revenue recognition (from sale to customers, out-licensing arrangements and service fee), judgments in estimation and accounting treatment of discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid compliance requirements; b) Evaluated the design and tested the operating effectiveness of the Group's internal controls, including general IT controls, key IT application controls implemented by the management, over recognition of revenue and measurement of various discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid; c) Evaluated the terms of the licensing arrangements to determine satisfaction of performance obligations under the contracts for appropriate revenue recognition and tested allocation of consideration between performance obligations to verify deferral of revenue in respect of unsatisfied performance obligations; d) Performed substantive testing by selecting samples of revenue transactions pertaining to sale of products during the year, and verified the underlying supporting documents including contracts, agreements, sales invoices and dispatch/shipping documents; e) Performed cut-off testing procedures by testing samples of revenue transactions recorded during the year in specific periods before and after year end to conclude there has not been overstatement/understatement of revenue recorded for the year; f) Obtained management workings for amounts recognised towards discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid during the year and as at year end. On a sample basis, tested the underlying calculations for amounts recorded as accruals and provisions towards the aforementioned obligations as per the terms of related schemes, contracts and regulations, and traced the underlying data to source documents;

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
b) The nature of development and commercialisation arrangements are often inherently complex and unusual, requiring significant management judgment to be applied in respect of revenue recognition; c) The Group considers revenue as key benchmark for evaluating performances and hence, there is risk of revenue being overstated due to pressure to achieve targets, earning expectations or incentive schemes linked to performance for a reporting period; and d) Considering the widespread impact of the outbreak due to COVID-19, point of transfer of goods control (transit days) and probability of collection from customers was required to be re-assessed in certain geographies.	g) Evaluated historical accuracy of the Group's estimates of year-end accruals pertaining to aforesaid arrangements made in the previous years to identify any management bias; h) Tested all the manual sales-related adjustments made to revenue comprising of variable consideration under Ind AS 115 to ensure the appropriateness of revenue recognition during the year; and i) Evaluated the adequacy of disclosures in the Consolidated financial statements. Based on audit procedures performed, we determined that the revenue recognition and measurement is appropriate in the context of the consolidated financial statements taken as a whole.
Accounting for new intangible acquisitions: In the current financial year, the Group completed the significant acquisitions of intangibles amounting to ₹326.30 crore. Refer note 5 to the consolidated financial statements.: Management has determined that all the transactions as disclosed in aforesaid note meet the criteria for recognition as intangible assets under Ind AS 38, Intangible Assets. The identification, recognition and measurement of identifiable assets in these transactions required significant management estimates and judgements in determining: a) Whether the transactions were acquisitions of businesses or assets which had a significant effect on the accounting treatment of the transactions; b) Projections of future sales of products, probability of getting the regulatory approvals, the potential impact of competitors' products and the delivery of anticipated synergies to assess future economic benefits, for recognition of such assets. We determined the accounting for these new intangibles acquired during the year to be a key audit matter to the current period audit due to the significance of the amounts involved as well as significant management judgement that was required in the classification of the transactions as acquisitions of businesses or assets and also the identification and measurement of the identifiable intangibles.	Our audit included, but was not limited to, the following procedures: a) Obtained an understanding of the management process for recognition of intangibles arising from various acquisition agreements; b) Evaluated the design and tested the operating effectiveness of the Group's internal controls over the accounting of intangibles; c) For all significant contracts: a. evaluated the acquisition agreements for these transactions and assessed the appropriateness of management's judgment that these transactions have resulted in acquisition of an asset or a group of assets that do not constitute a business; b. evaluated the fulfilment of recognition criteria under Ind AS 38 including the probability of expected future economic benefits embodied in the asset flowing to the Group; d) Challenged management on their assessment of the products getting regulatory approvals in case of acquisitions where the product is in development stage; and e) Evaluated appropriateness of the disclosures made in the financial statements with respect to above mentioned intangibles acquired during the year. Based on audit procedures performed, we determined that the intangibles acquired during the year have been appropriately recognised and measured in the context of the consolidated financial statements taken as a whole.

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Key audit matter	How our audit addressed the key audit matter
Inventory existence: As at 31st March, 2020, the Group held inventories of ₹4,377.60 crore as disclosed in Note 12 to the consolidated financial statements. Inventories mainly consist of raw and packing material, work-in-progress, stock-in-trade, finished goods and stores, spares and consumables. Due to inherent nature of the business and its widespread reach globally, inventories are kept at a number of locations which include plants, loan licensing facilities, depots, cold storages and third-party warehouses. As per the Group's annual inventory verification plan, management has performed physical verification of the inventory at all locations, with the help of third party experts where required, under the supervision of finance team, over the period from January 2020 to mid-March 2020. Due to outbreak of the COVID-19, there has been a lockdown enforced in various geographies near year end and several restrictions were imposed by the respective governments across the globe on travel and movement considering public health and safety measures which resulted into complexities for us to observe the physical verification of inventory conducted by the management. This was resolved by applying alternate audit techniques with the help of audio/video devices and use of other auditors, etc., as further described in our audit procedures. As a result of the above-mentioned complexities and due to the size, number of locations and geographical spread of the inventories as at year end, we determined the existence of inventory to be a key audit matter for the current period audit.	Our audit of existence of inventory included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for inventory counts, including the changes required thereto as a result of COVID-19 related restrictions, and evaluated the design and tested the operating effectiveness of key controls with respect to physical verification of inventory; b) Inspected the instructions given by supervisory teams to the management count teams; c) Reviewed the managements process for ensuring that there was no movement of stock during the physical verification of inventory. d) Appointed independent auditor's experts for observing inventory counts at certain locations; e) Provided suitable instructions and supervision to the component auditors to observe inventories. f) Observed live video feeds of inventory counts for certain locations subsequent to year-end and gathered video evidence of warehouses, inventory counts, and other safeguarding procedures, and performed roll-back procedures; g) Performed roll-forward procedures on inventory counts performed on locations before the lockdown had commenced; h) Recounted a sample of inventory items at each location to confirm management count; i) Obtained direct confirmations from the third-party warehouses and loan licensing units with respect to the existence of the inventories; and j) Ensured that the differences noted in management's physical verification of inventory from book records were adequately adjusted in books of account. Based on the audit procedures performed, the management assertion on existence of inventories determined to be appropriate in the context of the consolidated financial statements taken as a whole.

Independent Auditor's Report

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, and its associates companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of those companies or associates, as the case may be, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate those companies or associates or to cease operations, or has no realistic alternative but to do so.

9. Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

Independent Auditor's Report

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company, its subsidiary companies and its associate companies, which are covered under the Act has adequate internal financial controls system in place and the operating effectiveness of such controls.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
   - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associates, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of 47 subsidiaries, whose financial statements reflects total assets of ₹2,542.22 crore and net assets of ₹162.17 crore as at 31st March, 2020, total revenues of ₹3,359.65 crore and net cash outflows amounting to ₹(60.41) crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹(2.40) crore for the year ended 31st March, 2020, as considered in the consolidated financial statements, in respect of an associate, whose financial statement has not been audited by us. These financial statements have been audited by other auditors whose report has 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-Section (3) 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 the other auditors.

    Further, of these subsidiaries and an associate, 44 subsidiaries and an associate are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements in so far as it relates to the balances and affairs of such subsidiaries and an associate located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

16. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹(45.06) crore for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of 2 associates whose financial information has not been audited by us. These financial information are unaudited and 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 the aforesaid associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associates, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information are not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

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Report on Other Legal and Regulatory Requirements

17. As required by Section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, we report that the Holding Company, 2 subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. Further, we report that 5 subsidiary companies covered under the Act, no managerial remuneration is payable for the year ended 31 March 2020. Also, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 2 associate companies covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.

18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associates, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

    e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act. Further, as stated in paragraph 16, financial statements of an associate company covered under the Act is unaudited and have been furnished to us by the management, and as certified by the management, none of the directors of the associate company covered under the Act, are disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and associate companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II';

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates:

        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates as detailed

Independent Auditor's Report

in Note 45 to the consolidated financial statements;

ii. Provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 53 to the consolidated financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associates company covered under the Act during the year ended 31st March, 2020; and

iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30th December, 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 20504662AAAABN5571

Place: New Delhi
Date: 15st May, 2020

Annexure I

List of entities included in the consolidated financial statement.

I) Subsidiaries:

1. Goldencross Pharma Limited, India (formerly known as Goldencross Pharma Private Limited)
2. Meditab Specialities Limited, India (formerly known as Meditab Specialities Private Limited)
3. Cipla BioTec Limited, India (formerly known as Cipla BioTec Private Limited)
4. Jay Precision Pharmaceuticals Private Limited, India
5. Cipla Health Limited, India
6. Medispray Laboratories Private Limited, India
7. Sitec Labs Limited, India (formerly known as Sitec Labs Private Limited)
8. Cipla Medpro South Africa (Proprietary) Limited, South Africa
9. Cipla Holding B.V., Netherlands
10. Cipla (EU) Limited, United Kingdom
11. Saba Investment Limited, United Arab Emirates
12. Cipla (UK) Limited, United Kingdom, (under liquidation)
13. Cipla Australia Pty. Limited, Australia
14. Meditab Holdings Limited, Mauritius
15. Tasfİye Halİnde Cİpla İlac Tİcaret Anonİm SİrketİTurkey (formerly known as Cipla Ilac Ticaret Anonim Sirketi) (liquidated w.e.f 7th October, 2019)
16. Cipla USA, Inc., United States of America
17. Kenya Limited, Kenya
18. Cipla Malaysia Sdn. Bhd., Malaysia
19. Cipla Europe NV, Belgium
20. Cipla Quality Chemical Industries Limited, Uganda
21. Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda., Brazil
22. Galilee Marketing Proprietary Limited, South Africa (liquidated on 11th October, 2018)
23. Inyanga Trading 386 Proprietary Limited, South Africa (under liquidation)
24. Xeragen Laboratories Proprietary Limited, South Africa (liquidated on 7th September, 2018)
25. Cipla Medpro Holdings Proprietary Limited, South Africa (under liquidation)
26. Cape to Cairo Exports Proprietary Limited, South Africa (under deregistration)
27. Cipla Dibcare Proprietary Limited, South Africa (under liquidation)
28. Cipla Life Sciences Proprietary Limited, South Africa
29. Cipla-Medpro Proprietary Limited, South Africa
30. Cipla-Medpro Distribution Centre Proprietary Limited, South Africa
31. Cipla Medpro Botswana Proprietary Limited, South Africa
32. Cipla Algérie, Algeria
33. Cipla Biotec South Africa (Pty) Limited, South Africa
34. Cipla OLTP (Pty) Limited, South Africa (formerly known as Cipla Nutrition Proprietary Limited)
35. Medpro Pharmaceutica Proprietary Limited, South Africa
36. Med Man Care Proprietary Limited, South Africa (liquidated on 15th October, 2018)
37. Breathe Free Lanka (Private) Limited, Sri Lanka
38. Medica Pharmaceutical Industries Company Limited, Yemen

Annexure I

39. Cipla (Mauritius) Limited, Mauritius (under liquidation)
40. Cipla FZE, United Arab Emirates (liquidated on 11th February, 2019)
41. Cipla Pharma Lanka (Private) Limited, Sri Lanka
42. Cipla Maroc SA, Morocco
43. Cipla Middle East Pharmaceuticals FZ-LLC, United Arab Emirates
44. Quality Chemicals Limited, Uganda
45. Cipla Philippines, Inc., Philippines
46. InvaGen Pharmaceuticals, Inc., United States of America
47. Exelan Pharmaceuticals, Inc., United States of America
48. Anmaraté (Pty) Limited, South Africa
49. Cipla Technologies LLC, United States of America
50. Cipla Gulf FZ-LLC, United Arab Emirates (incorporated on 10 October 2018)
51. Mirren (Pty) Ltd, South Africa (acquired on 22nd October, 2018)
52. Madison Pharmaceuticals Inc. United States of America (incorporated on 26th October, 2018)
53. Cipla (Colombia) SAS, Colombia (incorporated on 25th April, 2019)
54. Cipla (China) Pharmaceutical Co., Ltd.,China (incorporated on 20th May, 2019)
55. Cipla Health Employees Stock Option Trust, India
56. Cipla Employee Stock Option Trust, India
57. Cipla (Jiangsu) Pharmaceutical Co., Ltd. (incorporated on 8th August, 2019)
58. Cipla Pharmaceuticals Limited, India (incorporated on 19th November, 2019)

II) Associates:

1. Stempeutics Research Private Limited, India (w.e.f. 8th November, 2019 stake is changed from 43.64% to 40.78%)
2. Avenue Therapeutics, Inc. United States of America (acquired 33.3% stake on 8th February, 2019)
3. Brandmed (Pty) Limited, South Africa (acquired 30% stake on 24th April, 2019)
4. AMPSolar Power Systems Private Limited (acquired 26% stake on 12th June, 2019)- (Share of loss/profit not required to be considered)

Annexure II

Independent Auditor's Report on the internal financial controls with reference to financial statements 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 consolidated financial statements of Cipla Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates as at and for the year ended 31st March, 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, which are covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal control financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of Internal Financial Control over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to 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 the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

Annexure II

purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies and associate companies, the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Control over Financial Reporting issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 1 subsidiary company, which is company covered under the Act, whose financial statement reflect total assets of ₹90.46 crore and net assets of ₹79.42 crore as at 31st March, 2020, total revenues of ₹0.46 crore and net cash outflows amounting to ₹16.52 crore for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

10. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 1 associate company, which is company covered under the Act, in respect of which, the Group's share of net loss (including other comprehensive income) of ₹6.95 crore for the year ended 31st March, 2020 has been considered in the consolidated financial statements. The internal financial controls with

Annexure II

reference to financial statements of this associate company, which is a company covered under the Act, is unaudited and our opinion under Section 143(3)(i) of the Act in so far as it relates to the aforesaid associate company, which are companies covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements reports certified by the management of such company. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group. Our report on adequacy and operating effectiveness of the internal financial controls with reference to financial statements of the Group and its associate companies covered under the Act does not include the internal financial controls with reference to financial statements assessment in respect of the aforesaid company. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements report certified by the management.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 20504662AAAABN5571

Place: New Delhi
Date: 15th May, 2020

Consolidated Balance Sheet

as at 31st March, 2020

₹ in Crores

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	4,805.32	5,114.35
(b) Right-of-use assets	2.2	322.73	-
(c) Capital work-in-progress	2.1	421.00	331.05
(d) Investment properties	3	124.30	61.85
(e) Goodwill	4	2,934.00	2,869.14
(f) Intangible assets	5	1,496.54	1,563.02
(g) Intangible assets under development	5	403.53	345.13
(h) Investment in associates	6	234.97	234.49
(i) Financial assets			
(i) Investments	7	219.53	193.86
(ii) Loans	8	52.39	49.42
(iii) Other financial assets	9	42.04	93.21
(j) Income tax assets (net)	10	468.62	345.59
(k) Deferred tax assets (net)	10	239.77	201.41
(l) Other non-current assets	11	191.64	134.17
Total non-current assets		**11,956.38**	**11,536.69**
(2) Current assets			
(a) Inventories	12	4,377.60	3,964.83
(b) Financial assets			
(i) Investments	13	1,016.52	2,125.79
(ii) Trade receivables	14	3,891.31	4,150.72
(iii) Cash and cash equivalents	15	742.38	508.36
(iv) Bank balances other than cash and cash equivalents	16	261.53	110.45
(v) Loans	17	5.60	6.28
(vi) Other financial assets	18	522.28	497.87
(c) Other current assets	19	886.62	1,060.33
Total current assets		**11,703.84**	**12,424.63**
(3) Assets classified as held-for-sale	2.1	2.34	2.00
Total assets		**23,662.56**	**23,963.32**
Equity and liabilities			
(1) Equity			
(a) Equity share capital	20	161.25	161.14
(b) Other equity	21	15,601.75	14,851.14
Equity attributable to owner		**15,763.00**	**15,012.28**
(c) Non-controlling interest	22	294.28	331.97
Total equity		**16,057.28**	**15,344.25**
(2) Share application money pending allotment *		0.00	-
(3) Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	2,369.28	3,830.07
(ii) Other financial liabilities	24	276.90	387.45
(b) Provisions	25	133.27	121.41
(c) Deferred tax liabilities (net)	10	365.21	425.32
(d) Other non-current liabilities	26	67.48	83.31
Total non-current liabilities		**3,212.14**	**4,847.56**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	447.15	486.16
(ii) Trade payables	27		
-Total outstanding dues of micro enterprises and small enterprises		81.19	28.69
-Total outstanding dues of creditors other than micro enterprises and small enterprises		2,200.62	1,919.30
(iii) Other financial liabilities	28	530.36	398.43
(b) Other current liabilities	29	176.29	143.43
(c) Provisions	25	948.19	736.76
(d) Income tax liabilities (net)	10	9.34	58.74
Total current liabilities		**4,393.14**	**3,771.51**
Total liabilities		**7,605.28**	**8,619.07**
Total equity and liabilities		**23,662.56**	**23,963.32**
*Represents ₹7,820			
The accompanying notes form an integral part of these consolidated financial statements.	1-58		

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

New Delhi, 15th May, 2020

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 15th May, 2020

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2020

₹ in Crores

Particulars	Notes	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(1) Income			
(a) Revenue from operations			
(i) Revenue from sale of products	30	16,694.85	15,970.97
(ii) Other operating revenue	31	437.14	391.44
		17,131.99	**16,362.41**
(b) Other income	32	344.20	476.57
Total income		**17,476.19**	**16,838.98**
(2) Expenditure			
(a) Cost of materials consumed	33	4,376.81	4,285.04
(b) Purchases of stock-in-trade	34	1,859.37	1,452.41
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	35	(244.76)	47.04
(d) Employee benefits expense	36	3,027.01	2,856.53
(e) Finance costs	37	197.36	168.43
(f) Depreciation, impairment and amortisation expense	38	1,174.65	1,326.31
(g) Other expenses	39	4,907.57	4,624.08
Total expenditure		**15,298.01**	**14,759.84**
(3) Profit before tax		**2,178.18**	**2,079.14**
(4) Tax expense (net)			
(a) Current tax	10	682.87	747.70
(b) Deferred tax	10	(51.67)	(178.17)
(5) Profit after tax before share of profit/(loss) from associates		**1,546.98**	**1,509.61**
(6) Share of profit/(loss) from associates	44	(47.46)	(17.17)
(7) Profit for the year		**1,499.52**	**1,492.44**
(8) Other comprehensive income/(loss)	40		
(a) (i) Items that will not be reclassified to profit or loss		(14.90)	42.51
(ii) Income tax relating to these items		5.48	(7.60)
(b) (i) Items that will be reclassified to profit or loss		(149.88)	(312.63)
(ii) Income tax relating to these items		29.90	(12.22)
Other comprehensive income/(loss) for the year		**(129.40)**	**(289.94)**
(9) Total comprehensive income for the year		**1,370.12**	**1,202.50**
(10) Profit for the year attributable to			
(a) Owners		1,546.52	1,527.70
(b) Non-controlling interest		(47.00)	(35.26)
(11) Total comprehensive income attributable to			
(a) Owners		1,385.23	1,220.23
(b) Non-controlling interest		(15.11)	(17.73)
(12) Earnings per equity share of face value of ₹ 2 each	41		
Basic (in ₹)		19.19	18.97
Diluted (in ₹)		19.16	18.93
The accompanying notes form an integral part of these consolidated financial statements.	1-58		

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

New Delhi, 15th May, 2020

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 15th May, 2020

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2020

(a) Equity share capital (refer note 20)

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	161.14	161.02
Changes in equity share capital during the year on exercise of employee stock options (ESOSs)	0.11	0.12
Balance at the end of the year	**161.25**	**161.14**

(b) Other equity (refer note 21)

₹ in Crores

Particulars	Attributable to the owners of the Company											
	Reserves and surplus						Other reserve					
	Capital reserve	Securities premium reserve	General reserve	Employee stock options reserve	Gross obligation to non-controlling interest under put option	Retained earnings	Foreign currency translation reserve	Equity instrument through other comprehensive income	Hedge reserve	Other equity	Non-controlling interest	Total
Balance as at 31st March, 2018	**24.01**	**1,542.15**	**3,141.73**	**66.26**	**-**	**8,998.78**	**208.98**	**20.85**	**65.41**	**14,068.17**	**352.44**	**14,420.61**
Profit for the year	-	-	-	-	-	1,527.70	-	-	-	1,527.70	(35.26)	1,492.44
Other comprehensive income/ (loss) (net of tax)	-	-	-	-	-	8.92	(347.36)	25.92	5.05	(307.47)	17.53	(289.94)
Payment of dividend (including tax on dividend) (refer note 43C)	-	-	-	-	-	(284.09)	-	-	-	(284.09)	(55.97)	(340.06)
Recognition of put option liability during the year	-	-	-	-	(334.09)	-	-	-	-	(334.09)	-	(334.09)
Exercise of employee stock options	-	32.44	-	(32.44)	-	-	-	-	-	-	-	-
Share based payments expense	-	-	0.89	23.22	-	-	-	-	-	24.11	-	24.11
Non-controlling interest (refer note 22 C)	156.81	-	-	-	-	-	-	-	-	156.81	53.23	210.04
Balance as at 31st March, 2019	**180.82**	**1,574.59**	**3,142.62**	**57.04**	**(334.09)**	**10,251.31**	**(138.38)**	**46.77**	**70.46**	**14,851.14**	**331.97**	**15,183.11**
Profit for the year	-	-	-	-	-	1,546.52	-	-	-	1,546.52	(47.00)	1,499.52
Other comprehensive income/ (loss) (net of tax)	-	-	-	-	-	(15.75)	(53.30)	6.29	(98.53)	(161.29)	31.89	(129.40)
Payment of dividend (including tax on dividend) (refer note 43C)	-	-	-	-	-	(664.20)	-	-	-	(664.20)	(32.78)	(696.98)
Exercise of employee stock options	-	27.44	-	(27.44)	-	-	-	-	-	-	-	-
Share based payments expense	-	-	-	23.45	-	-	-	-	-	23.45	-	23.45
Non-controlling interest (refer note 22C)	(327.96)	-	-	-	334.09	-	-	-	-	6.13	10.20	16.33
Balance as at 31st March, 2020	**(147.14)**	**1,602.03**	**3,142.62**	**53.05**	**-**	**11,117.88**	**(191.68)**	**53.06**	**(28.07)**	**15,601.75**	**294.28**	**15,896.03**

The accompanying notes form an integral part of these consolidated financial statements (Note 1-58).

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

New Delhi, 15th May, 2020

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 15th May, 2020

Consolidated Statement of Cash Flows

for the year ended 31st March, 2020

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from operating activities		
Profit before tax	**2,178.18**	**2,079.14**
Adjustments for :		
Depreciation, impairment and amortisation expense	1,174.65	1,326.31
Interest expense	197.36	168.43
Unrealised foreign exchange (gain)/loss (net)	(31.90)	11.77
Share based payment expense	23.45	24.11
Allowances for credit loss (net)	180.27	76.56
Interest income on income tax refund	(9.28)	(22.09)
Interest income	(58.39)	(37.77)
Dividend income	(0.06)	(34.44)
Sundry balances written back	(2.41)	(26.92)
Net gain on sale of current investment carried at fair value through profit or loss	(125.92)	(100.98)
Net gain on sale of non-current investments	-	(84.05)
Loss on liquidation of subsidiaries (net)	4.66	-
Net fair value (gain)/loss on financial instruments at fair value through profit or loss	25.18	(22.74)
Net gain on sale/disposal of property, plant and equipment	(2.62)	(3.30)
Rent income	(9.46)	(6.12)
Operating profit before working capital changes	**3,543.71**	**3,347.90**
Adjustments for working capital:		
(Increase)/decrease in inventories	(331.55)	103.84
Decrease/(increase) in trade and other receivables	217.26	(1,014.87)
Increase /(decrease) in trade payables and other liabilities	487.28	(152.51)
Cash generated from operations	**3,916.70**	**2,284.37**
Income taxes paid (including tax deducted at source)	(848.25)	(593.23)
Net cash flows generated from operating activities (a)	**3,068.45**	**1,691.14**
Cash flow from investing activities		
Purchase of property, plant and equipment {Note (ii)}	(572.77)	(360.08)
Purchase of intangible assets (including intangible asset under development)	(427.24)	(167.07)
Proceeds from sale of property, plant and equipment {Note (ii)}	14.32	23.37
Proceeds from liquidation of investments in subsidiaries	1.27	-
Consideration paid on acquisition of subsidiaries (net of cash acquired on acquisition)	-	(179.13)
Investment in associates	(33.32)	(242.04)
Proceeds from sale of non-current investments	-	84.05
Purchase of non-current investments	-	(10.50)
Sale/(purchase) of current investments (net)	1,210.01	(899.88)
Change in other bank balance and cash not available for immediate use	(147.84)	4.27
Interest received	50.09	37.77
Dividend received	0.06	34.44
Rent received	9.46	6.12
Net cash flow generated from/(used in) investing activities (b)	**104.04**	**(1,668.68)**

Consolidated Statement of Cash Flows

for the year ended 31st March, 2020

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from financing activities		
Proceeds from issue of equity shares (ESOSs)	0.11	0.12
Transaction with non-controlling interest (net)	(383.02)	154.07
Settlement of Put option liability	21.83	-
Proceeds/(repayment) from current borrowings (net)	51.92	(2.25)
Payment of lease liabilities	(75.83)	-
Proceeds from non-current borrowings	211.63	48.00
Repayment of non-current borrowings	(1,947.74)	(106.00)
Interest paid	(163.52)	(158.57)
Dividend paid	(564.26)	(241.57)
Tax paid on dividend	(99.94)	(42.52)
Net cash flow used in financing activities (c)	**(2,948.82)**	**(348.72)**
Net increase/(decrease) in cash and cash equivalents (a+b+c)	**223.67**	**(326.25)**
Cash and cash equivalents at the beginning of the year	508.36	853.46
Exchange difference on translation of foreign currency cash and cash equivalents	10.35	(18.85)
Cash and cash equivalents at the end of the year (refer Note 15)	**742.38**	**508.36**

Note:

(i) The above statement of cash flow has been prepared under the "indirect method" as set out in Indian Accounting Standard (Ind AS-7)- Statement of Cash Flows.

(ii) Purchase and sale of property, plant and equipment represents additions and deletions to property, plant and equipment and investment property adjusted for movement of capital work in progress, capital advances and capital creditors for property, plant and equipment and investment property during the year.

Reconciliation of borrowings

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening balance		
Non-current borrowings	3,830.07	3,662.11
Current borrowings	486.16	435.87
Current maturity of non-current borrowings	-	0.07
	4,316.23	**4,098.05**
Movement of borrowings		
Proceeds from non-current borrowings	211.63	48.00
Repayment of non-current borrowings	(1,947.74)	(106.00)
Proceed/(repayments) of current borrowings (net)	51.92	(2.25)
Foreign exchange movement	200.81	244.05
Other non-cash items	(16.42)	34.38
	(1,499.80)	**218.18**
Closing balance		
Non-current borrowings	2,369.28	3,830.07
Current borrowings	447.15	486.16
	2,816.43	**4,316.23**

The accompanying notes form an integral part of these consolidated financial statements (note 1-58).

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

New Delhi, 15th May, 2020

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 15th May, 2020

Notes to the Consolidated Financial Statements

Group Information

Cipla Limited (Corporate identity number: L24239MH1935PLC002380) ("Cipla" or "the Company") having registered office at Cipla house, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013, is a public company incorporated and domiciled in India. The Company is in the business of manufacturing, developing, and marketing wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The Group has its wide network of manufacturing, trading and other incidental operations in India and International markets. Equity Shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Global Depository Receipts are listed on Luxembourg Stock Exchange.

The consolidated financial statements comprise financial statements of Cipla Limited ('the Company') and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group'), and its associates. (Refer "Annexure A" to Note 1 for the list of subsidiaries and associates).

Note 1: Significant accounting policies and key accounting estimates and judgements

1.1 Basis of preparation

(i) Compliance with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group as at and for the year ended 31st March, 2020 have been prepared and presented in accordance with Indian Accounting Standards ("Ind-AS") notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], as amended from time to time and other relevant provisions of the Act and accounting principles generally accepted in India.

(ii) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis and on accrual basis, except for the following:

- Financial assets and liabilities are measured at fair value or at amortised cost depending on classification;
- Derivative financial instruments and contingent consideration is measured at fair value;
- Assets-held-for-sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value;
- Lease liability and Right of use of assets – measured at fair value;
- Share-based payments – measured at fair value ; and
- Investment in associates are accounted for using equity method.

(iii) Consistency of accounting policy

The accounting policies are applied consistently to all the periods presented in the financial statements, except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

(iv) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April, 2019:

- Ind AS 116, *Leases*
- Amendment to Ind AS 109, *Financial Instruments,* Prepayment Features with Negative Compensation
- Amendment to Ind AS 12, *Income Taxes*, Appendix C, Uncertainty over Income Tax Treatments and Dividend distribution tax
- Amendment to Ind AS 28, *Investments in Associates and Joint Ventures*
- Amendment to Ind AS 19, *Employee Benefits* plan amendment, curtailment or settlement.

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Notes to the Consolidated Financial Statements

(v) **Functional currency and rounding of amounts**

The consolidated financial statements are presented in Indian Rupee (₹) which is also the functional currency of the parent Company. All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest crore or decimal thereof as per the requirement of Schedule III, unless otherwise stated. Amount less than ₹50,000/- is presented as ₹0.00 crore. Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') unless use of different currency is appropriate.

1.2 Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III of the Act and Ind AS 1, *Presentation of Financial Statements*.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within twelve months after the reporting date; or

d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities include the current portion of current assets and liabilities, respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

Principles of consolidation

The consolidated financial statements relate to Cipla Limited, its subsidiaries and associates.

Subsidiaries are all entities over which the Company exercises control. The Company exercises control if and only if it has the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The consolidated financial statements have been prepared on the following basis:

- The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits. Unrealised losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- The profit and other comprehensive income attributable to non-controlling interest of subsidiaries are shown separately in the consolidated profit or loss and consolidated statement of changes in equity.
- An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investments in associates are accounted for using the equity method unless otherwise stated.
- Under the equity method, on initial recognition the investment in an associate is recognised at cost. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition, unless the share purchase agreement specify otherwise. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.
- The financial statements of the subsidiaries and associates used for the purpose of consolidation are drawn up to the same reporting date as that of the Group.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate financial statements.
- Upon loss of control, the Company derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated profit or loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a FVTOCI or FVTPL financial asset, depending on the level of influence retained.

1.3 Use of estimates and judgements

The preparation of consolidated financial statements requires management of the Group to make judgements, estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

Following are the critical judgements and estimates:

1.3.1 Judgements

(i) **Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

(ii) **Income taxes**

The major tax jurisdictions for the Group are India, US and South Africa, though the Group

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companies also file tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

In assessing the realisability of deferred tax assets, management considers whether some portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

(iii) Research and development costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

(iv) Provisions and contingent liabilities

The Group exercises judgement in determining if a particular matter is possible, probable or remote. The Group also exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual outcome may be different from the originally concluded position.

(v) Business Combinations

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date, determining whether control is transferred from one party to another and whether acquisition constitute a business or asset acquisition. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

1.3.2 Estimates

(i) Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangibles assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual

Notes to the Consolidated Financial Statements

values of Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(ii) Sales returns

The Group accounts for sales returns by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Group's estimate of expected sales returns. The Group deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Group's historical experience in the markets in which the Group operates. With respect to established products, the Group considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Group's business and markets.

(iii) Provision for chargeback, rebates and discounts

Provisions for chargeback, rebates, discounts, other deductions and medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/ other customers and estimated inventory holding by the wholesaler.

(iv) Shelf stock adjustments

Shelf stock adjustments are credits issued to customers to reflect decreases in the selling price of products sold by the Company, and are accrued when the prices of certain products decline as a result of increased competition upon the expiration of limited competition or exclusivity periods. These credits are customary in the pharmaceutical industry, and are intended to reduce the customer inventory cost to better reflect the current market prices. The determination to grant a shelf stock adjustment to a customer is based on the terms of the applicable contract, which may or may not specifically limit the age of the stock on which a credit would be offered.

(v) Expected credit loss

The Group applies Expected Credit Loss ("ECL") model for measurement and recognition of loss allowance on the following:

- Trade receivables and lease receivables
- Financial assets measured at amortised cost (other than trade receivables and lease receivables)
- Financial assets measured at fair value through other comprehensive income ("FVTOCI")

In accordance with Ind AS 109, the Group applies ECL model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

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

Notes to the Consolidated Financial Statements

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In case of other assets, the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve months ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

(vi) Accounting for defined benefit plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

(vii) Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(viii) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

1.4 Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. The cost includes the cost of replacing part of the property, plant and

Notes to the Consolidated Financial Statements

equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. (Refer note 1.8 for more details). The Group had applied for the one time transition exemption of considering the carrying cost on the transition date i.e., 1st April, 2015 as the deemed cost under Ind AS and regarded thereafter as historical cost. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in the nature of repairs and maintenance are recognised in the consolidated profit or loss as and when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision is met.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advance under non-current assets.

Capital work-in-progress included in non-current assets comprises of direct costs, related incidental expenses and attributable interest. Capital work-in-progress are not depreciated as these assets are not yet available for use.

(ii) Depreciation

Depreciation on property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed in Schedule II of the Act. Depreciation on property, plant and equipment, which are added/disposed off during the year, is provided on pro-rata basis with reference to the month of addition/deletion, in the consolidated profit or loss.

For certain class of assets, based on the technical evaluation and assessment, the Group believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Group are different from those prescribed in the Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

The estimated useful lives are as follows:

Property, plant and equipment	Useful Life
Buildings - Factory and Administrative Buildings	25 to 60 years
Buildings - Ancillary structures	3 to 10 years
Plant and equipments	2 to 25 years
Furniture and fixtures	3 to 10 years
Vehicles	4 to 8 years

(iii) De-recognition

An item of property, plant and equipment, is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated profit or loss.

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1.5 Intangible assets

(i) Recognition and measurement

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands and computer software, product related intangibles, distribution network, non-compete rights, government contracts acquired separately are measured on initial recognition at cost. Further, payments to third parties for in-licensed products, generally take the form of up-front and milestones payments which are capitalised following a cost accumulation approach to variable payments (milestones) for the acquisition of intangible assets when receipt of economic benefits out of the separately purchased transaction is considered to be probable. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

(ii) Goodwill

Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying value of the equity accounted investee.

(iii) In-Process Research and Development assets ("IPR&D") or Intangible assets under development

Acquired research and development intangible assets that are under development are recognised as In-Process Research and Development assets ("IPR&D") or Intangible assets under development. IPR&D assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Subsequent expenditure on an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset is:

- Recognised as an expense when incurred, if it is research expenditure;
- Capitalised if the cost can be reliably measured, the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development and to use and sell the asset.

(iv) Expenditure on regulatory approval

Expenditure for obtaining regulatory approvals and registration of products for overseas markets is charged to the consolidated profit or loss.

(v) Amortisation

The Group amortises intangible assets with a finite useful life using the straight-line method over the following useful lives:

Intangible assets	Useful Lives
Marketing intangibles	2 to 25 years
Trademarks	2 to 15 years
Technical Know-how	2 to 15 years
Brands	2 to 15 years
Computer software	2 to 6 years

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

(vi) De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the consolidated profit or loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

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1.6 Assets classified as held-for-sale

Assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of de-recognition.

Assets are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised.

Assets classified as held-for-sale are presented separately from the other assets in the Balance sheet. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the Consolidated Balance sheet.

1.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

Investment properties generally have a useful life of 5-60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

1.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognised in the profit or loss, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

Impairment losses, including impairment on inventories, are recognised in the consolidated profit or loss.

1.9 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.

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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 consolidated profit or loss.

1.10 Foreign currency translation

Foreign currency transactions and balances

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date, exchange rates are recognised in the consolidated profit or loss. Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Group Companies

The financial statements of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate prevailing on the reporting date;
- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate;
- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to consolidated profit or loss and are recognised as part of the gain or loss on disposal.

1.11 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.

Stores, spares and consumables, work-in-progress, stock-in-trade and finished goods are valued at lower of cost and net realisable value.

Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Cost of inventories is determined on a weighted moving average basis.

Stores and spares are inventories that do not qualify to be recognised as property, plant and equipment and consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.

The factors that the Group considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

1.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset and presented within other income.

When loans or similar assistance are provided by the government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured at amortised cost.

Export entitlement from Government authority are recognised in the consolidated profit or loss as other operating revenue when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Group and where there is no significant uncertainity regarding the ultimate collection of the relevant export proceeds.

1.13 Revenue recognition

A contract with a customer exists only when the parties to the contract have approved it and are committed to perform their respective obligations, the Group can identify each party's rights regarding the distinct goods or services to be transferred ("performance obligations"), the Group can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenues are recorded in the amount of consideration to which the Group expects to be entitled in exchange for performance obligations upon transfer of control to the customer and is measured at the fair value of the consideration received or receivable, net of estimated incentives, returns, chargeback, rebates, sales tax and applicable trade discounts, allowances, Goods and Services Tax (GST) and amounts collected on behalf of third parties.

(i) Sale of products

The majority of customer contracts that the Group enters into consist of a single performance obligation for the delivery of pharmaceutical products. The Group recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery, to the customer, or in certain cases, upon the corresponding sales by customer to a third party. The Group records product sales net of estimated incentives/discounts, returns, chargeback, rebates and other related charges. These are generally accounted for as variable consideration estimated in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. The revenue for such variable consideration is included in the Company's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. In making this assessment the Company considers its historical record of performance on similar contracts.

(ii) Sales by clearing and forwarding agents

Revenue from sales of generic products in India is recognised upon delivery of products to distributors by clearing and forwarding agents of the Company. Control in respect of ownership of generic products are transferred by the Company when the goods are delivered to distributors from clearing and forwarding agents. Clearing and forwarding agents are generally compensated on a commission basis as a percentage of sales made by them.

(iii) Out licensing arrangements

Revenues include amounts derived from product out-licensing agreements. The Group enters into collaborations and out-licensing arrangement of the Group's products to other parties.

Licensing arrangements performance obligations generally include intellectual property ("IP") rights, certain R&D and contract manufacturing services. The Group accounts for IP rights and services separately if they are distinct – i.e., if they are separately identifiable from other items in the arrangement and if the customer can benefit from them on their own or with other resources that are readily available to the customer. The consideration is allocated between IP rights and services based on their relative stand-alone selling prices.

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Revenue from IP rights is recognised at the point in time when control of the distinct license is transferred to the customer, the Group has a present right to payment and risks and rewards of ownership are transferred to the customer.

Revenue from sales-based milestones and royalties promised in exchange for a license of IP is recognised only when, or as, the later of subsequent sale or the performance obligation to which some or all of the sales-based royalty has been allocated, is satisfied. The Group estimates variable consideration in the form of sales-based milestones by using the expected value or most likely amount method, depending upon which the Group expects to better predict the amount of consideration to which it will be entitled.

(iv) Service fee

Revenue from services rendered, is recognised in the consolidated profit or loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

(v) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(vi) Dividends

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

1.14 Employee Benefits

(i) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Post-retirement contribution plans such as Employees' Pension scheme, Labour Welfare Fund, Employee State Insurance Corporation (ESIC) are charged to the consolidated profit or loss for the year when the contributions to the respective funds accrue. The Group does not have any obligation other than the contribution made.

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and respective companies make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under provident fund plan are deposited in a Government administered provident fund. Indian subsidiaries have no further obligation to plan beyond its monthly contributions.

In respect of USA subsidiaries, there is a 401(k) plan that provides defined contribution retirement benefits for all the employees. Participants may contribute a portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company's contributions to the plan are at the discretion of the Board. Obligations for contributions to 401(k) plan are recognised as an employee benefits expense in profit or loss as incurred.

For other foreign subsidiaries, contributions to defined contribution plans are charged to the consolidated profit or loss as and when the services are received from the employees.

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(iii) Defined benefit plan

a) Employee's provident fund

In accordance with The Employees' Provident Fund and Miscellaneous Provision Act, 1952, all eligible employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to "Cipla Limited Employee's Provident Fund Trust", a Trust set up by the Company to manage the investments and distribute the amounts to employees at the time of separation from the Group or retirement, whichever is earlier. This plan is a defined obligation plan as the Company is obligated to provide its members a rate of return which should, at a minimum, meet the interest rate declared by the Government - administered provident fund. A part of the Company's contribution is transferred to the Government - administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in the consolidated profit or loss under "Employee benefits expense".

b) Gratuity obligations

Post-retirement benefit plans such as gratuity for eligible employees of the Company and its Indian subsidiaries is determined on the basis of actuarial valuation made by an independent actuary as at the reporting date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is included in retained earnings and will not be reclassified to the consolidated profit or loss.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated profit or loss as past service cost.

(iv) Other benefit plan

Liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the consolidated profit or loss and are not deferred.

(v) Termination benefits

Termination benefits are recognised in the consolidated profit or loss when:

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

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1.15 Share-based payments

a) **Equity settled share-based payment transactions**

The Group operates equity-settled share-based remuneration plans for its employees.

All services received in exchange for the grant of any share-based payment are measured at their fair values on the grant date and is recognised as an employee expense, in the profit or loss with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "Employee stock options reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

Grant date is the date when the Group and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth). All share-based remuneration is ultimately recognised as an expense in the consolidated profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

Market conditions are taken into account when estimating the fair value of the equity instruments granted.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

b) **Cash settled share-based payment transactions**

For cash settled share based payments a liability is recognised for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled and at the date of settlement the fair value is re-measured with any changes in fair value is recognised in the consolidated profit or loss.

1.16 Taxes

Income tax expense comprises of current tax expense and deferred tax expense/benefit. Current and deferred taxes are recognised in the consolidated profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity.

(i) **Current income tax:**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the applicable income tax law of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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(ii) **Deferred tax:**

Deferred tax is recognised using the Balance sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is resonably certain that the Group will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

The Group recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Group is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations and tax on dividend received from foreign subsidiary is not considered as tax expense for the Group and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment and receipt.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

1.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(i) **Group as a lessee**

The Group's lease asset classes primarily consist of leases for land, buildings, vehicle and computers. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencent of the lease, the Group recognises right-of-use asset ("ROU") and corresponding lease liability for all lease arrangement in which it is a lessee, except for

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leases with a term of twelve months or less (short term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e, the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(ii) Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

(iii) Arrangements in the nature of lease

The Group enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Group applies the requirements of Ind AS 116 – Leases to the lease element of the arrangement. For the purpose of applying the requirements under Ind AS 116 – Leases, payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

(iv) Transition to Ind AS 116

Effective 1st April, 2019, the Group has adopted Ind AS 116 "Leases" using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

On 1st April, 2019, the Group has recognised a lease liability measured at the present value of the remaining lease payments, and right-of-use (ROU) asset at an amount equal to lease liability (adjusted for any related prepayments). Accordingly, on transition to Ind AS 116, the Group recognised lease liabilities and corresponding equivalent ROU assets.The Group has elected not to apply the requirements of Ind AS 116 to short-term leases and certain leases for which the underlying asset is of low value.

In the statement of profit or loss for the current period, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for imputed interest on lease liability. The adoption of this standard did not have any significant impact on the profit for the period and earnings per share.

The following is the summary of practical expedients elected on initial application

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grand father the assessment of which transactions are leases. Accordingly,Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Comparatives as at and for the year ended 31st March, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31st March, 2019.

1.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short term highly liquid investments with an original maturity of three months or less.

1.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1.20 Contingencies

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

1.21 Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

Financial instruments

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

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(i) **Financial assets**

(a) **Classification**

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(b) **Initial recognition and measurement**

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

(c) **Subsequent measurement**

For the purposes of subsequent measurement, financial assets are classified in below categories:

- Debt instruments at amortised cost.
- Debt instruments measured at fair value through other comprehensive income (FVTOCI).
- Derivatives and equity instruments at fair value through profit or loss (FVTPL).
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

(d) **Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to consolidated profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the consolidated profit or loss. Transaction cost of financial assets at FVTPL are expensed in the consolidated profit or loss.

(e) **De-recognition**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(f) **Impairment of financial assets**

In accordance with Ind AS 109, the Group applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset. For this purpose, the Group follows a 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

(ii) **Financial liabilities**

(a) **Classification**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

(b) **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

(c) **Subsequent measurement**

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the the consolidated profit or loss.

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

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profit or loss. The Group has not designated any financial liability as fair value through profit and loss.

(d) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings.

(e) De-recognition

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

(iii) Derivative financial instruments

The Group uses derivative financial instruments, such as foreign exchange forward and currency option contracts, interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(iv) Cash flow hedge

The Group classifies its foreign exchange forward and currency option contracts and interest rate swaps that hedge foreign currency risk associated with highly probable forecasted as cash flow hedges and measures them at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss, and is included in the 'Other income/ expenses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the consolidated profit or loss in the periods when the hedged item affects consolidated profit or loss, in the same line as the recognised hedged item. When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain/ loss that was reported in equity are immediately reclassified to consolidated profit or loss.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(vi) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

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- the amount determined in accordance with the expected credit loss model as per Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 115.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(vii) Put option

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary.

In the absence of specific guidance under Ind AS 32 on accounting of such put option (NCI Put Option), initially, the Group recognises the amount that may become payable under the option on exercise at fair value as financial liability. Subsequently, the Group recognises the change in fair value of the option, with a corresponding charge directly to equity. The Group recognises the cost of writing put options, determined as the excess of the fair value of the options over any consideration received, as a finance cost.

Put option liabilities have been valued based on either:

- Discounted cash flow valuation models; or
- Observable market transactions (e.g. funding rounds and non-controlling interest buy-outs).

In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

1.22 Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as capital reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as capital reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships and employee service related payments. Any goodwill that arises on account of such business combination is tested annually for impairment.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each

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reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the consolidated profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

1.23 Recent accounting pronouncements

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

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Annexure 'A' to Note 1: Significant accounting policies and key accounting estimates and judgements

Sr.	Name of the Company	Country of Incorporation	% Ownership Interest As at 31st March, 2020	% Ownership Interest As at 31st March, 2019	With effect from
a.	**Subsidiaries (held directly)**				
1	Goldencross Pharma Limited (formerly known as Goldencross Pharma Private Limited)	India	100%	100%	14/05/2010
2	Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited)	India	100%	100%	01/10/2010
3	Cipla (Mauritius) Limited [#]	Mauritius	100%	100%	27/01/2011
4	Cipla Medpro South Africa (Proprietary) Limited	South Africa	100%	100%	15/07/2013
5	Cipla Holding B.V	Netherlands	100%	100%	28/08/2013
6	Cipla Biotec Limited (formerly known as Cipla Biotec Private Limited)	India	100%	100%	24/07/2014
7	Cipla (EU) Limited	United Kingdom	100%	100%	27/01/2011
8	Saba Investment Limited	United Arab Emirates	51%	51%	02/10/2014
9	Jay Precision Pharmaceuticals Private Limited	India	60%	60%	26/02/2015
10	Cipla Health Limited [1]	India	100%	73.84%	27/08/2015
11	Cipla Pharmaceuticals Limited [2]	India	100%	-	19/11/2019
b.	**Subsidiaries (held indirectly)**				
12	Cipla (UK) Limited [#]	United Kingdom	100%	100%	27/01/2011
13	Cipla Australia Pty Ltd	Australia	100%	100%	04/03/2011
14	Medispray Laboratories Private Limited	India	100%	100%	01/10/2010
15	Sitec Labs Limited (formerly known as Sitec Labs Private Limited)	India	100%	100%	01/10/2010
16	Meditab Holdings Limited	Mauritius	100%	100%	01/10/2010
17	Tasfiye Halinde Cipla İlaç Ticaret Anonim Şirketi (formerly known as Cipla İlaç Ticaret Anonim Şirketi) [##]	Turkey	-	100%	20/02/2012
18	Cipla USA Inc.	USA	100%	100%	12/09/2012
19	Cipla Kenya Limited	Kenya	100%	100%	08/10/2012
20	Cipla Malaysia Sdn. Bhd.	Malaysia	100%	100%	20/03/2013
21	Cipla Europe NV	Belgium	100%	100%	30/09/2013
22	Cipla Quality Chemical Industries Limited	Uganda	51.18%	51.18%	20/11/2013
23	Inyanga Trading 386 Proprietary Limited [#]	South Africa	100%	100%	15/07/2013
24	Cipla Medpro Holdings Proprietary Limited [#]	South Africa	100%	100%	15/07/2013
25	Cape to Cairo Exports Proprietary Limited *	South Africa	100%	100%	15/07/2013
26	Cipla Dibcare Proprietary Limited [#]	South Africa	100%	100%	15/07/2013
27	Cipla Life Sciences Proprietary Limited	South Africa	100%	100%	15/07/2013
28	Cipla-Medpro Proprietary Limited	South Africa	100%	100%	15/07/2013
29	Cipla-Medpro Distribution Centre Proprietary Limited	South Africa	100%	100%	15/07/2013
30	Cipla Medpro Botswana Proprietary Limited	Botswana	100%	100%	15/07/2013
31	Cipla OLTP (Pty) Limited (formerly known as Cipla Nutrition Proprietary Limited)	South Africa	100%	100%	15/07/2013
32	Medpro Pharmaceutica Proprietary Limited	South Africa	100%	100%	15/07/2013
33	Breathe Free Lanka Private Limited	Sri Lanka	100%	100%	16/06/2014

Notes to the Consolidated Financial Statements

Annexure 'A' to Note 1: Significant accounting policies and key accounting estimates and judgements (Contd.)

Sr.	Name of the Company	Country of Incorporation	% Ownership Interest As at 31st March, 2020	% Ownership Interest As at 31st March, 2019	With effect from
34	Medica Pharmaceutical Industries Company Limited	Yemen	50.49%	50.49%	02/10/2014
35	Cipla Pharma Lanka Private Limited [3]	Sri Lanka	100%	60%	17/11/2014
36	Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	Brazil	100%	100%	11/05/2015
37	Cipla Maroc SA	Morocco	60%	60%	08/05/2015
38	Cipla Middle East Pharmaceuticals FZ-LLC	United Arab Emirates	51%	51%	31/05/2015
39	Quality Chemicals Limited	Uganda	51%	51%	06/08/2015
40	Cipla Philippines Inc.	Philippines	100%	100%	06/01/2016
41	InvaGen Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
42	Exelan Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
43	Cipla Algérie	Algeria	40%	40%	06/06/2016
44	Cipla Biotec South Africa (Pty) Ltd	South Africa	100%	100%	10/06/2016
45	Anmaraté Proprietary Limited	South Africa	100%	100%	12/04/2017
46	Cipla Technologies LLC	USA	100%	100%	13/11/2017
47	Cipla Gulf FZ-LLC	UAE	100%	100%	10/10/2018
48	Mirren Proprietary Limited	South Africa	100%	100%	22/10/2018
49	Madison Pharmaceuticals Inc.	USA	100%	100%	26/10/2018
50	Cipla Colombia SAS [4]	Colombia	100%	-	25/04/2019
51	Cipla (China) Pharmaceutical Co. Ltd [5]	China	100%	-	20/05/2019
52	Cipla (Jiangsu) Pharmaceutical Co. Ltd [6]	China	80%	-	08/08/2019
53	Cipla FZE [10]	United Arab Emirates	-	-	04/10/2006
54	Galilee Marketing Proprietary Limited [11]	South Africa	-	-	15/07/2013
55	Xeragen Laboratories Proprietary Limited [12]	South Africa	-	-	15/07/2013
56	Med Man Care Proprietary Limited [13]	South Africa	-	-	15/07/2013
c.	**Associates (held directly)**				
57	AMPSolar Power Systems Private Limited [7]	India	26%	-	12/06/2019
d.	**Associates (held indirectly)**				
58	Stempeutics Research Private Limited [8]	India	40.78%	48.99%	01/10/2010
59	Avenue Therapeutics, Inc.	USA	33.30%	33.30%	08/02/2019
60	Brandmed (Pty) Limited [9]	South Africa	30%	-	24/04/2019
e.	**Other consolidating entities**				
61	Cipla Employee Stock Option Trust	India	100%	100%	09/10/2015
62	Cipla Health Employee Stock Option Trust	India	100%	100%	14/03/2016

\# In the process of liquidation

\## Liquidated on 7th October, 2019

* In the process of deregistration

1. Purchased non controlling interest of 26.16% on 7th August, 2019
2. Incorporated on 19th November, 2019
3. Purchased non controlling interest of 40% on 30th January, 2020
4. Incorporated on 25th April, 2019
5. Incorporated on 20th May, 2019
6. Incorporated on 8th August, 2019
7. Acquired stake from 12th June, 2019 (Share of loss/profit not required to be considered)
8. Stake changed to 40.78% from 43.64% on 8th November, 2019
9. Acquired stake from 24th April, 2019
10. Liquidated on 11th February, 2019.
11. Liquidated on 11th October, 2018.
12. Liquidated on 7th September, 2018.
13. Liquidated on 15th October, 2018.

Notes to the Consolidated Financial Statements

Note 2.1 : (a) Property, plant and equipment

₹ in Crores

Particulars	Freehold land	Leasehold land	Leasehold building improvements	Buildings and flats	Plant and equipments	Furniture and fixtures	Office equipments	Vehicles	Total
Gross block									
Balance as at 1st April, 2018	**72.82**	**34.42**	**245.99**	**2,304.28**	**4,168.29**	**137.79**	**92.84**	**9.88**	**7,066.31**
Business combinations (refer note 56)	6.56	-	-	-	29.44	7.22	0.85	1.11	45.18
Additions for the year	0.25	0.15	6.39	52.17	444.31	9.43	7.79	0.88	521.37
Transfer to investment property (refer note 3)	-	-	-	(64.69)	(0.78)	(0.92)	(1.06)	-	(67.45)
Assets classified as held for sale (refer below note iii)	-	-	-	-	(23.27)	-	-	-	(23.27)
Deletions and adjustments during the year	-	-	-	(0.12)	(45.01)	(2.35)	(0.83)	(1.07)	(49.38)
Foreign currency translations adjustments	0.41	0.29	(8.08)	11.29	11.96	(1.47)	(1.22)	(0.01)	13.17
Balance as at 31st March, 2019	**80.04**	**34.86**	**244.30**	**2,302.93**	**4,584.94**	**149.70**	**98.37**	**10.79**	**7,505.93**
Transition impact of Ind AS 116 (refer note 2.2)	-	(34.86)	-	-	-	-	-	-	(34.86)
Additions for the year	1.24	-	2.21	60.81	353.57	8.63	8.01	0.83	435.30
Transfer to investment property (refer note 3)	-	-	-	(68.56)	(1.01)	(1.00)	(1.15)	-	(71.72)
Deletions and adjustments during the year	(4.36)	-	(0.22)	3.75	(34.25)	(0.90)	(1.05)	(0.34)	(37.37)
Foreign currency translations adjustments	(0.09)	-	2.47	18.75	12.65	(0.70)	(1.14)	(0.01)	31.93
Balance as at 31st March, 2020	**76.83**	**-**	**248.76**	**2,317.68**	**4,915.90**	**155.73**	**103.04**	**11.27**	**7,829.21**
Depreciation and impairment									
Accumulated balance as at 1st April, 2018	**-**	**0.97**	**91.32**	**210.13**	**1,359.09**	**45.53**	**42.60**	**1.32**	**1,750.96**
Business combinations (refer note 56)	-	-	-	-	17.38	6.76	0.44	1.01	25.59
Depreciation charge for the year	-	0.32	14.55	76.86	537.91	17.70	16.76	2.21	666.31
Impairment charge for the year	-	-	-	-	1.48	-	-	-	1.48
Transfer to investment property (refer note 3)	-	-	-	(3.19)	(0.24)	(0.28)	(0.72)	-	(4.43)
Assets classified as held for sale (refer below note iii)	-	-	-	-	(21.27)	-	-	-	(21.27)
Deletions and adjustments during the year	-	-	-	(0.11)	(20.27)	(2.04)	(0.70)	(0.75)	(23.87)
Foreign currency translations adjustments	-	0.01	(4.05)	1.24	0.35	(0.47)	(0.25)	(0.02)	(3.19)
Accumulated balance as at 31st March, 2019	**-**	**1.30**	**101.82**	**284.93**	**1,874.43**	**67.20**	**58.13**	**3.77**	**2,391.58**
Transition impact of Ind AS 116 (refer note 2.2)	-	(1.30)	-	-	-	-	-	-	(1.30)
Depreciation charge for the year	-	-	15.26	75.60	511.72	15.69	15.21	2.22	635.70
Impairment charge for the year	-	-	-	0.07	21.60	-	0.01	-	21.68
Transfer to investment property (refer note 3)	-	-	-	(4.51)	(0.61)	(0.44)	(1.07)	-	(6.63)
Deletions and adjustments during the year	-	-	-	(0.03)	(26.77)	(0.70)	(0.99)	(0.28)	(28.77)
Foreign currency translations adjustments	-	-	(0.51)	4.01	9.77	(0.89)	(0.70)	(0.05)	11.63
Accumulated balance as at 31st March, 2020	**-**	**-**	**116.57**	**360.07**	**2,390.14**	**80.86**	**70.59**	**5.66**	**3,023.89**
Net block									
As at 31st March, 2020	**76.83**	**-**	**132.19**	**1,957.61**	**2,525.76**	**74.87**	**32.45**	**5.61**	**4,805.32**
As at 31st March, 2019	**80.04**	**33.56**	**142.48**	**2,018.00**	**2,710.51**	**82.50**	**40.24**	**7.02**	**5,114.35**

i. The gross value of buildings and flats includes the cost of shares in co-operative housing societies.

ii. The above additions to property, plant and equipments during the year includes ₹46.01 crore (31st March, 2019 ₹34.58 crore) used for research and development.

iii. Power plant at Goa amounting to ₹18.74 crore impaired in earlier years has been classified as assets held-for-sale, with reversal of corresponding impairment provision. Plant and equipment classified as held-for-sale during the reporting period is measured at the lower of its carrying value and fair market value less cost to sell at the time of classification. Fair market value for such assets is valued at ₹2.34 crore as at 31st March, 2020 (31st March, 2019 ₹2.00 crore).

iv. The impairment charge for the year ₹21.68 crore (31st March, 2019 ₹1.48 crore), includes impairment charge on certain assets that has been assessed as non-usable by the management and has been recorded at scrap value less cost to sell.

Notes to the Consolidated Financial Statements

(b) Details of capital work-in-progress

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening balance	331.05	512.35
Additions during the year	464.53	310.52
Deletions during the year	(0.03)	(1.72)
Capitalised during the year	(377.82)	(479.83)
Impairment during the year*	(0.07)	(12.18)
Foreign currency translation adjustments	3.34	1.91
Closing balance	421.00	331.05

* The impairment loss relates to certain capital work-in-progress that has been assessed as non-usable by the management and has been recorded at the scrap value less cost to sell.

Note 2.2: Lease Accounting

Where Group is lessee -

Following are the changes in the carrying value of right of use assets for the year ended 31st March, 2020:

₹ in Crores

Particulars	Category of ROU asset				
	Land	Buildings and Flats	Computers	Vehicles	Total
Balance recognised as at 1st April, 2019	7.00	299.84	19.73	1.32	**327.89**
Transfer from Property, plant and equipment on implementation of Ind AS 116	33.56	-	-	-	**33.56**
Transfer from Deferred lease, Operating lease accrual and prepaid rent on implementation of Ind AS 116	40.28	(12.81)	3.58	-	**31.05**
Additions during the year	3.60	22.28	11.67	-	**37.55**
Deletions / Modifications during the year	-	(11.33)	-	-	**(11.33)**
Depreciation charge for the year	(2.08)	(79.22)	(16.01)	(0.20)	**(97.51)**
Translation difference	-	1.45	-	0.07	**1.52**
Balance as of 31st March , 2020	82.36	220.21	18.97	1.19	322.73

The difference between the lease obligation recorded as of 31st March, 2019 under Ind AS 17 disclosed under Note 49 of the 2019 Annual Report and the value of the lease liability as of 1st April, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities is in the range of 4% to 12%.

The following is the break-up of current and non-current lease liabilities as of 31st March , 2020

₹ in Crores

Particulars	As at 31st March, 2020
Current lease liabilities	89.69
Non-current lease liabilities	183.08
Total	272.77

Notes to the Consolidated Financial Statements

Note 2.2: Lease Accounting (Contd.)

The following is the movement in lease liabilities for the year ended 31st March, 2020

₹ in Crores

Particulars	For the year ended 31st March, 2020
Balance as of 1st April, 2019	327.89
Additions during the year	33.41
Deletions / Modifications during the year	(9.68)
Prepaid rent on 31st March, 2020	(3.32)
Finance cost accrued during the period	24.76
Payment of lease liabilities	(100.59)
Translation difference	0.30
Balance as of 31st March, 2020	272.77

The table below provides details regarding the contractual maturities of lease liabilities as of 31st March, 2020 on an undiscounted basis:

₹ in Crores

Particulars	As at 31st March, 2020
Less than one year	102.28
One to five years	179.99
More than five years	59.88
Total	342.15

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Consolidated Statement of Profit or Loss.

Right-of- use asset	Range of remaining term
Land	3 to 94 years
Buildings and Flats	1 to 7 years
Computers	1 to 3 years
Vehicle	3 to 5 years

Rental expense recorded for short-term leases was ₹68.44 crore for the year ended 31st March, 2020

The aggregate depreciation on Right-of-use assets has been included under depreciation and amortisation expense in the Consolidated Statement of Profit and Loss.

The following is the movement in the net investment in sublease of Right-of-use assets during the year ended 31st March, 2020:

₹ in Crores

Particulars	For the year ended 31st March, 2020
Balance as of 1st April, 2019	-
Addition	1.75
Lease receipts	(0.68)
Translation difference	0.12
Balance as of 31st March, 2020	1.19

The table below provides details regarding the contractual maturities of net investment in sublease of Right-of-use assets as of 31st March, 2020 on an undiscounted basis:

₹ in Crores

Particulars	As at 31st March, 2020
Less than one year	1.19
Total	1.19

Where Group is lessor -

The Group has given certain premises under operating lease or leave and license agreement. The Group retains substantially all risks and benefits of ownership of the leased asset and hence classified as operating lease. Lease income on such operating lease is recognised in profit or loss under 'Rent' in Note 32 - Other income.

Note 3: Investment properties

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Gross Block		
Opening balance	67.78	1.11
Transfer from property, plant and equipment (refer note 2.1)	71.72	67.45
Disposals during the period	-	(0.78)
Closing balance	139.50	67.78

Notes to the Consolidated Financial Statements

Note 3: Investment properties (Contd.)

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Accumulated depreciation		
Opening balance	5.93	**0.08**
Transfer from property, plant and equipment	6.63	4.43
Depreciation for the year (refer note 38)	2.64	1.49
Disposals during the period	-	(0.07)
Closing balance	15.20	**5.93**
Net block	124.30	**61.85**
Fair value	139.37	**75.26**

Rental income recognised in profit or loss for investment properties aggregates to ₹7.45 crore (31st March, 2019 ₹3.77 crore).

Estimation of fair value

The fair valuation of the assets is based on the perception about the macro and micro economics factors presently govering the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities, etc.

This value is based on valuation conducted by an external valuation specialist. The fair value measurement is categorised in level 3 fair value hierarchy.

Note 4: Goodwill

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening balance	2,869.14	**2,814.74**
Recognised on acquisition of subsidiaries (refer note 56)	-	79.22
Foreign currency translation adjustments	64.86	(24.82)
Closing balance	2,934.00	**2,869.14**

Note 4: Goodwill (Contd.)

For impairment testing, goodwill is allocated to the CGUs which represents the lowest level within the group at which goodwill is monitored for internal management purposes. The Group's goodwill on consolidation is tested for impairment annually or more frequently if there are indications that goodwill might be impaired. During the year, the testing did not result in any impairment in the carrying amount of goodwill.

Goodwill acquired in business combination, was allocated to the following cash generating units (CGUs) that are expected to benefit from that business combination :

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
United States of America	1,830.82	1,673.30
South Africa	840.86	947.64
Yemen	131.66	120.33
India	75.46	75.46
Uganda	52.41	49.12
Others	2.79	3.29
Total	2,934.00	**2,869.14**

The recoverable amount of each CGUs are determined based on value in use calculated using, estimated discounted cash flows.

Key assumptions upon which the Group has based its determinations of value-in-use includes:

a) The Group prepares its cash flow forecasts for 5 years based on the most recent financial budgets approved by Board of Directors.

b) A terminal value is arrived at by extrapolating the last forecasted year cashflows to perpetuity, using a constant long-term growth rate ranging from 0% to 4%.

c) Growth rates

The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports ranging from 0% to 34%.

Notes to the Consolidated Financial Statements

Note 4: Goodwill (Contd.)

d) Discount rates

Management estimates discount rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) ranging from 11% to 31 %.

The Group believe that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating units.

Note 5: Intangible assets

₹ in Crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Licences and patents	Brands	Total
Gross block							
Balance as at 1st April, 2018	**198.22**	**2,561.05**	**8.15**	**387.47**	**19.87**	**29.43**	**3,204.19**
Business combinations (refer note 56)	-	-	-	124.11	-	-	124.11
Additions for the year	10.58	99.80	-	25.66	0.38	-	136.42
Deletions and adjustments for the year	(0.06)	-	-	(4.72)	-	-	(4.78)
Foreign currency translations adjustments	(0.68)	(11.38)	0.21	(33.12)	(1.46)	1.73	(44.70)
Balance as at 31st March, 2019	**208.06**	**2,649.47**	**8.36**	**499.40**	**18.79**	**31.16**	**3,415.24**
Additions for the year (refer note below)	26.05	224.09	-	118.08	-	-	368.22
Deletions and adjustments for the year	(4.56)	(0.01)	-	(0.46)	(0.29)	-	(5.32)
Foreign currency translations adjustments	0.34	92.66	0.35	(45.88)	(0.76)	2.83	49.54
Balance as at 31st March, 2020	**229.89**	**2,966.21**	**8.71**	**571.14**	**17.74**	**33.99**	**3,827.68**
Amortisation and impairment							
Balance as at 1st April, 2018	**91.38**	**1,107.57**	**3.24**	**161.22**	**15.31**	**6.42**	**1,385.14**
Amortisation charge for the year	40.64	354.19	1.71	29.27	1.36	2.18	429.35
Impairment charge for the year*	-	-	1.81	6.31	-	0.42	8.54
Deletions and adjustments for the year	(0.03)	-	-	-	-	-	(0.03)
Foreign currency translations adjustments	(0.51)	35.25	0.05	(4.62)	(1.31)	0.36	29.22
Balance as at 31st March, 2019	**131.48**	**1,497.01**	**6.81**	**192.18**	**15.36**	**9.38**	**1,852.22**
Amortisation charge for the year	43.55	272.30	1.26	44.46	0.40	2.13	364.10
Impairment charge for the year*	-	21.17	-	2.88	-	-	24.05
Deletions and adjustments for the year	(4.52)	-	-	(0.37)	-	-	(4.89)

Notes to the Consolidated Financial Statements

Note 5: Intangible assets (Contd.)

₹ in Crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Licences and patents	Brands	Total
Foreign currency translation adjustments	(0.08)	118.76	0.29	(23.48)	(0.74)	0.91	95.66
Balance as at 31st March, 2020	170.43	1,909.24	8.36	215.67	15.02	12.42	2,331.14
Net block							
As at 31st March, 2020	59.46	1,056.97	0.35	355.47	2.72	21.57	1,496.54
As at 31st March, 2019	**76.58**	**1,152.46**	**1.55**	**307.22**	**3.43**	**21.78**	**1,563.02**

* The carrying amount of certain Marketing intangibles, technical know-how, trademarks and brands has been reduced to its recoverable amount by recognition of an impairment loss in the profit or loss.

Intangible assets under development

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening balance	345.13	**468.98**
Additions during the year [refer note below]	352.83	99.39
Capitalised during the year	(292.21)	(45.03)
Impairment charge during the year	(28.90)	(206.96)
Foreign currency translations adjustments	26.68	28.75
Closing balance	403.53	**345.13**

Acquisition of intangibles:

During the year, the Group completed the following significant acquisitions of intangible assets and intangible assets under development amounting to ₹326.30 crore in form of marketing intangibles and trademarks. The Group has recorded the acquired assets as Intangible assets under Ind AS 38 "Intangible Assets" on the assessment that fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets which is controlled by the Group and future economic benefits are probable.

Product	Group Entity	Date of agreement	₹ in Crores	Type of deal
Nutrition products' portfolio (CPink, CDense, Productiv and Folinine)	Cipla Limited	10th October, 2019	82.86	Acquisition of trademark
Vysov	Cipla Limited	12th December, 2019	30.77	Acquisition of trademark for India Territory
Plazomicin	Cipla USA Inc.	20th June, 2019	59.92	Acquisition of worldwide marketing rights (excluding China)
Pulmazole (PUR1900), an inhaled iSPERSE™	Cipla Technologies Inc.	15th April, 2019	152.75	Co-development
		Total	326.30	

Contingent consideration (On achievement of sale target as per agreement)

As at 31st March, 2020, the fair value of the contingent consideration was assessed as ₹ Nil in respect of above acquisitions as the sales targets are not probable and estimable. Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived basis weighted average probability approach of achieving various financial and non-financial performance targets. Basis the future projections and the performance of the products, the contingent consideration is subject to revision on a yearly basis.

Notes to the Consolidated Financial Statements

Note 5: Intangible assets (Contd.)

Note 6: Investment in associates

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Investments in unquoted equity instruments (refer note 44)		
375 (31st March, 2019 - Nil) equity shares of Brandmed (Pty) Limited of ZAR 1 each, fully paid	25.38	-
2,05,02,525 (31st March, 2019 2,05,02,525) equity shares of Stempeutics Research Private Limited of ₹10 each, fully paid	-	6.95
90,000 (31st March, 2019 - Nil) equity shares of AMPSolar Power Systems Private Limited of ₹10 each, fully paid*	0.01	-
Investments in quoted equity instruments (refer note 44)		
58,33,333 (31st March, 2019 58,33,333) equity shares of Avenue Therapeutics, Inc. of $0.001 each, fully paid	209.03	227.54
Investments in debentures -carried at amortised cost (refer note 44)		
89,100 (31st March, 2019 - Nil) 0.01% Compulsory Convertible debentures of AMPSolar Power Systems Private Limited of ₹1000 each, fully paid	0.55	-
	234.97	**234.49**

*Carried at cost. Refer note 44.

Note 7: Non-current financial assets - other investments

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Investments in equity instruments (unquoted)*		
Investments at fair value through OCI		
16.50% (31st March, 2019 - 16.50%) Equity interest in Shanghai Desano Pharmaceuticals Co., Ltd.	202.36	183.36
10.96% (31st March, 2019 - 11.71%) Equity interest in Wellthy Therapeutics Private Limited	17.17	10.50
Investment carried at fair value through Profit or loss		
1,000 (31st March, 2019 - 1,000) Equity shares of The Saraswat co-operative bank Ltd of ₹10 each, fully paid ₹10,000 (31st March, 2019 - ₹10,000)	0.00	0.00
Investment in government securities carried at amortised cost		
National saving certificates ₹41,000 (31st March, 2019 - ₹41,000)	0.00	0.00
	219.53	**193.86**
Aggregate amount of unquoted investments	219.53	193.86

*Refer Note 42 for information on fair value of investments.

Note: On 8th March, 2019, Goldencross Pharma Private Limited, a wholly owned subsidiary of the Company acquired 11.71% stake for a consideration of ₹10.50 crore in Wellthy Therapeutics Private Limited ("Wellthy") pursuant to the Amended and Restated Share Subscription and Shareholders Agreement dated 18th February, 2019.

Notes to the Consolidated Financial Statements

Note 8: Non-current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good, except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Deposits with body corporates and others		
Considered good	52.35	49.38
Considered doubtful	0.86	0.85
Less: Allowance for bad and doubtful advances	(0.86)	(0.85)
Other loans and advances	0.04	0.04
	52.39	**49.42**

Note 9: Non-current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Margin deposits*	5.29	8.45
Capital subsidy receivable	30.26	34.54
Derivatives designated as hedges carried at fair value**		
Interest rate swap	-	50.22
Amount recoverable from supplier	6.49	-
	42.04	**93.21**

*Amount held as margin money under lien to tax authority and electricity department.

**Refer Note 42 for information about Fair value measurement and effects of hedge accounting in Group's Financial Statement.

Note 10 : Income taxes

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

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(A) Profit or loss section		
Current income tax charge	682.87	747.70
MAT credit utilisation / entitlement	229.49	80.94
Adjustment in respect of deferred tax of previous year	32.39	(31.62)
Deferred tax on account of temporary differences	(313.55)	(227.49)
	631.20	**569.53**
(B) Other comprehensive income section		
Income tax relating to re-measurements gain/(loss) on defined benefit plans	7.60	(4.72)
Income tax relating to changes in fair value of FVTOCI equity instrument	(2.12)	(2.88)
Income tax relating to cash flow hedge	29.90	(12.22)
	35.38	**(19.82)**
(C) Equity section		
MAT credit utilised for tax liability under section 115BBD	-	40.40
	-	**40.40**

Notes to the Consolidated Financial Statements

Note 10 : Income taxes (Contd.)

Reconciliation of tax expense and the profit multiplied by tax rate applicable to respective tax jurisdiction for 31st March, 2020 and 31st March, 2019:

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit before tax	2,178.18	2,079.14
At Income tax rates applicable to respective tax jurisdiction	801.34	758.39
Effect for:		
Prior year adjustments to deferred tax	32.39	(31.62)
Weighted deductions and exemptions	(239.46)	(256.18)
Non-deductible expenses for tax purposes	77.50	72.28
Deferred tax not recognised (net)	16.14	7.08
Differential tax impact	(37.82)	4.02
Others	(18.89)	15.57
Income tax expense reported in the profit or loss	**631.20**	**569.53**
Effective income tax rate	**28.98%**	**27.39%**

There are unused tax losses (including capital losses and MAT Credit) for which no deferred tax asset has been recognised as the Group believes that availability of taxable profit against which such temporary difference can be utilised, is not probable.

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unabsorbed depreciation and Business Loss	575.09	512.53
Capital Loss	129.50	104.59
MAT credit not recognised	31.51	30.60

Uncertain tax position :

The Group is subject to income taxes in India and numerous foreign jurisdictions including US and South Africa as other major jurisdictions. The Group have ongoing disputes which includes demands, notices and inquiries from income tax authorities in India and in some of the jurisdictions where they operate. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances and transfer pricing adjustments.

The Group have contingent liability of ₹51.67 crore (31st March, 2019: ₹72.26 crore), in respect of tax demands which are being contested by it based on the management evaluation and advice of tax consultants as the management believes that the ultimate tax determination is uncertain due to various tax positions taken by adjudicating authorities in the past.

The Group has made provisions for taxes basis its best judgement, considering past resolutions to disputed matters by adjudicating authorities, prior year assessments and advice from external experts, if required. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Deferred tax on undistributed earnings:

Deferred income tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments. Accordingly, temporary difference on which deferred tax liability has not been recognised amounts to ₹1,544.74 crore (31st March, 2019 : ₹1,400.52 crore).

Notes to the Consolidated Financial Statements

Note 10 : Income taxes (Contd.)

Deferred tax:

Movement in deferred tax assets and liabilities during the year ended 31st March, 2020:

₹ in Crores

Particulars	As at 31st March, 2019	Profit or loss	Other comprehensive income	Business combination	Equity	Foreign currency translation	As at 31st March, 2020
Property, plant and equipment and intangible assets	(934.82)	228.81	-	-	-	4.01	(702.00)
Employee benefits expense	82.56	(8.28)	7.60	-	-	0.17	82.05
Others*	106.26	48.07	27.78	-	-	0.98	183.09
Allowance for credit loss	43.31	32.82	-	-	-	(1.06)	75.07
Deferred revenue	23.62	(8.39)	-	-	-	0.00	15.23
Provision for right of return, discounts and others	155.85	(22.48)	-	-	-	7.05	140.42
Tax loss carried forward (refer note below)	64.11	10.61	-	-	-	0.26	74.98
Mat credit entitlement/utilised	235.20	(229.49)	-	-	-	0.01	5.72
Deferred tax assets/ (liabilities) (net)	**(223.91)**	**51.67**	**35.38**	**-**	**-**	**11.42**	**(125.44)**
Deferred tax assets	201.41	-	-	-	-	-	239.77
Deferred tax liabilities	(425.32)	-	-	-	-	-	(365.21)
Total	**(223.91)**	**-**	**-**	**-**	**-**	**-**	**(125.44)**

*Others includes inventory reserves, provision for DPCO, Hedge reserve etc.

Movement in deferred tax assets and liabilities during the year ended 31st March, 2019:

₹ in Crores

Particulars	As at 31st March, 2018	Profit or loss	Other comprehensive income	Business combination	Equity	Foreign currency translation	As at 31st March, 2019
Property, plant and equipment and intangible assets	(1,063.12)	156.69	-	(37.25)	-	8.86	(934.82)
Employee benefits expense	74.67	10.97	(4.72)	-	-	1.64	82.56
Others*	78.45	46.28	(15.10)	0.08	-	(3.45)	106.26
Allowance for credit loss	53.44	(12.10)	-	-	-	1.97	43.31
Deferred revenue	26.09	(2.47)	-	-	-	-	23.62
Provision for right of return, discounts and others	111.69	41.80	-	-	-	2.36	155.85
Tax loss carried forward (refer note below)	46.58	17.94	-	-	-	(0.41)	64.11
Mat credit entitlement/utilised	356.54	(80.94)	-	-	(40.40)	-	235.20
Deferred tax assets/ (liabilities) (net)	**(315.66)**	**178.17**	**(19.82)**	**(37.17)**	**(40.40)**	**10.97**	**(223.91)**
Deferred tax assets	187.65						201.41
Deferred tax liabilities	(503.31)						(425.32)
Total	**(315.66)**						**(223.91)**

*Others includes inventory reserves, provision for DPCO, Hedge reserve etc.

Note: Based on approved plans and budgets, the Cipla Health Limited (CHL) one of the subsidiary of the Group has estimated that future taxable income will be sufficient to absorb carried forward unabsorbed depreciation and business losses, which management believes is probable and accordingly, CHL has recognised deferred tax assets on aforesaid losses aggregating to ₹69.23 crore as at 31st March, 2020 (31st March, 2019 : ₹59.26 crore).

Notes to the Consolidated Financial Statements

Note 10 : Income taxes (Contd.)

The Government of India, on 20th September, 2019 vide the Taxation Laws (Amendment) Ordinance, 2019, inserted a new Section 115 BAA in the Income Tax Act, 1961, which provides an option to the Indian companies for paying tax at reduced rates (lower tax rate) as per the provisions/ conditions defined in the said section. Based on its evaluation, certain Indian components of the Group have opted for New tax regime in FY 2019-20 and restated the opening deferred tax as per New Tax Regime and certain Indian components expects to avail lower tax rate only from a later financial year (31st March, 2021) and therefore has applied the lower tax rate of 25.17% in measurement of deferred taxes only to the extent that such deferred tax assets/ liabilities are expected to be realised/ settled in the periods during which the Group expects to be subject to lower tax rate. To the extent deferred tax assets/liabilities were utilised/settled during the year ended 31st March, 2020, the applicable normal tax rate as applicable to Indian entities has been applied. Consequently, deferred tax liabilities (net) reversed by the Group at 31st March, 2020 is not significant.

Tax assets and liabilities -

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Income tax assets (net)	468.62	345.59
Income tax liabilities (net)	9.34	58.74

Note 11: Other non-current assets

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good, except otherwise stated)		
Capital advances		
Secured, considered good*	0.64	0.12
Unsecured, considered good	148.94	60.44
Deferred lease assets (refer note 2.2)	-	38.54
Prepaid expenses	12.91	2.13
VAT receivable	29.15	32.94
	191.64	**134.17**

* Secured against bank guarantees

Note 12: Inventories

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Lower of cost or net realisable value)		
Raw materials and packing materials	1,827.29	1,666.40
Work-in-progress	822.87	858.71
Finished goods	1,066.11	941.37
Stock-in-trade	605.28	449.42
Stores, spares and consumables	56.05	48.93
	4,377.60	**3,964.83**

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Goods-in-transit included above		
Raw materials and packing materials	64.82	126.66
Work-in-progress	32.37	27.32
Finished goods	108.13	124.38
Stock-in-trade	23.16	3.69
Stores, spares and consumables	-	0.85
	228.48	**282.90**

Notes to the Consolidated Financial Statements

Note 12: Inventories (Contd.)

The Group recorded inventory write down (net) of ₹382.76 crore (31st March, 2019 : ₹364.49 crore). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade in profit or loss.

As indicated in Note 23, a notorial bond over Group inventory of ₹329.92 crore (31st March, 2019 ₹ Nil) (net of stock reserve) have been held as security for long-term and short-term borrowings of Cipla Medpro South Africa (Pty) Limited.

Note 13: Current investments

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Investment in mutual funds (quoted) (Carried at fair value through profit or loss)	1,016.52	2,125.79
Aggregate amount of quoted investments	**1,016.52**	**2,125.79**
Aggregate market value of quoted investments	1,016.52	2,125.79

Note 14: Trade receivables

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Considered good, Unsecured	3,891.31	4,150.72
Considered doubtful, Unsecured	288.56	127.60
Less: Allowance for expected credit loss	(288.56)	(127.60)
	3,891.31	**4,150.72**

- Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

Note 14: Trade receivables (Contd.)

- Trade receivable are interest and non-interest bearing and are generally due upto 180 days.
- For ageing analysis of trade receivables, refer note 42.
- There are no trade receivable which have significant increase in credit risk and trade receivables which are credit impaired.
- The Group entered into an arrangement with a bank for sale of trade receivables. Under the arrangement, the Group sold to the Bank certain of its trade receivables on a non-recourse basis. The receivables sold were mutually agreed with the Bank after considering the credit worthiness of the customers and also other contractual terms with the customer including any gross to net adjustments due to rebates, discounts etc. from the contracted amounts, such that the receivables sold are generally lower than the net amount receivables from trade receivables. The Group has transferred substantially all the risks and rewards of ownership of such receivables sold to the Bank and accordingly, the same are de-recognised in the statement of financial position. As on 31st March, 2020, the amount of trade receivables de-recognised pursuant to the aforesaid arrangement is ₹445.82 crore (31st March, 2019 ₹103.80 crore).
- As indicated in notes 23, trade receivables of ₹420.12 crore (31st March, 2019: ₹399.42 crore) have been ceded to the bank as security for long-term and short-term borrowings of Cipla Medpro South Africa (Pty) Limited.

Note 15: Cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with banks		
In current accounts	511.46	480.26
In deposit accounts (original maturity less than 3 months)	189.32	27.35
Remittance in transit*	40.64	-
Cash on hand	0.96	0.75
	742.38	**508.36**

* Remittance in transit from Group entities.

Notes to the Consolidated Financial Statements

Note 16: Bank balance other than cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Bank deposits (original maturity between 3 months and 12 months)	250.08	100.81
Balances earmarked for unclaimed dividend*	11.45	9.64
	261.53	**110.45**

* The above balances are restricted for specific use. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2020 and 31st March, 2019.

Note 17: Current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Deposits with body corporates and others		
Considered good	1.92	2.05
Considered doubtful	2.25	2.25
Less: Allowance for bad and doubtful advances	(2.25)	(2.25)
	1.92	**2.05**
Loans to employees	3.68	4.23
	5.60	**6.28**

Note 18: Financial assets: others - current

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Incentives/ benefits receivable from Government	184.16	107.72
Deposits (refer note 45 B)	175.08	175.08
Derivatives designated as hedges carried at fair value*	-	54.93
Derivatives not designated as hedges carried at fair value*		
Forward contracts	14.38	22.29
Margin deposits#	3.66	3.75
Other receivables		
Considered good	145.00	134.10
Considered doubtful	0.46	0.46
Less: Allowance for bad and doubtful advances	(0.46)	(0.46)
	522.28	**497.87**

*Refer Note 42 for information about Fair value measurement and effects of hedge accounting in Group's Financial Statement.

\# Amount held as margin money to Government authority.

Note 19: Other current assets

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance to suppliers	191.77	210.19
Prepaid expenses	89.51	87.09
Balances with statutory/ revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	598.71	755.65
Others (deferred lease assets and other advances) (refer note 2.2)	6.63	7.40
	886.62	**1,060.33**

Notes to the Consolidated Financial Statements

Note 20: Equity share capital

₹ in Crores

Particulars	Numbers	As at 31st March, 2020	Numbers	As at 31st March, 2019
Authorised				
Equity shares of ₹2/- each	87,50,00,000	175.00	87,50,00,000	175.00
		175.00		**175.00**
Issued				
Equity shares of ₹2/- each	80,62,35,329	161.25	80,57,01,266	161.14
		161.25		**161.14**
Subscribed and paid-up				
Equity shares of ₹2/- each, fully paid up	80,62,35,329	161.25	80,57,01,266	161.14
		161.25		**161.14**

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2020	As at 31st March, 2019
Number of shares outstanding at the beginning of the period	80,57,01,266	80,51,19,164
Add: Allotment of equity shares on exercise of employee stock options (ESOS) (refer note 47)	5,34,063	5,82,102
Number of shares outstanding at the end of the period	80,62,35,329	**80,57,01,266**

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% of Holding	Number of shares	% of Holding
Dr Y K Hamied	16,39,67,687	20.34%	16,39,67,687	20.35%
ICICI Prudential Mutual Fund & Sub-accounts	5,06,75,897	6.29%	2,75,05,977	3.41%
Ms Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.71%

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 dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. 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.

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

Equity shares reserved for issue under employee stock options

Refer to note 47 for number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options by the option holders as per the relevant schemes.

Notes to the Consolidated Financial Statements

Note 21: Other equity

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital reserve	(147.14)	180.82
Securities premium reserve	1,602.03	1,574.59
General reserve	3,142.62	3,142.62
Employee stock options reserve	53.05	57.04
Gross obligation to non-controlling interest under put option (refer note 22)	-	(334.09)
Retained earnings	11,117.88	10,251.31
Foreign currency translation reserve	(191.68)	(138.38)
Equity instrument through other comprehensive income	53.06	46.77
Hedge reserve	(28.07)	70.46
Total	15,601.75	**14,851.14**

Nature and purpose of reserves:-

Capital reserve

Capital reserve represents gain arising from business combination and loss/(gain) on account of acquisition/ divestment of non-controlling interest and profit or loss on sale, issue, purchase or cancellation of the Company's own equity instrument. (refer note 22)

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

General reserve

The general reserve is used from time to time to transfer profit from retained earning for appropriation purpose.

Employee stock options reserve

Employee stock options reserve is used to record the share based payments, expense under the various ESOS schemes as per SEBI regulations. The reserve is used for the settlement of ESOS. (refer note 47)

Gross obligation to non-controlling interest under put option

The amount that may become payable under the option on exercise is initially recognised at fair value within other financial liabilities with a corresponding charge directly to equity. The charge to equity is recognised separately as gross obligation to non-controlling interest under put option in other equity. (refer note 22)

Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends, or other distributions paid to shareholders.

Foreign currency translation reserve

Foreign currency translation reserve represents the unrealised gains and losses on account of translation of reporting currency for foreign subsidiaries into the Company's presentation currency.

Fair value through other comprehensive income

This reserve represents the cumulative gains and losses arising on the revaluation of equity instrument measured at fair value through other comprehensive income. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised/disposed off.

Hedge reserve

The hedging reserve represents the cumulative effective portion of gain or loss arising on changes in fair value of designated portion of hedging instruments (i.e., forward contracts and interest rate swap). Upon de-recognisition, amount accumulated in other comprehensive income are taken to profit or loss at the same time as the related cash flow.

Notes to the Consolidated Financial Statements

Note 22: Non-controlling interest

Financial information of subsidiaries that have material non-controlling interests is provided below:

A. Proportion of equity interest held by non-controlling interest:

Name of the subsidiary	As at 31st March, 2020	As at 31st March, 2019
Cipla Quality Chemical Industries Limited	48.82%	48.82%
Saba Investment Limited (Group)	49.00%	49.00%
Jay Precision Pharmaceuticals Private Limited	40.00%	40.00%
Cipla Maroc SA	40.00%	40.00%
Quality Chemicals Limited	49.00%	49.00%
Cipla Health Limited	-	26.16%

B. Information regarding non-controlling interest:

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Accumulated balances of material non-controlling interest:		
Cipla Quality Chemical Industries Limited	143.22	158.06
Saba Investment Limited (Group)	62.10	83.77
Jay Precision Pharmaceuticals Private Limited	47.68	52.95
Cipla Maroc SA	34.56	5.47
Quality Chemicals Limited	6.71	6.29
Cipla Health Limited [refer note 22 (C)]	-	25.88
Others*	0.01	(0.45)
Total	**294.28**	**331.97**

* Insignificant amount

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit/(loss) allocated to material non-controlling interest:		
Cipla Quality Chemical Industries Limited	(23.35)	(16.23)
Saba Investment Limited (Group)	(28.25)	(20.25)
Jay Precision Pharmaceuticals Private Limited	9.38	11.50
Cipla Maroc SA	(1.40)	(0.57)
Quality Chemicals Limited	(0.01)	0.22
Cipla Health Limited	(4.06)	(10.81)
Others	0.69	0.88
Total	**(47.00)**	**(35.26)**

Notes to the Consolidated Financial Statements

Note 22: Non-controlling interest (Contd.)

Summarised profit or loss for the year ended 31st March, 2020

₹ in Crores

Particulars	Name of the subsidiary					
	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Quality Chemicals Limited	Cipla Health Limited (refer note 22C)
Revenue from operations	370.95	0.81	99.86	94.32	31.79	49.78
Profit for the year	(42.64)	5.43	24.62	(2.41)	(0.03)	(15.52)
Other comprehensive income	-	-	0.12	-	-	(0.02)
Total comprehensive income	**(42.64)**	**5.43**	**24.74**	**(2.41)**	**(0.03)**	**(15.54)**
Dividends paid to non-controlling interests	-	(15.22)	(14.70)	(2.87)	-	-

Summarised profit or loss for the year ended 31st March, 2019

₹ in Crores

Particulars	Name of the subsidiary					
	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Quality Chemicals Limited	Cipla Health Limited
Revenue from operations	365.78	3.41	106.08	66.75	34.54	147.83
Profit for the year	13.10	8.66	30.35	(1.25)	1.10	(40.98)
Other comprehensive income	-	-	(0.01)	-	-	0.30
Total comprehensive income	**13.10**	**8.66**	**30.34**	**(1.25)**	**1.10**	**(40.68)**
Dividends paid to non-controlling interests	(7.40)	(40.26)	(8.31)	-	-	-

Summarised balance sheet as at 31st March, 2020

₹ in Crores

Particulars	Name of the subsidiary					
	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Quality Chemicals Limited	Cipla Health Limited (refer note 22C)
Non-current assets	171.91	100.39	102.42	68.61	10.14	-
Non-current liabilities	5.71	-	4.47	-	0.87	-
Net non-current assets	**166.20**	**100.39**	**97.95**	**68.61**	**9.27**	**-**
Current assets	322.52	163.58	25.67	55.62	27.21	-
Current liabilities	202.63	1.90	3.73	32.27	22.75	-
Net current assets	**119.89**	**161.68**	**21.94**	**23.35**	**4.46**	**-**
Total equity	**286.09**	**262.07**	**119.89**	**91.96**	**13.73**	**-**

Notes to the Consolidated Financial Statements

Note 22: Non-controlling interest (Contd.)

Summarised balance sheet as at 31st March, 2019

₹ in Crores

Particulars	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Quality Chemicals Limited	Cipla Health Limited
	Name of the subsidiary					
Non-current assets	123.67	91.74	101.09	83.43	9.88	65.58
Non-current liabilities	8.27	-	5.18	51.69	1.22	1.45
Net non-current assets	**115.40**	**91.74**	**95.91**	**31.74**	**8.66**	**64.13**
Current assets	413.29	171.20	37.63	50.69	22.69	113.34
Current liabilities	218.90	1.08	1.65	68.75	18.53	65.81
Net current assets	**194.39**	**170.12**	**35.98**	**(18.06)**	**4.16**	**47.53**
Total equity	**309.79**	**261.86**	**131.89**	**13.68**	**12.82**	**111.66**

Summarised cash flow information as at 31st March, 2020

₹ in Crores

Particulars	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Quality Chemicals Limited	Cipla Health Limited (refer note 22C)
	Name of the subsidiary					
Operating activities	44.37	5.85	32.60	17.69	0.26	-
Investing activities	(28.45)	(12.05)	(12.38)	(0.51)	-	-
Financing activities	(0.25)	2.98	(36.74)	(2.67)	-	-
Net increase/ (decrease) in cash and cash equivalents	**15.67**	**(3.22)**	**(16.52)**	**14.51**	**0.26**	**-**

Summarised cash flow information as at 31st March, 2019

₹ in Crores

Particulars	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Quality Chemicals Limited	Cipla Health Limited
	Name of the subsidiary					
Operating activities	(92.25)	7.78	23.06	(3.28)	1.84	(63.80)
Investing activities	(2.35)	(8.42)	(3.73)	(59.99)	-	1.95
Financing activities	(20.74)	1.10	(20.79)	63.40	-	59.99
Net increase/ (decrease) in cash and cash equivalents	**(115.34)**	**0.46**	**(1.46)**	**0.13**	**1.84**	**(1.86)**

Notes to the Consolidated Financial Statements

Note 22: Non-controlling interest (Contd.)

C. Transactions with non-controlling interest:

a) Cipla Health Limited

On 7th August, 2019, Cipla Limited (the Holding Company) has acquired non-controlling interest of 26.16% representing 534,658 Series A Compulsory Convertible Preference Shares of ₹50 each, 33,039 Series A1 Compulsory Convertible Preference Shares of ₹50 each and 1,000 equity shares of ₹10 each, on a fully diluted basis for a total cash consideration of ₹350 crore of its subsidiary, Cipla Health Limited. Accordingly, the related put option liability of ₹355.90 crore (including ₹21.81 crore for non-controlling interest) has been adjusted against the capital reserve.

As per Ind AS 110, in case of acquisiton of additional interest, where there is no change in control of the subsidiary, gain or loss are accounted as an equity transaction. Hence the Group accounted the differential gain/loss on transaction with non-controlling interest to capital reserve and other equity as follows -

Particulars	₹ in Crores
Consideration paid to Non-Controlling interest	350.00
Carrying amount of stake acquired	(21.81)
Net adjustment to capital reserve	**328.19**
Settlement of put option liability	(334.09)
Net adjustment to other equity	**(5.90)**

b) Cipla Pharma Lanka (Private) Limited

The Company's wholly-owned subsidiary Cipla (EU) Limited, holding 60% stake in Cipla Pharma Lanka (Private) Limited has acquired the remaining 40% stake in Cipla Pharma Lanka from non-controlling interest (NCI) shareholders. Post-acquisition, Cipla Pharma Lanka became a wholly owned subsidiary of the Group.

The effect on the equity attributable to the owners of the Group during the year is summarised as follows:

Particulars	₹ in Crores
Consideration paid to Non-Controlling interest	0.02
Carrying amount of stake acquired	(0.25)
Net adjustment to capital reserve	**(0.23)**

c) Cipla Quality Chemical Industries Limited (QCIL)

During the previous year, on 17th September, 2018, the Group has sold 40,58,04,411 shares (11.12% of Group's shareholding) in Cipla Quality Chemical Industries Limited (QCIL), a subsidiary of the Group in the Initial Public Offer (IPO) on the Uganda Securities Exchange for a total consideration of ₹193.79 crore. The Group continues to hold 51.18% interest in QCIL, thereby retaining the control.

As per Ind AS 110, in case of dilution, where there is no change in control of the subsidiary, gain or loss are accounted as equity transaction. Hence the Group accounted increase in non-controlling interest of ₹36.98 crore (carrying amount of 11.12% stake) and differential consideration as capital reserve amounting to ₹156.81 crore.

The effect on the equity attributable to the owners of the Group during the previous year ended 31st March 2019 is summarised as follows:

Particulars	₹ in Crores
Consideration received from Non-Controlling interest	193.79
Carrying amount of stake diluted/ sold	(36.98)
Net adjustment to capital reserve	**156.81**

Notes to the Consolidated Financial Statements

Note 23: Financial liabilities: borrowings

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non -current (refer note 42)		
(Carried at amortised cost, except otherwise stated)		
Secured loans:		
Term loan from banks*	304.74	47.70
Unsecured loans:		
Term loan from banks**	2,064.54	3,782.37
	2,369.28	**3,830.07**
(b) Current (refer note 42)		
(Carried at amortised cost, except otherwise stated)		
Secured loans:		
Loans repayable on demand		
Loan from bank#	118.51	119.25
Unsecured loans:		
Loans repayable on demand		
Bank overdraft$	93.25	98.67
Working capital line of credit##	233.06	234.44
Other loans###	2.33	33.80
	447.15	**486.16**

Note 23: Financial liabilities: borrowings (Contd.)

*** Term loan from banks (Secured)**

Term loan of ₹304.74 crore (31st March, 2019 : ₹47.70 crore) is obtained by Cipla Medpro South Africa (Pty) Ltd. This loan bears interest at rates linked to the Johannesburg Interbank Average Rate ("JIBAR rate"). The loan is repayable in full in 2 instalments of ZAR 300 million and ZAR 420 million on 07th February, 2023 and 31st March, 2023 respectively. This loan is secured by way of guarantees by Medpro Pharmaceutica Proprietary Limited and trade receivables, insurance proceeds and claims of Cipla Medpro South Africa Proprietary Limited and Medpro Pharmaceutica Proprietary Limited.

**** Term loan from banks (Unsecured)**

Includes loans of ₹2,064.54 crore (31st March, 2019 ₹3,782.37 crore) taken by the Company's wholly owned subsidiaries in connection with acquisition of two US based companies, Invagen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc. These loans carry interest at LIBOR + 0.96% p.a. and guarantee given by Cipla Limited to the bankers for repayment of principal and interest thereon. These loans are repayable in full in 2 equal instalments of ₹1,032.27 crore each on 18th July, 2021 and 18th July, 2022 respectively.

 # Loan repayable on demand (Secured)

Loan repayable on Demand of ₹118.51 crore (31st March, 2019: ₹119.25 crore) is obtained by Cipla Medpro South Africa (Pty) Ltd. This loan bears interest at rates linked to the JIBAR rate. The loan is repayable on demand. This loan is secured by way of guarantees by Medpro Pharmaceutica Proprietary Limited and trade receivables, insurances proceeds and claims of Cipla Medpro South Africa Proprietary Limited and Medpro Pharmaceutica Proprietary Limited.

$ Bank overdraft

Bank overdraft pertains to overdraft facility obtained by Cipla Quality Chemical Industries Limited from Absa Bank Uganda Limited at an interest rate of 4% above 3 months LIBOR.

Working capital line of credit

Bank	Entity	Interest Rate	As at 31st March, 2020	As at 31st March, 2019
HSBC Bank USA N.A.	Cipla USA. Inc.	2.80% to 3.94% p.a. (31st March, 2019-2.91% to 3.72% p.a.)	227.00	30.43
Bank of America N.A.	Cipla USA. Inc.	(31st March, 2019-3.23% to 3.59% p.a)	-	204.01
HSBC	Cipla Limited	7.95% p.a.	6.06	-
Total			**233.06**	**234.44**

Other loans

Other borrowing consist of loan obtained by Cipla Maroc SA of ₹2.22 crore (31st March 2019 - ₹33.81 crore) which is repayable on demand carries interest rate of 5.01% p.a (31st March 2019 - 4% p.a).

Notes to the Consolidated Financial Statements

Note 24: Other financial liabilities - non-current

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Security deposits	55.23	53.36
Deferred consideration	15.00	-
Lease liabilities (refer note 2.2)	183.08	-
Put option liability - Fair value through profit or loss {refer note (a) below}	23.59	-
Put option liability {refer note (b) below}	-	334.09
	276.90	**387.45**

(a) Cipla (Jiangsu) Pharmaceutical Co. Limited

Cipla (Jiangsu) Pharmaceutical Co. Limited ('Cipla Jiangsu') is a less than wholly owned subsidiary of the Company. The investment agreement between Cipla (EU) Limited, Cipla Jiangsu and Non-Controlling Interest ('NCI') shareholders of Cipla Jiangsu sets out that the NCI shareholders of Cipla Jiangsu shall be entitled to an exit option after expiry of lock-in-period at a price as defined in investment agreement. A liability is recognised for such put option issued by the Group over the equity of Cipla Jiangsu at the gross amount payable aggregating ₹23.59 crore (including ₹0.93 crore for interest accrued). Such amount is recognised under 'other financial liabilities'. The fair value of such put option is determined using the fair value model methodology enunciated in the investment agreement.

(b) Cipla Health Limited ('CHL')

Cipla Health Limited ('CHL') was a less than wholly owned subsidiary of the Company. The investment agreement between the Company, CHL and non-controlling interest ('NCI') shareholders of CHL sets out that the NCI shareholders of CHL were entitled to an exit option in the event of a qualified initial public offering or offer for sale of the interest by the investor to a bonafide investor. If the Company and CHL failed to provide such an exit to the NCI shareholders, NCI shareholders was having the right to sell their interests to the Company or CHL at fair value of such interest. A liability was recognised in previous year for such put option issued by the Group over the equity of CHL at the gross amount payable aggregating ₹359.97 crore (including ₹25.88 crore for non-controlling interest). Such amount was recognised under 'other financial liabilities' as at 31st March, 2019. The fair value of such put option was determined using the fair value model methodology enunciated in the investment agreement. On 7th August, 2019, the Company has acquired non-controlling interest of 26.16% on a fully diluted basis for a total cash consideration of ₹350 crore. Accordingly, the related put option liability has been adjusted against the capital reserve (refer note 22C).

Note 25: Provisions

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non-current		
Provision for employee benefits (refer note 46)	133.27	121.41
	133.27	**121.41**
Current		
Provision for employee benefits (refer note 46)	219.25	173.03
Provision for litigation - DPCO (refer note below and note 45(b))	104.26	98.49
Provision for right of return/discounts and others (refer note below)	624.68	465.24
	948.19	**736.76**

Movement of provisions for litigation - DPCO and provision for right of return/discounts and others:

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for litigation - DPCO (refer note 45(b))		
Balance at the beginning of the year	**98.49**	**93.94**
Provided during the year	7.00	8.08
Utilised/reversed/ payout during the year	(1.23)	(3.53)
Balance at the end of the year	**104.26**	**98.49**
Provision for right of return/discounts and others		
Balance at the beginning of the year	**465.24**	**340.44**
Provided during the year	1,119.49	965.77
Utilised/reversed/ payout during the year	(981.52)	(847.93)
Foreign currency translation	21.47	6.96
Balance at the end of the year	**624.68**	**465.24**

Notes to the Consolidated Financial Statements

Note 26: Other non-current liabilities

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred government grant	8.91	9.99
Deferred revenue	57.07	61.60
Deferred lease income (refer note 2.2)	1.50	11.72
	67.48	83.31

Note 27: Trade payables

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Total outstanding dues of micro enterprises and small enterprises	81.19	28.69
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,200.62	1,919.30
	2,281.81	1,947.99

- These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 0-90 days of recognition based on the credit terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.
- There are no micro and small enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at 31st March, 2020, and no interest payment made during the year to any micro and small enterprises. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties are identified on the basis of information available with the Group.

Note 28: Other financial liabilities - current

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Carried at amortised cost, except otherwise stated)		
Unclaimed dividend*	11.45	9.64
Security deposits	3.38	1.50
Capital creditors	61.34	50.27
Employee dues	100.00	112.21
Derivative designated as hedge - carried at fair value (refer note 42)		
Forward contracts	31.07	-
Options	6.96	-
Interest rate swap	16.75	-
Derivative not designated as hedge - carried at fair value (refer note 42)	17.88	-
Import advance licences	42.39	37.62
Deferred consideration	22.23	21.84
Lease liabilities (refer note 2.2)	89.69	-
Accrued expenses	127.22	165.35
	530.36	398.43

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

Note 29: Other current liabilities

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance from customers	22.92	6.58
Amount refundable to customers	10.86	37.51
Income received in advance	7.25	10.03
Other payables:		
Statutory dues	125.14	79.46
Deferred government grant	0.75	0.79
Deferred revenue	9.00	7.07
Others	0.37	1.99
	176.29	143.43

Notes to the Consolidated Financial Statements

Note 30: Revenue from sale of products

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Sale of products (refer note below)	16,694.85	15,970.97
	16,694.85	15,970.97

Ind AS 115- Disclosures

(i) Disaggregation of revenue

The Group's revenue disaggregated by business unit is as follows:

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Sale of products		
(1) India - Trade and Branded Generics	6,539.82	6,272.09
(2) North America (USA)	3,715.36	3,293.69
(3) South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)	3,050.76	3,169.34
(4) Emerging Markets (EM)	1,395.76	1,658.42
(5) Europe	760.49	675.28
(6) Active Pharmaceutical Ingredient (API)	727.03	684.94
(7) CHL and Others	505.63	217.22
	16,694.85	15,970.97

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

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Contracted price	26,694.09	23,518.68
Less: trade discounts, chargeback, sales and expiry return, Medicaid etc.	(9,999.24)	(7,547.71)
Sale of products	16,694.85	15,970.97

Note 30: Revenue from sale of products (Contd.)

(iii) Contract assets

The Group recognises an asset i.e., right to the returned saleable goods (included in inventories) for the products expected to be returned in saleable condition. The Group initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of returned goods. The Group updates the measurement of the asset recorded for any revision to its expected level of returns, as well as any additional decrease in value of the returned products.

As on 31st March, 2020, the Group has ₹17.41 crore (31st March, 2019 ₹14.29 crore) as contract asset.

(iv) Contract liabilities from contracts with customers

The Group records a contract liability when cash payments are received or due in advance of its performance.

Contract liabilities

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Advance from customers	22.92	6.58
Amount refundable to customers	10.86	37.51
Deferred revenue	66.07	68.67

Deferred revenue

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Balance at the beginning of the year	68.67	74.66
Revenue recognised during the year	(10.79)	(7.07)
Milestone payment received during the year	8.19	1.08
Balance at the end of the year	66.07	68.67

(v) Information about major customer

No single external customer represents 10% or more of the Group's total revenue for the years ended 31st March, 2020 and 2019, respectively.

Notes to the Consolidated Financial Statements

Note 31: Other operating revenue

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rendering of services	8.73	45.37
Export incentives	252.32	159.60
Technical know-how and licensing fees	16.72	41.01
Scrap sales	31.00	33.17
Sale of marketing and product license	77.11	86.23
Goods and service tax area based incentive	22.53	14.07
Miscellaneous income*	28.73	11.99
	437.14	391.44

* Income below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

Note 32: Other income

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest income		
Bank deposit	36.59	16.53
Others	31.08	43.33
Dividend income	0.06	34.44
Government grants$	2.07	8.06
Net gain on foreign currency transaction and translation	103.71	42.42
Net gain on sale of investment -		
-Current investments carried at FVTPL	125.92	100.98
-Non-current investments	0.07	84.05
Net gain on disposal of property, plant and equipments (refer note 2.1)	2.62	3.30
Fair value gain on financial instruments at fair value through profit or loss	(25.18)	22.74
Sundry balances written back	2.41	26.92
Insurance claim	35.50	11.09

Note 32: Other income (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rent income	9.46	6.12
Litigation settlement income	-	47.96
Miscellaneous income #	19.89	28.63
	344.20	476.57

$ Government grants pertain to subsidy of property, plant and equipment of manufacturing set up. There are no unfulfilled conditions or contingencies attached to these grants.

\# Income below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

Note 33: Cost of materials consumed

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cost of materials consumed	4,376.81	4,285.04
	4,376.81	4,285.04

Note 34: Purchases of stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Purchases of stock-in-trade	1,859.37	1,452.41
	1,859.37	1,452.41

Note 35: Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening Stock		
Work-in-progress	858.71	787.73

Note 35: Changes in inventories of finished goods, work-in-progress and stock-in-trade (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Finished goods	941.37	1,094.82
Stock-in-trade	449.42	413.99
	2,249.50	2,296.54
Less: Closing Stock (refer note 12)		
Work-in-progress	822.87	858.71
Finished goods	670.39	941.37
Stock-in-trade	1,001.00	449.42
	2,494.26	2,249.50
(Increase)/decrease	(244.76)	47.04

Note 36: Employee benefits expense

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages	2,700.66	2,560.51
Contribution to provident and other funds (refer note 46)	137.00	130.01
Share based payments expense (refer note 47)	23.45	24.11
Staff welfare expenses	165.90	141.90
	3,027.01	2,856.53

Note 37: Finance costs

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest expense on long-term and short-term borrowings	149.67	153.27
Interest on Lease Liabilities (refer note 2.2)	24.76	-
Interest on discounting of trade receivables	7.80	2.42
Interest on DPCO	7.00	8.08
Other borrowing cost	8.13	4.66
	197.36	168.43

Note 38: Depreciation, impairment and amortisation expense

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Depreciation on property, plant and equipment (refer note 2.1)	635.70	666.31
Impairment of property, plant and equipment (refer note 2.1)	21.68	1.48
Impairment of capital work-in-progess (refer note 2.1)	0.07	12.18
Depreciation on ROU assets (refer note 2.2)	97.51	-
Depreciation on investment properties (refer note 3)	2.64	1.49
Amortisation of intangible assets (refer note 5)	364.10	429.35
Impairment of intangibles and intangible assets under development (refer note 5)*	52.95	215.50
	1,174.65	1,326.31

*Due to the uncertain regulatory developments and litigations for certain intangible assets and intangible assets under development on the existing and IP R&D portfolio relating to US generics business, the Group recorded an impairment charge of ₹42.49 crore (31st March, 2019 : ₹206.96 crore) and other impairments amounting to ₹10.46 crore (31st March, 2019 : ₹8.44 crore).

Note 39: Other expenses

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Manufacturing expenses	476.80	447.68
Stores and spares	141.16	128.83

Notes to the Consolidated Financial Statements

Note 39: Other expenses (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Repairs and maintenance:		
Buildings	37.82	39.68
Plant and equipment	118.80	104.35
Insurance	47.59	36.33
Rent (refer note 2.2)	68.44	141.32
Rates and taxes	59.51	38.07
Power and fuel	327.43	335.11
Travelling and conveyance	369.86	328.82
Sales promotion expenses	773.92	743.37
Commission on sales	234.49	293.89
Freight and forwarding	243.63	244.03
Allowance for credit loss (net) (refer note 42)	180.27	76.56
Contractual services	242.93	207.54
Non-executive directors remuneration (refer note 48)	9.40	9.56
Postage and telephone expenses	29.76	38.83
Legal and professional fees	701.79	501.15
Payment to auditors:		
Audit fees	1.79	1.69
Taxation matters	0.34	0.22
For other services	0.39	0.37
Reimbursement of expenses	0.26	0.14
Corporate social responsibility (CSR) expenditure (refer no 49)	38.70	36.08
Donations *	17.19	12.03
Research - clinical trials, samples and grants	354.52	356.86
Miscellaneous expenses #	430.78	501.57
	4,907.57	**4,624.08**

*Includes ₹15.00 crore towards donation to Electoral fund (previous year ₹9.00 crore).

Expense below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

Revenue expenditure aggregating to ₹1,118.54 (31st March, 2019: ₹1,147.82) on research and development activities to the in-house research of new products has been charged through natural heads of accounts.

Note 40 : Other comprehensive income

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A. (1) Items that will not be reclassified to profit or loss		
(i) Re-measurements of post-employment benefit obligation (refer note 46 (e))	(23.31)	13.71
(ii) Changes in fair value of FVTOCI equity instruments	8.41	28.80
	(14.90)	**42.51**
(2) Income tax relating to items that will not be reclassified to profit or loss		
(i) Income tax relating to re-measurements of post-employment benefit obligation	7.60	(4.72)
(ii) Income tax relating to changes in fair value of FVTOCI equity instruments	(2.12)	(2.88)
	5.48	**(7.60)**
	(9.42)	**34.91**

Notes to the Consolidated Financial Statements

Note 40 : Other comprehensive income (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
B. (1) Items that will be reclassified to profit or loss		
(i) Exchange difference on translation of foreign operations	(21.45)	(329.90)
(ii) Cash flow hedge and interest rate swap (refer note 42)	(128.43)	17.27
	(149.88)	**(312.63)**
(2) Income tax relating to Items that will be reclassified to profit or loss		
(i) Income tax relating to cash flow hedge and interest rate swap	29.90	(12.22)
	29.90	**(12.22)**
	(119.98)	**(324.85)**
	(129.40)	**(289.94)**

Note 41: Earnings per share (EPS)

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 year.

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 which includes all stock options granted to employees. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

Disclosure as required by Indian Accounting Standard (Ind AS) 33 - Earnings per share:

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit after tax as per profit or loss (₹ in Crore)	1,546.52	1,527.70
Basic weighted average number of equity shares outstanding	80,60,17,621	80,53,61,167
Basic earnings per share of par value ₹2/- per share	19.19	18.97
Add: Dilutive impact of employee stock options	10,58,934	14,68,822
Diluted weighted average number of equity shares outstanding	80,70,76,555	80,68,29,989
Diluted earnings per share of par value ₹2/- per share	19.16	18.93

Note 42: Financial Instrument

A. Fair value measurement

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The carrying amount of trade receivable, trade payable, capital creditors, loans, cash and cash equivalents and other bank balances as at 31st March, 2020 and 31st March, 2019 are considered to be the same as their fair values, due to their short term nature. Difference between carrying amounts and fair values of other

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

financial assets, other financial liabilities and short term borrowings subsequently measured at amortised cost is not significant in each of the year presented.

Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of following:

Level 1 - category includes financial assets and liabilities, that are measured in whole or in significant part by reference to published quotes in an active market.

Level 2 - category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Group's own valuation models whereby the material assumptions are market observable. The majority of Group's over-the-counter derivatives and several other instruments not traded in active markets fall within this category.

Level 3 - category includes financial assets and liabilities measured using valuation techniques based on non market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Group. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

The carrying value and fair value of financial instruments by categories as of 31st March, 2020 were as follows:

₹ in Crores

Particulars	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost				
Investment properties (refer note 3)	124.30	-	-	139.37
Investment in associates (refer note 6)	0.56	-	-	0.56
Investment (refer note 7)	0.00	-	-	0.00
Financial assets at fair value through profit or Loss				
Investments in mutual funds (refer note 13)	1,016.52	1,016.52	-	-
Investment (refer note 7)	0.00	-	-	0.00
Other forward contracts (refer note 18)	14.38	-	14.38	-
Financial assets at fair value through other comprehensive income				
Investments in equity instrument (refer note 7)	219.53	-	-	219.53
Financial liabilities:				
Financial liabilities at amortised cost				
Lease liabilities (refer note 24 and 28)	272.77	-	-	272.77
Borrowings (refer note 23)	2,816.43	-	-	2,816.43

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

₹ in Crores

Particulars	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities at fair value through Profit and Loss:				
Put option liability (refer note 24)	23.59	-	-	23.59
Derivative not designated as hedge (refer note 28)	17.88	-	17.88	-
Financial liabilities at fair value through other comprehensive income				
Interest rate swap used for hedging (refer note 28)	16.75	-	16.75	-
Derivative designated as hedge (refer note 28)	38.03	-	38.03	-

The carrying value and fair value of financial instruments by categories as of 31st March, 2019 were as follows:

₹ in Crores

Particulars	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost				
Investment properties (refer note 3)	61.85	-	-	75.26
Investment (refer note 7)	0.00	-	-	0.00
Financial assets at fair value through profit or loss				
Investments in mutual funds (refer note 13)	2,125.79	2,125.79	-	-
Investment (refer note 7)	0.00	-	-	0.00
Other forward contracts (refer note 18)	22.29	-	22.29	-
Financial assets at fair value through other comprehensive income				
Investments in equity instrument (refer note 7)	193.86	-	-	193.86
Interest rate swap used for hedging (refer note 9)	50.22	-	50.22	-
Derivatives designated as hedges (refer note 18)	54.93	-	54.93	-
Financial liabilities:				
Financial liabilities at amortised cost				
Borrowings (refer note 23)	4,316.23	-	-	4,316.23

B. Financial risk management objectives and policies

The Group activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Group financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables, security deposit, loan and advances etc., arises from its operation.

The Group has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Group has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance Group's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Group level.

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

The Audit Committee of the Board reviews the risk management framework at periodic intervals.

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices. The Group's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Group's income and expenses, or the value of its financial instruments. The Group's exposure to and management of these risks are explained below.

(a) Currency risk:

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. The Group also holds derivative financial instruments such as foreign exchange forward and currency option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are affected as the Rupee appreciates/depreciates against US dollar (USD), Euro (EUR), Great Britain Pound (GBP), South African Rand (ZAR) and other currencies.

Foreign exchange risk

(i) Foreign exchange derivatives and exposures outstanding at the year end

₹ in Crores

Nature of instrument	Currency	Cross currency	As at 31st March, 2020	As at 31st March, 2019
Forward contracts - Sold	USD	INR	2,178.37	2,054.00
Option contracts - Sold and Bought	USD	INR	227.00	-
Forward contracts - Sold	ZAR	INR	348.09	292.88
Forward contracts - Bought	USD	ZAR	127.34	93.55
Forward contracts - Bought	EUR	ZAR	15.45	3.55
Unhedged foreign exchange exposures:				
- Trade and other receivables			1,051.98	1,536.40
- Cash and cash equivalents			50.47	22.78
- Trade and other payables			(566.09)	(896.17)
- Borrowings			(93.69)	(97.37)

Note: The Group uses foreign exchange forward and currency option contracts for hedging purposes.

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

(ii) Foreign currency risk from financial instruments as of:

₹ in Crores

Particulars	As at 31st March, 2020					
	US Dollars	Euro	GBP	ZAR	Other Currency	Total
Trade and other receivables	771.79	93.49	75.72	43.25	67.73	1,051.98
Cash and cash equivalents	35.15	0.81	1.74	-	12.77	50.47
Trade and other payables	(448.95)	(74.98)	(18.87)	(2.01)	(21.28)	(566.09)
Borrowings	(93.69)	-	-	-	-	(93.69)
Net assets / (liabilities)	264.30	19.32	58.59	41.24	59.22	442.67

₹ in Crores

Particulars	As at 31st March, 2019					
	US dollars	Euro	GBP	ZAR	Other Currency	Total
Trade and other receivables	1,243.26	139.78	38.11	67.30	47.95	1,536.40
Cash and cash equivalents	4.68	1.34	13.39	-	3.37	22.78
Trade and other payables	(531.63)	(254.51)	(93.30)	(5.37)	(11.36)	(896.17)
Borrowings	(97.37)	-	-	-	-	(97.37)
Net assets / (liabilities)	**618.94**	**(113.39)**	**(41.80)**	**61.93**	**39.96**	**565.64**

(iii) Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31st March, 2019 : 2%) would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Movement in exchange rate		
USD - INR	5%	2%
Euro - INR	5%	2%
GBP - INR	5%	2%
ZAR - INR	5%	2%
Other currency	5%	2%
Impact on profit/ loss		
USD - INR	13.22	12.38
Euro - INR	0.97	(2.27)
GBP - INR	2.93	(0.84)
ZAR - INR	2.06	1.24
Other currency	2.96	0.80

(b) Price risk

The Group is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March, 2020, the investments in debt mutual funds amounts to ₹1,016.52 crore (31st March, 2019: ₹2,125.79 crore). These are exposed to price risk. The Group has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds. A 1% increase in prices would have led to approximately an additional ₹10.16 crore gain in profit or loss (31st March, 2019: ₹21.25 crore gain). A 1% decrease in prices would have led to an equal but opposite effect.

(c) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

The Group interest rate risk mainly arises from long term borrowings with variable rates, which expose the group to cash flow interest rate risk. Group policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During 31st March, 2020 and 31st March, 2019, the Group borrowings at variable rate were mainly denominated in USD and ZAR.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings. The Group adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate by hedging interest rate swaps . The borrowings profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Variable rate instruments		
Financial liabilities	2,816.43	4,316.23

₹ in Crores

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Weighted average interest cost	Balance	%of total loans	Weighted average interest cost	Balance	%of total loans
Borrowings	3.24%	2,816.43	100%	3.21%	4,316.23	100%
Interest rate swap (notional principal amount)	2.30%	2,080.79		2.30%	1,901.76	-
Net exposure to cash flow interest rate risk		735.64		-	2,414.47	-

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Impact on profit/ loss		
Increase	(3.68)	(12.07)
Decrease	3.68	12.07

The risk estimates provided assume a parallel shift of 50 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

and investment securities. The Group establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables, cash and cash equivalents and investments.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

Cash and cash equivalents and investments:

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating.

The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Details of financial assets – not due, past due and impaired

None of the Group's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at 31st March, 2020.

The ageing analysis of the receivable (gross of provision) has been considered from the date the invoice falls due:

₹ in Crores

Particulars	Neither past due nor impaired	Past due but not impaired			Total
		0-180	180-365	Above 365	
As on 31st March, 2020	2,573.42	1,087.30	212.93	306.22	4,179.87
As on 31st March, 2019	**2,727.13**	**1,196.69**	**183.77**	**170.73**	**4,278.32**

Expected credit loss:

In accordance with Ind AS 109, the Group uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers.

The details of changes in allowance for credit losses during the year ended 31st March, 2020 and 31st March, 2019 for trade and other receivables are as follows:

₹ in Crores

Particulars	Loans (current)	Loans (non-current)	Other financial assets	Trade receivables	Total
As at 1st April, 2018	**2.25**	**0.88**	**3.93**	**158.99**	**166.05**
Provided during the year	-	-	-	150.74	**150.74**
Reversals of provision	-	(0.03)	(3.47)	(176.62)	**(180.12)**
Business combination	-	-	-	(1.56)	**(1.56)**
Effects of changes in foreign exchange rate	-	-	-	(3.95)	**(3.95)**
As at 31st March, 2019	**2.25**	**0.85**	**0.46**	**127.60**	**131.16**
Provided during the year	-	0.01	-	212.40	**212.41**
Reversals of provision	-	-	-	(70.06)	**(70.06)**
Effects of changes in foreign exchange rate	-	-	-	18.62	**18.62**
As at 31st March, 2020	**2.25**	**0.86**	**0.46**	**288.56**	**292.13**

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2020 and 31st March, 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2020:

₹ in Crores

Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Non derivative:					
Borrowings					
Current borrowings	447.15	-	-	-	447.15
Non-Current borrowings	-	1,032.27	1,337.01	-	2,369.28
Trade payables	2,281.81	-	-	-	2,281.81
Other financial liabilities	530.36	64.05	98.27	114.58	807.26
Derivative:					
Derivative not designated as hedge	17.88	-	-	-	17.88
Derivative designated as hedge	38.03	-	-	-	38.03
	3,315.23	1,096.32	1,435.28	114.58	5,961.41

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2019:

₹ in Crores

Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Non derivative:					
Borrowings					
Current borrowings	486.16	-	-	-	**486.16**
Non-Current borrowings	-	756.47	3,073.60	-	**3,830.07**
Trade payables	1,947.99	-	-	-	**1,947.99**
Other financial liabilities	398.43	-	3.25	384.20	**785.88**
	2,832.58	**756.47**	**3,076.85**	**384.20**	**7,050.10**

Impact of hedging

The Group uses foreign exchange forward/options contracts to hedge against the foreign currency risk of highly probable USD/ZAR sales. Such derivative financial instruments are governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group's risk management strategy. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established. Further, the Group has taken Interest rate swap to hedge its term loan from banks which are at variable interest rates.

a) Disclosure of effects of hedge accounting in Group's balance sheet

₹ in Crores

Type of hedge and risks	Carrying amount: Nominal amount	Carrying amount: Assets	Carrying amount: Liabilities	Maturity date	Hedge ratio	Weighted average strike price/rate
31st March, 2020						
Cash flow hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 28)	1,753.26	-	38.56	April 2020 - March 2021	1:1	USD 1 = ₹73.42 ZAR 1 = ₹4.82
Foreign exchange forward contracts (refer note 18)	142.79	14.38	-	April 2020 - March 2021	1:1*	USD 1 = ZAR 16.49 EUR 1 = ZAR 16.88
Foreign exchange currency option contracts - Sold (refer note 28)	227.00	-	(0.53)	April 2020 - March 2021	1:1	USD 1 = ₹75.25
Foreign exchange option contracts - Bought (refer note 28)	227.00	-	7.49	April 2020 - March 2021	1:1	USD 1 = ₹71.80
Interest rate risk						
Interest rate swap (refer note 28)	2,080.79	-	16.75	April 2020 - March 2022	1:1	2.30%
Fair value hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 28)	773.21	-	17.88	April 2020 - March 2021	1:1*	USD 1 = ₹73.51 ZAR 1 = ₹4.55

₹ in Crores

Type of hedge and risks	Carrying amount: Nominal amount	Carrying amount: Assets	Carrying amount: Liabilities	Maturity date	Hedge ratio	Weighted average strike price/rate
31st March 2019						
Cash flow hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 18)	1,698.14	54.93	-	April 2019 - March 2020	1:1*	USD 1 = ₹72.79 ZAR 1 = ₹5.11
Interest rate risk						
Interest rate swap (refer note 9)	1,901.76	50.22	-	April 2020 - March 2022	1:1	2.30%
Fair value hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 18)	94.63	2.47	-	April 2019 - March 2020	1:1*	USD 1 = ZAR 14.24 EUR 1 = ZAR 16.08
Foreign exchange forward contracts (refer note 18)	710.65	19.82	-	April 2019 - March 2020	1:1*	USD 1 = ₹71.45 ZAR 1 = ₹5.01

* The foreign currency forward contracts are denominated in the same currency as the highly probable future sales, therefore hedge ratio of 1:1

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

b) Disclosure of effects of hedge accounting in Group's profit or loss and other comprehensive income

₹ in Crores

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to Profit and loss
31st March, 2020			
Cash flow hedge			
i) Foreign exchange risk contracts (refer note 40)	(17.27)	-	(40.60)
ii) interest rate swap (refer note 40)	(70.56)	-	-
31st March, 2019			
Cash flow hedge			
i) Foreign exchange risk contracts (refer note 40)	48.81	-	(5.61)
ii) interest rate risk (refer note 40)	(31.54)	-	-

Hedge effectiveness is determined at the inception of hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationships exists between the hedged item and hedging instruments. It is calculated by comparing changes in fair value of the hedged item, with the changes in fair value of the hedging instrument.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

c) Movement in cash flow hedge reserve and cost of hedge reserve

₹ in Crores

Derivative Instruments	As at 31st March, 2020			As at 31st March, 2019		
	Foreign exchange forward/ currency option contracts	Interest rate swap	Total hedge reserve	Foreign exchange forward contracts	Interest rate swap	Total hedge reserve
Cash flow hedging reserve						
Opening balance	**32.22**	**38.24**	**70.46**	**0.47**	**64.94**	**65.41**
Add: Changes in fair value	(17.27)	(70.56)	**(87.83)**	54.42	(31.54)	**22.88**
Less: Amount reclassified to profit or loss	(40.60)	-	**(40.60)**	(5.61)	-	**(5.61)**
Less: Deferred tax relating to above (net)	19.00	10.90	**29.90**	(17.06)	4.84	**(12.22)**
Closing balance	**(6.65)**	**(21.42)**	**(28.07)**	**32.22**	**38.24**	**70.46**

Notes to the Consolidated Financial Statements

Note 43: Capital Management

(A) Risk Management

The Group objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt. Consistent with others in Industry, the Group monitors capital on the basis of the following gearing ratio : (net debt divided by total 'equity').

Net debt = Total borrowings less (Cash and cash equivalents + Bank balance other than cash and cash equivalents (excluding balance earmarked for unclaimed dividend) + Current investments).

Total 'equity' as shown in the the balance sheet, including non-controlling interest.

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total debt	2,816.43	4,316.23
Less: Cash and cash equivalent including mutual fund and bank deposit with original maturity between 3 to 12 months.	2,008.98	2,734.96
Net debt (A)	807.44	1,581.27
Total equity (B)	16,057.28	15,344.25
Net debt to equity ratio (A/B)	**0.05**	**0.10**

(B) Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

(a) the ratio of Total debt to EBITDA on the last day of each relevant period shall not exceed 3.50:1

(b) the ratio of Total debt to tangible net worth on the last day of each relevant period shall not exceed 2:1; and

Note 43: Capital Management (Contd.)

(c) the ratio of EBITDA to Gross interest and finance charges shall not be less than 3.50:1.

The Group has complied with these covenants throughout the reporting periods.

(C) Dividend on equity share

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Dividend on equity shares paid during the year		
Final dividend for the year		
[FY 2018-19 ₹3.00 (FY 2017-18 ₹3.00) per equity share of ₹2.00 each)	241.77	241.57
Dividend distribution tax on final dividend	34.23	40.40
	276.00	**281.97**
Interim Dividend (including one time special dividend) for the FY 19-20 ₹4.00 per equity share of ₹2.00 each	322.49	-
Dividend distribution tax on interim dividend	53.22	-
	375.71	**-**
Dividend distribution tax on dividend paid by Indian subsidiaries	12.49	2.12
	664.20	**284.09**
(b) Proposed dividend on equity share not recognised as liability	-	291.40

During the previous year, the Board of Directors of the Company at its meeting held on 22nd May, 2019 had recommended a final dividend of ₹3.00 per equity share which was subject to approval at the ensuing Annual General Meeting of the Company and hence was not recognised as a liability.

Notes to the Consolidated Financial Statements

Note 44: Investment in an Associate

A) Stempeutics Research Private Limited

The Group has a 40.78% (Previous year - 48.99%) interest in Stempeutics Research Private Limited. Following table shows the summarised financial information.

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current assets	23.17	8.50
Non-current assets	41.82	36.03
Current liabilities	(4.68)	(5.14)
Non-current liabilities	(1.15)	(36.29)
Equity	**59.16**	**3.10**
Group ownership	40.78%	48.99%
Equity proportion of the Group ownership	24.13	1.52
Capital reserve	(24.13)	-
Goodwill	-	5.43
Carrying amount of the investment	-	6.95

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue from sale of products	5.58	3.24
Profit/(loss) for the year	(18.51)	(5.45)
Total Comprehensive Income for the year	(18.51)	(5.45)
Group's share of profit/ (loss) for the year#	**(7.55)**	**(2.67)**

\# During the year, the group's share of losses of the Company (an associate) exceeds its interest in the Company and the hence the Group has discontinued recognizing its share of further losses.

B) Avenue Therapeutics, Inc.

During the previous year, Invagen Pharmaceuticals Inc. ("Invagen") a step down subsidiary of the Group have completed the first stage closing and acquired 33.30% stake for ₹242.04 crore ($35 million) of Avenue Therapeutics, Inc., a Delaware corporation ("Avenue") on a fully diluted basis. Invagen also has an option to acquire the remaining issued and outstanding capital stock of Avenue for $180 million, subject to the satisfaction or waiver of the conditions set forth therein. The investment in Avenue is accounted as

Note 44: Investment in an Associates (Contd.)

Investment in Associate as per Ind AS 28 - Investments in Associates and Joint Ventures.

The Group has reported the investments based on initial determination of the net fair values of investee's assets and liabilities.

Following table shows the summarised financial information.

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current assets	40.82	205.60
Intangible assets under development	534.99	542.81
Current liabilities	(6.98)	(65.09)
Equity	**568.83**	**683.32**
Group ownership	33.30%	33.30%
Equity proportion of the Group ownership	189.42	227.54
Translation adjustment arising out of translation of foreign currency balances	19.61	-
Carrying amount of the investment	209.03	227.54

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue from sale of products	-	-
Profit/(loss) for the year	(114.45)	(43.53)
Total comprehensive income for the year	(114.45)	(43.53)
Group's share of profit/ (loss) for the year	**(38.11)**	**(14.50)**

C) AMPSolar Power Systems Private Limited

Pursuant to Share Purchase, Subscription and Shareholder's agreement ("SPSSA") dated 23rd May, 2019, the Cipla Limited, Holding Company has acquired 26% stake on fully diluted basis in AMPSolar Power Systems Private Limited, representing 90,000 equity shares of ₹10 each and 89,100, 0.01% Compulsory Convertible debentures of AMPSolar Power Systems Private Limited

Notes to the Consolidated Financial Statements

Note 44: Investment in an Associates (Contd.)

of ₹1,000 each for a total consideration of ₹9.00 Crore. The Company has further plans to invest in 39,000 equity shares of ₹10 each and 38,610, 0.01% Compulsory Convertible debentures of AMPSolar Power Systems Private Limited of ₹1,000 each for a total consideration of ₹3.90 Crore on second stage closing. Further, the Company also entered in a Power Purchase Agreement ('PPA') with AMPSolar Power Systems Private Limited to procure 100% of the output of solar energy produced for next 25 years as per the rates negotiated in agreement. As per the SPSSA, in the event of termination of the contracts or completion of the PPA term, the Company will receive nominal value of its investment without any share of profit/ loss in the associate. Accordingly, the investment amount has been amortised to give the effect of expected fixed return on such investment due to the difference in agreement rate and existing government grid rates. As the Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 "Investments in associates and joint ventures". However, the equity pick up will not be considered in consolidated financial statements.

Following table shows the summarised financial information.

₹ in Crores

Particulars	As at 31st March, 2020
Current assets	17.49
Non-current assets	116.65
Current liabilities	(17.74)
Non-current liabilities	(82.00)
Equity	**34.40**
Group ownership	26.00%
Equity proportion of the Group ownership (restricted to investment amount as per above note)	9.00
Carrying amout of the investment	0.56

D) Brandmed (Pty) Limited

On 24th April, 2019, Cipla Medpro South Africa Proprietary Limited ("Medpro"), a step down subsidiary of the company acquired 30% of the shares (375 shares of no par value) of Brandmed Proprietary Limited ("Brandmed") for ₹31.61 Cr (ZAR 65 mn) as well as certain milestone payments over a period of three years subject to meeting agreed profit targets effective

Note 44: Investment in an Associates (Contd.)

24th April, 2019. The investment is accounted as Investment in Associate as per Ind AS 28 - Investments in Associates and Joint Ventures. The Company has reported the investments based on initial determination of the net fair values of investee's assets and liabilities.

Brandmed is a connected healthcare firm which develops software to seamlessly integrate a combination of connected solutions across the health continuum for patients, healthcare professionals, practices and institutions, and aims to deliver personalised patient care. Brandmed' s principal place of business is South Africa and has a financial year end consistent with the Group.

Following table shows the summarised financial information.

₹ in Crores

Particulars	As at 31st March, 2020
Current assets	5.44
Non-current assets	9.38
Current liabilities	(0.29)
Non-current liabilities	(0.24)
Equity	**14.29**
Group ownership	30.00%
Equity proportion of the Group ownership	4.29
Goodwill Brandmed	24.93
Translation adjustment arising out of translation of foreign currency balances	(3.84)
Carrying amount of the investment	25.38

₹ in Crores

Particulars	Year ended 31st March, 2020
Revenue from sale of products	1.08
Profit/(loss) for the year	(8.00)
Total comprehensive income for the year	(8.00)
Group's share of profit/(loss) for the year	**(2.40)**

Notes to the Consolidated Financial Statements

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for)

A. Details of contingent liabilities and commitments

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Contingent liabilities		
Claims against the Group not acknowledged as debt	321.04	421.55
Financial guarantees	183.80	161.99
Letters of credit	67.28	13.90
Income tax on account of disallowances/ additions	51.67	72.26
Excise duty/service tax on account of valuation/ cenvat credit	129.71	137.59
Sales tax on account of credit/classification	7.72	9.55
	761.22	816.84
Commitments		
Estimated amount of contracts unexecuted on capital account*	620.97	320.50

***Deal with Venues Remedies Limited:**

During the year, the Cipla Limited, Holding Company signed for an acquisition of a novel and patented anti-infective product, Elores, from Venus Remedies Limited ("VRL") for the Indian market to further strengthen its presence in the branded Indian critical care space and as a part of its agenda to contribute to the fight against Anti-Microbial Resistance. The deal includes the acquisition of intellectual property rights such as trademarks, design and know-how related to the brand. The transaction is subject to fulfilment of certain completion conditions and both parties would be working together to complete this.

Total consideration committed for the transaction is ₹65 crore and contingent considerations on achievement of certain milestones which are based on achievement of the specific net sales from Elores brand ranging from 1st January, 2020 to 31st December, 2024, payable on 31st March, 2024 as first milestone payment and on 31st March, 2025 as second milestone payment.

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

Note :

(i) Claims against the company not acknowledged as debt include claims related to pricing, commission, etc.

(ii) It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of our pending resolution of the respective proceedings as it is determined only on receipt of judgements/ decisions pending with various authorities.

(iii) The Group does not expect any reimbursements in respect of the above contingent liabilities.

(iv) The Group's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

(v) There has been a judgement by the Honourable Supreme Court of India dated 28th February, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the Employee Provident Fund Act, 1952 ("EPF"). In view of the interpretative aspects related to the Judgement including the effective date of application, the Group has been advised to await further developments in this matter. The Group will continue to assess any further developments in this matter for the implications on financial statements, if any.

B. Details of other litigations

(i) The Government of India has served demand notices in March 1995 and May 1995 on the Company in respect of six bulk drugs, claiming that an amount of ₹5.46 crore along with interest due thereon is payable into the DPEA under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Company. The Company has filed its replies to the notices and has contended that no amount is payable into the DPEA under the Drugs (Prices Control) Order, 1979.

(ii) The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Orders. The total demand against the Company as stated in NPPA public disclosure amounts to ₹2,655.13 crore

Out of the above, demand notices pertaining to a set of products being Norfloxacin, Ciprofloxacin, Salbutamol and Theophylline were challenged by the Company (i) in the Honourable Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, as they cannot be included in the ambit of price control based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and (ii) in the Honourable Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company and the matters were carried in appeal by the Union of India to the Honourable Supreme Court of India. The Honourable Supreme Court in its judgment of 1st August, 2003 remanded the said writ petitions to the Honourable Bombay High Court with directions that the Court will have to consider the petitions afresh, having due regard to the observations made by the Honourable Supreme Court in its judgment. On the Union of India filing transfer petitions, the Honourable Supreme Court ordered transfer of the said petitions to the Honourable Bombay High Court to it for being heard with the appeal filed against the Honourable Allahabad High Court order. Subsequently, in its order of 20th July, 2016 the Honourable Supreme Court recalled its transfer order and remanded the petitions to Honourable Bombay High Court for hearing. While remanding the matter to Honourable Bombay High Court, the Honourable Supreme Court directed Cipla to deposit 50% of the overcharged amount with the NPPA as stated in its order of 1st August, 2003 which at that point of time was ₹350.15 crore. Complying with the directions passed by the Honourable Supreme Court, Cipla has deposited an amount of ₹175.08 crore which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices in these cases post such transfer of cases to Honourable Bombay High Court. Meanwhile, the Honourable Supreme Court of India vide its Order and Judgment dated 21st October, 2016, allowed the Appeals filed by the Government against the Judgment and Order of the Honourable Allahabad High Court regarding basis of fixation of retail prices. The said order was specific to fixation of retail prices without adhering to the formula/ process laid down in DPCO, 1995. However, the grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Honourable Bombay High Court.

The Honourable Bombay High Court had, in expectation of NPPA filing its counter-statement on status of each petitioner's compliance with the 2003 and 2016 Honourable Supreme Court orders (on deposit 50% of amount demanded), re-scheduled the hearing for 5th June, 2019, but the same was not listed on that date. Further during the current quarter, the Company filed amendment applications before the Honourable Bombay High Court to incorporate the effect of a ruling by the Honourable Supreme Court of India to adjust trade margins of 16% from outstanding demands as not accrued to the manufacturers and to re-calculate interest from date of demand within the time period stated in each demand. The said amendment also places certain additional grounds on record. The Honourable Bombay High Court issued notice to Union of India and NPPA on the amendment applications and set 30th March, 2020 for further hearing but the case was adjourned due to the COVID - 19 lockdown and the next date is awaited.

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Honourable Supreme Court of India. Although, the decision of Honourable Supreme Court dated 21st October, 2016 referred above was in favour of Union of India with respect to the appeals preferred by the Government challenging the Honourable Allahabad High Court order, basis the facts and

Notes to the Consolidated Financial Statements

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

legal advice on the matter sub-judice with the Honourable Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹1,736.00 crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹2,272.32 crore (after adjusting deposit of ₹175.08 crore), however, the Company has not received any further notices beyond an aggregate amount of ₹1,736.00 crore.

In addition, Company had made provision of ₹104.26 crore as of 31st March, 2020 for products not part of the referenced writ proceedings. Few demands for these products aggregating ₹90.26 crore received recently, were challenged before the Honourable Bombay High Court and the Honourable Delhi High Court and no coercion orders obtained. These writs are pending final hearing by the Courts for which the next date is awaited.

(iii) In March 2006, the Meditab Specialities Limited, ('the Subsidiary Company') acquired on lease, land admeasuring 1,232,000 sq.m in Kerim Industrial Estate at But 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 a 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 the Hon'ble Bombay High Court stating that the 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 a Special Leave Petition before the Hon'ble Supreme Court and in which parties were directed to maintain status quo. Also by order dated 18th October, 2013 the Hon'ble Supreme Court has granted the Special Leave to Appeal to the Subsidiary Company and the interim orders continue till the Appeal is finally heard. Vide a GO dated 30th July, 2018, issued by the Goa Government, it was resolved that the lands which were alotted to 7 SEZ land owners (including the Subsidiary Company) would be taken back and their monies refunded. In pursuance of the said GO, the Hon'ble Supreme Court vide its order dated 31st July, 2018 disposed the Appeals of 6 SEZ owners and the Subsidiary Company is the sole continuing litigant. Further, vide order dated 22nd October 2018, the Hon'ble Supreme court has ordered that, the Appeal filed by the Subsidiary Company shall be listed for hearing in due course.

The Subsidiary Company has been legally advised that it has good case both on facts and on law succeeding in its appeal. The Subsidiary Company is therefore of the view that no provision is required to be made on the amount incurred towards cost of land and on the development of SEZ amounting to ₹10.48 crore as at 31st March, 2020.

(iv) During the previous year, the Group has launched gSensipar (Cinacalcet hydrochloride) at risk ("LAR") as second US generic of Sensipar® in the US market. Following Cipla's LAR of its gSenispar product, the District Court denied Amgen's motion for a Preliminary Injunction (PI) on 2nd May, 2019. Amgen then appealed from the District Court decision to the Third Circuit, and the Third Circuit affirmed the District Courts decision and denied Amgen's motion for a Preliminary Injunction. Cipla and Amgen continue to litigate the claims and the counter-claims. The trial date is set for October 2021. Cipla continues to market its Cinacalcet Hydrochloride Product. On considering the various factors such as district court opinion, terms of proposed settlement with Amgen and assessment of internal legal team, the management is of the view that there are remote chances to pay damages following the LAR.

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits

Employee benefit expense of the Group includes various short term employee expenses, defined benefits expenses, expenses toward defined contribution on plans and other long-term employee benefits. Total employee benefits,including share based payments, incurred during the year ended 31st March, 2020 and 31st March, 2019 amounted to ₹3,027.01 crore and ₹2,856.53 crore respectively. Disclosure in respect of contribution to provident and other funds is as follows-

Disclosure in respect of contributions to provident and other funds as follows:

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Defined contribution plans		
Employees' pension scheme	33.15	26.50
Provident fund	18.09	15.73
Contribution for 401(k) fund*	16.26	9.94
Others - ESIS, labour welfare fund, etc.	4.42	6.23
	71.92	58.40
Defined benefit plan		
Gratuity (refer table 1 below)	23.78	29.66
Provident fund (refer table 2 below)	41.30	41.95
	65.08	71.61
Total contribution to provident fund and other fund	137.00	130.01

*The Group maitain a 401(k) plan, pursuant to which employees may make contributions which are not to exceed statutory limits. Employer matching contribution are equal to 100% of employee contribution.

Note 46: Employee Benefits (Contd.)

Disclosure in respect of defined benefit plan:

a. Description of the plan:

Retirement benefit plans of the Group include Gratuity for the holding company and Indian subsidiaries and Provident Fund for the holding company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Holding Company and Indian subsidiaries makes contributions to the Gratuity Fund. Provident Fund is managed by the holding company through trust Employees Provident Fund (the "Provident Fund").

b. Governance of the plan:

The Holding Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Further, since these funds are Income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act and Rules.

c. Investment strategy:

The holding company and Indian subsidiaries investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose these companies to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The companies has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to these companies of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd.)

d. Table 1 : Disclosures for defined benefit plans based on actuarial reports:

₹ in Crores

Particulars	2020 Gratuity (Funded Plan)	2019 Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	147.46	147.84
Interest cost	11.49	11.58
Current service cost	24.22	29.57
Actuarial changes arising from changes in demographic assumptions	18.41	(4.47)
Actuarial changes arising from changes in financial assumptions	9.61	6.01
Actuarial changes arising from changes in experience assumptions	(9.05)	(13.83)
Benefits paid	(22.62)	(29.24)
Liability at the end of the year	**179.52**	**147.46**
ii. Change in fair value of assets		
Opening fair value of plan assets	153.07	148.21
Expected return on plan assets	11.93	11.49
Return on plan assets excluding interest income	(4.34)	1.42
Contributions by employer	16.03	15.50
Benefits paid	(31.21)	(23.55)
Closing fair value of plan assets	**145.48**	**153.07**
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(179.52)	(147.46)
Fair value of plan assets as at year end	145.48	153.07
Net asset/ (liability) recognised	**(34.04)**	**5.61**
iv. Expenses recognised in profit or loss		
Current service cost	24.22	29.57
Interest on defined benefit obligation	11.49	11.58
Expected return on plan assets (Interest income only)	(11.93)	(11.49)
Total expense recognised in profit or loss	**23.78**	**29.66**
v. Expenses recognised in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions	18.41	(4.47)
Actuarial changes arising from changes in financial assumptions	9.61	6.01
Actuarial changes arising from changes in experience assumptions	(9.05)	(13.83)
Actuarial gain/ (loss) return on plan assets, excluding interest income	4.34	(1.42)
Net (income)/ expense for the period recognised in OCI	**23.31**	**(13.71)**
vi. Actual return on plan assets		
Expected return on plan assets	11.93	11.49
Actuarial gain/ (loss) on plan assets	(4.34)	1.42
Actual return on plan assets	**7.59**	**12.91**
vii. Asset information		
Insurer managed funds	100%	100%
viii. Expected employer's contribution for the next year	48.58	15.06

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences (Refer note 46(f)) are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

Principal actuarial assumptions used	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Discounted rate (per annum)	6.82% to 6.87%	7.54% to 7.83%
Expected rate of return on plan assets	6.82% to 6.87%	7.54% to 7.79%
Expected rate of future salary increase		
- For the next 2 years	5% to 7%	7.00%
- Thereafter starting from the 3rd year	5.00%	5.00%
Demographic assumptions:		
Mortality rate	Indian assured lives Mortality (2006-08) Ultimate	Indian assured lives Mortality (2006-08) Ultimate
Retirement age	60 years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	15.00%	15.00%
- For Service 5 years and above	1% to 5 %	1% to 5 %

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.

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occuring at the end of the reporting period, while holding all other assumptions constant.

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd.)

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Discount rate (1% movement increase)	(15.59)	(17.80)
Discount rate (1% movement decrease)	18.05	21.32
Future salary growth (1% movement increase)	18.54	22.41
Future salary growth (1% movement decrease)	(15.72)	(18.43)
Attrition rate (1% movement increase)	2.55	6.08
Attrition rate (1% movement decrease)	(2.90)	(6.99)

The sensitivity analysis above has been determined based on reasonable possible changes of the respective assumption occurring at the end of the reporting period while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Maturity analysis of the benefit payments: from the fund

₹ in Crores

Projected benefits payable in future years from the date of reporting	As at 31st March, 2020	As at 31st March, 2019
1st following year	11.14	4.84
2nd following year	11.32	3.13
3rd following year	12.77	5.01
4th following year	15.41	6.17
5th following year	16.46	9.98
Sum of years 6 to 10	64.04	46.56
Sum of years 11 and above	235.44	405.00

e. Table 2 : The details of the Group's defined benefit plans in respect of the owned provident fund trust for the Holding Company based on acturial report -

₹ in Crores

	Particulars	2020 Provident Fund (Funded Plan)	2019 Provident Fund (Funded Plan)
i.	**Change in defined benefit obligation**		
	Opening defined benefit obligation	945.15	862.31
	Interest cost	82.13	73.05
	Current service cost	41.30	41.95
	Employee contribution	82.43	76.80
	Liability transferred in	25.63	19.86
	Benefits paid	(140.46)	(128.11)
	Other experience adjustment	49.75	(0.71)
	Liability at the end of the year	**1,085.93**	**945.15**
ii.	**Change in fair value of assets**		
	Opening fair value of plan assets	962.45	875.33
	Expected return on plan assets	82.13	73.05
	Actuarial gain	49.75	3.54

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd.)

₹ in Crores

	Particulars	2020 Provident Fund (Funded Plan)	2019 Provident Fund (Funded Plan)
	Contributions by employer	123.73	118.75
	Transfer of plan assets	25.63	19.86
	Benefits paid	(140.46)	(128.11)
	Other experience adjustment	(9.23)	0.03
	Closing fair value of plan assets	**1,094.00**	**962.45**
iii.	**Amount recognised in balance sheet**		
	Present value of obligations as at year end	(1,085.93)	(945.15)
	Fair value of plan assets as at year end	1,094.00	962.45
	Funded status	(8.07)	(17.30)
	Net asset/(liability) recognised	**-**	**-**
iv.	**Expenses recognised in profit or loss**		
	Current service cost	41.30	41.95
	Interest cost	82.13	73.05
	Expected return on plan assets	(82.13)	(73.05)
	Total expense recognised in profit or loss	**41.30**	**41.95**
v.	**Actual return on plan assets**		
	Expected return on plan assets	82.13	73.05
	Actuarial gain on plan assets	49.75	3.54
	Actual return on plan assets	**131.88**	**76.59**
vi	**Asset information**		
	Investment in PSU bonds	475.27	423.54
	Investment in government securities	502.73	423.75
	Bank special deposit	15.58	15.58
	Investment in other securities	42.10	36.03
	Private sector bonds	-	4.00
	Equity/insurer managed funds/mutual funds	52.67	55.72
	Cash and cash equivalents	5.65	3.83
	Total assets at the end of the year	**1,094.00**	**962.45**
vii.	**Principal actuarial assumptions used**		
	Discounted rate (per annum)	6.84%	7.79%
	Expected rate of return on plan assets (per annum)	8.50%	8.65%
	Expected rate of future salary increase (per annum)		
	- For the next 2 years	5.00 %	7.00 %
	- Thereafter starting from the 3rd year	5.00%	5.00%
viii.	**Experience adjustments**		
	Defined benefit obligation	1085.93	945.15
	Plan assets	(1,094.00)	(962.45)
	Deficit/(surplus)	**(8.07)**	**(17.30)**
	Experience adjustment on plan assets gain	49.75	3.54

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd.)

f. Compensated absences note:

The Group provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Group's policy. The Group records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Group towards this obligation was ₹161.29 crore and ₹142.24 crore as at 31st March, 2020 and 31st March, 2019, respectively.

g. Cash settled share based payment:

Certain employees of the Group are eligible for share-based payment awards that are settled in cash. These awards entitle the employees to a cash payment, on the exercise date, subject to vesting upon satisfaction of certain service conditions which range from one to four years. The amount of cash payment is determined based on the price of the Company's share price at the time of vesting. As of 31st March, 2020, there was ₹1.96 crore of total unrecognised compensation cost related to unvested awards. This cost is expected to be recognised over a weighted-average period of 1 years.

This scheme does not involve dealing in or subscribing to or purchasing securities of the Company, directly or indirectly.

Note 47: Employee stock option scheme

1. Parent Company

Cipla Limited

Employee stock option scheme

The Company has implemented "ESOS 2013 - A" as approved by the Shareholders on 22nd August, 2013. The plan covers all the employees of the Company and its subsidiaries and directors (excluding promoter directors) [collectively "eligible employees"]. The nomination and remuneration committee of the Board of Cipla Limited administers these ESOP plans and grants stock options to the eligible employees. 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	21-May-19	2,72,522	2.00	2 years	5 years from vesting date
ESOS 2013 - A	21-May-19	66,555	2.00	1 year	5 years from vesting date
ESOS 2013 - A	05-Nov-19	1,50,118	2.00	50% options in 1 year and remaining 50% to vest in 2 years	On or before 31st December of the respective calendar year of vesting

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 Financial Statements

Note 47: Employee stock option scheme (Contd.)

Weighted average share price for options exercised during the year:

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	493.35

Stock option activity under the scheme(s) for the year ended 31st March, 2020 is set out below:

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	10,55,791	2.00	2.00	4.57
Granted during the year	4,89,195	2.00	2.00	-
Forfeited/cancelled during the year	82,006	2.00	2.00	-
Exercised during the year	5,37,973	2.00	2.00	-
Outstanding at the end of the year	9,25,007	2.00	2.00	5.13
Exercisable at the end of the year	2,15,936	2.00	2.00	3.22

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	ESOS 2013 - A
Expected Dividend yield (%)	0.56%
Expected volatility	24.71%
Risk-free interest rate	6.64%
Weighted average share price (₹)	535.64
Exercise price (₹)	2.00
Expected life of options granted in years	4.21
Weighted average fair value of Options (₹)	521.64

The effect of share-based payment transactions on the entity's profit for the period and earnings per share is presented below:

Particulars	31st March, 2020	31st March, 2019
Profit after tax as reported (₹ in Crore)	2,318.17	1,888.41
Share based payment expense (₹ in Crore)*	18.92	22.62
Earnings per share adjusted		
Basic (₹)	28.99	23.72
Diluted (₹)	28.95	23.68

* includes ₹0.36 crore(previous year ₹0.61 crore) pertaining to Jay Precision Pharmaceuticals Private limited.

Notes to the Consolidated Financial Statements

Note 47: Employee Stock Option Scheme (Contd.)

2. Subsidiary Company

Cipla Health Limited

Share based employee remuneration

The Subsidiary Company has implemented "ESOS 2016", as approved by the Shareholders on 22nd March, 2016. 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 2016	20-May-19	2,483	10.00	1 to 4 years	At time of liquidity event
ESOS 2016	27-May-19	10,588	10.00	1 to 4 years	At time of liquidity event
ESOS 2016	03-Oct-19	920	10.00	1 to 4 years	At time of liquidity event
ESOS 2016	07-Jan-20	4,003	10.00	1 to 4 years	At time of liquidity event
ESOS 2016	03-Mar-20	9,335	10.00	1 to 4 years	At time of liquidity event

The carrying amount of the liability relating to the stock options at 31st March, 2020 was ₹18.88 crore (31st March, 2019 ₹14.35 crore)

The expense recognised for employee services received during the year is shown in the following table:

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Expense arising from equity-settled share-based payment transactions	4.53	1.49

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 ₹10 each.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	66,746	10.00	79,399	10.00
Granted during the year	27,329	10.00	10,850	10.00
Forfeited/Cancelled during the year	4,301	10.00	23,503	10.00
Outstanding at the end of the year	**89,774**	**10.00**	**66,746**	**10.00**
Exercisable at the end of the year	-	10.00	-	10.00

The following table lists the inputs to the models used for the years ended 31st March, 2020 and 31st March, 2019, respectively.

Particulars	As at 31st March, 2020	As at 31st March, 2019
Dividend yield(%)	0%	0%
Expected Volatility(%)	25.13%	25.13%
Risk free investment rate(%)	7.08%	8.13%
Exercise price at date of grant	10	10
Share price at date of grant	₹6,155.00	₹4,063.84
Vesting Period	1 to 4 years	1 to 4 years
Exercise Period	At the time of liquidity event	At the time of liquidity event
Model Used	Black Scholes	Black Scholes

Notes to the Consolidated Financial Statements

Note 48: Related party disclosures

Information on related party transactions as required by Ind AS-24 - 'Related Party Disclosures' for the year ended 31st March, 2020

A. Associates

Stempeutics Research Private Limited

Avenue Therapeutics, Inc.

Brandmed (Pty) Ltd (w.e.f. 24th April, 2019)

AMPSolar Power Systems Private Limited (w.e.f. 12th June, 2019)

B. Key management personnel

Ms. Samina Hamied - Executive Vice-Chairperson

Mr. Umang Vohra – Managing Director and Global Chief Executive Officer

Mr. Kedar Upadhye - Global Chief Financial Officer

Dr. Raghunathan Ananthanarayanan - President and Global Chief Operating Officer (upto 31st December, 2019)

C. Non-executive Chairman and Non-executive Vice Chairman

Dr. Y. K. Hamied, Chairman

Mr. M. K. Hamied, Vice Chairman

D. Non executive Directors

Mr. Ashok Sinha

Mr. Adil Zainulbhai

Ms. Punita Lal

Ms. Naina Lal Kidwai

Mr. Peter Lankau (upto 30th June, 2019)

Dr. Peter Mugyenyi

Mr. S Radhakrishnan

Ms. Ireena Vittal (upto 31st March, 2019)

E. Entities over which key management personnel are able to exercise significant influence

Cipla Foundation

Chest Research Foundation (Formerly known as Hamied Foundation upto 14th October, 2019)

Cipla Cancer and AIDS Foundation

F. Trust over which entity has control/significant influence

Cipla Limited Employees Provident Fund

Cipla Limited Employees Gratuity Fund

Disclosure in respect of related parties

During the year, the following transactions were carried out with the related parties in the ordinary course of business:

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A. Investment in equity shares of Associates		
Avenue Therapeutics, Inc.	-	242.04
Brandmed (Pty) Ltd.	31.61	-
AMPSolar Power Systems Private Limited	0.09	-
	31.70	**242.04**
B. Investment in Compulsory Convertible Debentures of Associates		
AMPSolar Power Systems Private Limited	8.91	-
	8.91	**-**
C. Remuneration (including sitting fees)*		
Dr. Y. K. Hamied	2.03	2.02
Mr. M. K. Hamied	2.08	2.07
Ms. Samina Hamied	6.74	7.27
Mr. Umang Vohra	15.05	17.06
Mr. S. Radhakrishnan	2.10	2.09
Mr. Kedar Upadhye	3.84	3.85
Dr. Raghunathan Ananthanarayanan	(0.47)	8.85
Mr. Ashok Sinha	0.48	0.46
Mr. Adil Zainulbhai	0.47	0.38
Ms. Punita Lal	0.40	0.41
Ms. Naina Lal Kidwai	0.45	0.43
Ms. Ireena Vittal	-	0.41
Mr. Peter Lankau	0.17	0.73
Dr. Peter Mugyenyi	0.66	0.43
	34.00	**46.46**

* Expenses towards gratuity, compensated absences and premium paid for group health insurance has not been considered in above information as a separate actuarial valuation/premium paid are not available.

Notes to the Consolidated Financial Statements

Note 48: Related party disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
D. Contribution to provident fund and other fund		
Cipla Limited Employees Gratuity Fund	15.00	15.00
Cipla Limited Employees Provident Fund	41.30	41.95
	56.30	56.95
E. Purchase of goods		
Stempeutics Research Private Limited	-	0.16
	-	0.16
F. Donations given		
Cipla foundation	37.50	28.80
Chest Research Foundation	2.00	-
	39.50	28.80
G. Rent Received		
Dr. Y.K. Hamied (₹20,040/- in both the years)	0.00	0.00
	0.00	0.00
H. Testing and analysis charges paid		
Stempeutics Research Private Limited	2.06	1.79
	2.06	1.79
I. Freight charges paid		
Stempeutics Research Private Limited	0.02	-
	0.02	-
J. Purchase of assets		
Stempeutics Research Private Limited	-	3.00
	-	3.00
K. Reimbursement of operating/other expenses		
Stempeutics Research Private Limited	0.31	0.18
	0.31	0.18

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
L. Service charges paid		
Chest Research Foundation	-	2.22
	-	2.22
M. Payable to KMP and Non executive directors (Commission and remuneration)		
Dr. Y.K. Hamied	2.00	2.00
Mr. M.K. Hamied	2.00	2.00
Ms. Samina Hamied	2.30	2.30
Mr. Umang Vohra	4.00	5.50
Mr. S. Radhakrishnan	2.00	2.00
Mr. Kedar Upadhye	0.90	0.91
Mr. Ashok Sinha	0.40	0.40
Mr. Adil Zainulbhai	0.36	0.32
Ms. Punita Lal	0.35	0.35
Ms. Naina Lal Kidwai	0.35	0.35
Ms. Ireena Vittal	-	0.36
Mr. Peter Lankau	0.10	0.40
Dr. Peter Mugyenyi	0.41	0.40
Dr. Raghunathan Ananthanarayanan	-	1.78
	15.17	19.07
N. Dividend Paid		
Dr. Y.K. Hamied	114.78	50.02
Mr. M.K. Hamied	24.20	10.37
Ms. Samina Hamied	12.53	5.37
Mr. Umang Vohra	0.16	0.04
Mr. S. Radhakrishnan	0.11	0.01
Mr. Kedar Upadhye	0.03	-
	151.81	65.81
O. Contribution payable to provident/gratuity fund		
Cipla Limited Employee Provident fund	10.37	9.64
Cipla Limited Employee Gratuity fund	27.94	-
	38.31	9.64
P. Advances receivable from gratuity trust		
Cipla Limited Employee Gratuity Fund	-	9.51
	-	9.51

Notes to the Consolidated Financial Statements

Note 49: Corporate social responsibility (CSR) expenditure

The Group has incurred ₹38.70 crore (31st March, 2019: ₹36.08 crore) towards CSR activities, as per Section 135 of the Companies Act, 2013, and Rules thereon. It is included in other expenses head in the profit or loss. Amount spent on construction/ acquisition of any assets is Nil during the year. Gross amount required to be spent by the Group during the year ₹38.63 crore (31st March, 2019: ₹34.55 crore).

The above includes contribution of ₹37.50 crore (previous year ₹28.80 crore) to Cipla Foundation which is a trust , with the main objective of working in the areas of social, economic and environmental issues.

Note 50: Reclassification note

The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

Note 51: Subsequent events

There are no subsequent events that occurred after the reporting date.

Note 52: COVID-19

Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures, which had some impact on the Group's supply chain during March, 2020. The Group is closely monitoring the impact of the pandemic on all aspects of its business,including how it will impact its customers, employees, vendors and business partners. The management has exercised due care, in concluding on significant accounting judgements and estimates, interalia, recoverability of receivables, assessment for impairment of goodwill, investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Group's financial statements as of and for the year ended 31st March, 2020.

Note 53: Unforeseeable losses

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group did not have any long-term contracts (including derivative contracts) for which there were any material foreseeable losses. Long-term derivative contract related to interest rate swaps are accounted, as required under the applicable law or Ind AS.

Note 54: Functional currency

Until 31st March, 2018, the functional currency of Cipla (EU) Limited, one of the subsidiary in the United Kingdom, was determined to be Great Britain Pound (GBP). The subsidiary's operating, investing and financing activities have a greater reliance on the United States dollars (USD) due to change in the underlying economic environment. Accordingly, effective 1st April, 2018, the functional currency of the subsidiary was changed to USD. This change in the functional currency has been applied prospectively from date of change in accordance with Ind AS 21, The Effect of Changes in Foreign Exchange Rate. Further, owing to this change, the designation of underlying investment, being in USD, in the US subsidiary of Cipla (EU) Limited as net investment hedge was not required.

Note 55: Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM is the Chief Executive Officer of the Group, who assesses the financial performance and position of the Group and makes strategic decisions. The Group's reportable segments are as follows:

1 Pharmaceuticals - This segment develops, manufactures, sells and distributes generic or branded generic medicines as well as Active Pharmaceutical Ingredients ("API").

2 New ventures - This includes the operations of the Company, a consumer healthcare, Biosimilars and speciality business.

The CODM reviews revenue and gross profit as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

Note 55: Segment Information (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Segment wise revenue and results		
Segment revenues:		
a) Pharmaceuticals	16,958.67	16,231.21
b) New Ventures	219.17	160.45
Total	**17,177.84**	**16,391.66**
Less : Inter segment revenue	45.85	29.25
Total Income from Operations	**17,131.99**	**16,362.41**

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Segment results:		
Profit / (loss) before tax and interest from each segment		
a) Pharmaceuticals	2,574.17	2,254.24
b) New Ventures	(198.63)	(6.67)
Total	**2,375.54**	**2,247.57**
Less:		
Finance cost	197.36	168.43
Total profit / (loss) before tax	**2,178.18**	**2,079.14**

Segment assets and liabilities

As some of the assets and liabilities are deployed interchangeably across segments, it is not practically possible to allocate those assets and liabilities to each segment. Hence, the details of assets and liabilities have not been disclosed in the above table.

The management also evaluates the Group's revenue performance based on geographical segments. The Group's geographical segments are as follows:

1 India
2 United States of America
3 South Africa
4 Rest of the world

The geographical segments derives their revenues from the sale of pharmaceuticals products (generics, speciality) and milestone payments. The management reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

Analysis of Revenue (including other operating revenue) (by customer's location)

₹ in Crores

Year	India	United States of America	South Africa	Rest of the world	Total
2020	6,740.56	3,873.82	2,206.42	4,311.19	17,131.99
2019	6,419.76	3,420.94	2,161.19	4,360.52	16,362.41

Analysis of non current assets (excluding investment in associates, income tax and deferred tax assets and financial assets (by assets location)

₹ in Crores

Year	India	United States of America	South Africa	Rest of the world	Total
2020	5,116.62	3,090.03	1,755.15	737.25	10,699.05
2019	5,136.97	2,754.68	1,942.15	584.91	10,418.71

Notes to the Consolidated Financial Statements

Note 56: Acquisition of Mirren Proprietary Limited

Acquisition of Mirren Proprietary Limited

Cipla Medpro South Africa Proprietary Limited acquired 100% stake (1500 shares of ZAR 1 each) of Mirren Proprietary Limited ("Mirren") effective 22nd October, 2018. Mirren is a pharmaceutical company incorporated in South Africa specialising in the manufacture, production and distribution of over the counter products. The primary reason for the acquisition was to grow product portfolio and strengthen market position in our over the counter therapeutic area. The acquisition and the underline accounting under Ind AS 103 "Business Combination" was completed by the Group in the year ended 31st March, 2019.

Mirren Proprietary Limited

₹ in Crores

Particulars	
Amount settled in cash	200.76
Deferred consideration (refer note below)	21.84
Purchase consideration	**222.60**

Deferred consideration for acquisition of Mirren Proprietary Limited amounting to ₹21.84 crore (R 45 million) is still due to be paid to sellers and will only be paid upon finalisation of an unresolved matter. The Group management expects that this amount will be settled within a year. Deferred consideration is interest free and unsecured.

Recognised amounts of identifiable net assets

₹ in Crores

Particulars	
Property, plant and equipment	19.59
Intangible assets	124.11
Inventories	15.64
Trade and other receivables	17.22
Cash and cash equivalents	21.63
Total assets	**198.18**
Trade and other payables	13.92
Current tax payable	1.66
Deferred tax liability	37.17
Provisions	2.05
Total liabilities	**54.80**
Net identifiable assets aquired	**143.38**

₹ in Crores

Particulars	
Purchase consideration	222.60
Less: Net identifiable assets aquired	143.38
Goodwill	**79.22**

₹ in Crores

Particulars	
Cash paid	200.76
Less: cash and cash equivalent balances acquired	21.63
Consideration transferred (net)	**179.13**

Note 57: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates

₹ in Crores

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Owners share in profit or loss		Owners share in other comprehensive income		Owners share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent Company								
Cipla Limited	110.40%	17,402.96	149.90%	2,318.17	39.95%	(64.43)	162.70%	2,253.74
Subsidiaries								
Indian								
Goldencross Pharma Limited (formerly known as Goldencross Pharma Private Limited)	1.91%	300.50	0.90%	13.91	(3.01%)	4.85	1.35%	18.76
Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited)	2.35%	371.16	1.55%	24.03	0.33%	(0.53)	1.70%	23.50

Notes to the Consolidated Financial Statements

Note 57: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates (Contd.)

₹ in Crores

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Owners share in profit or loss		Owners share in other comprehensive income		Owners share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Jay Precision Pharmaceuticals Private Limited	0.76%	119.89	1.59%	24.62	(0.07%)	0.12	1.79%	24.74
Medispray Laboratories Private Limited	1.84%	289.39	2.69%	41.65	0.25%	(0.41)	2.98%	41.24
Sitec Labs Limited (formerly known as Sitec Labs Private Limited)	0.55%	87.11	0.56%	8.62	(0.17%)	0.27	0.64%	8.89
Cipla Biotec Limited (formerly known as Cipla Biotec Private Limited)	0.58%	91.94	(0.33%)	(5.17)	(0.06%)	0.10	(0.37%)	(5.07)
Cipla Health Limited	0.61%	95.84	(3.90%)	(60.25)	0.06%	(0.09)	(4.36%)	(60.34)
Cipla Pharmaceuticals Limited	0.13%	19.76	(0.02%)	(0.24)	0.00%	-	(0.02%)	(0.24)
Foreign								
Cipla (Mauritius) Limited	0.00%	-	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Cipla Medpro South Africa Proprietary Limited	(1.05%)	(166.13)	7.72%	119.43	0.00%	-	8.62%	119.43
Cipla Holding BV	0.54%	84.35	0.67%	10.34	0.00%	-	0.75%	10.34
Cipla (EU) Limited	17.63%	2,779.79	(6.86%)	(106.04)	15.28%	(24.65)	(9.43%)	(130.69)
Saba Investment Limited	1.66%	262.08	0.35%	5.43	0.00%	-	0.39%	5.43
Cipla (UK) Limited	0.00%	-	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
Cipla Australia Pty Ltd	(0.01%)	(1.16)	(0.39%)	(5.99)	0.00%	-	(0.43%)	(5.99)
Meditab Holdings Limited	2.84%	447.49	(0.01%)	(0.19)	(0.97%)	1.56	0.10%	1.37
Tasfiye Halinde Cipla İlaç Ticaret Anonim Şirketi (formerly known as Cipla İlaç Ticaret Anonim Şirketi)	0.00%	-	0.00%	0.01	0.00%	-	0.00%	0.01
Cipla USA Inc.	1.32%	207.99	4.60%	71.15	0.00%	-	5.14%	71.15
Cipla Kenya Limited	0.01%	1.66	0.02%	0.26	0.00%	-	0.02%	0.26
Cipla Malaysia Sdn. Bhd.	0.02%	3.22	0.02%	0.34	0.00%	-	0.02%	0.34
Cipla Europe NV	0.40%	63.03	0.13%	2.04	0.00%	-	0.15%	2.04
Cipla Quality Chemical Industries Limited	1.80%	284.50	(2.86%)	(44.22)	0.00%	-	(3.19%)	(44.22)
Quality Chemicals Limited	0.09%	13.72	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
Inyanga Trading 386 Proprietary Limited	0.00%	0.00	0.00%	0.01	0.00%	-	0.00%	0.01
Cipla Medpro Holdings Proprietary Limited	0.00%	(0.13)	(0.01%)	(0.15)	0.00%	-	(0.01%)	(0.15)
Cape to Cairo Exports Proprietary Limited	0.00%	(0.00)	0.00%	-	0.00%	-	0.00%	-
Cipla Dibcare Proprietary Limited	0.00%	0.17	0.00%	-	0.00%	-	0.00%	-
Cipla Life Sciences Proprietary Limited	0.71%	111.44	0.04%	0.55	0.00%	-	0.04%	0.55
Cipla-Medpro Proprietary Limited	2.09%	328.89	2.25%	34.81	0.00%	-	2.51%	34.81
Cipla-Medpro Distribution Centre Proprietary Limited	(0.01%)	(1.36)	(0.03%)	(0.44)	0.00%	-	(0.03%)	(0.44)
Cipla Medpro Botswana Proprietary Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla OLTP (Pty) Limited (formerly known as Cipla Nutrition Proprietary Limited)	(0.14%)	(21.34)	0.00%	0.02	0.00%	-	0.00%	0.02
Medpro Pharmaceutica Proprietary Limited	0.83%	130.20	4.68%	72.39	0.00%	-	5.23%	72.39
Mirren Proprietary Limited	0.27%	42.28	0.17%	2.55	0.00%	-	0.18%	2.55
Anmaraté Proprietary Limited	0.00%	0.23	(0.01%)	(0.09)	0.00%	-	(0.01%)	(0.09)
Breathe Free Lanka (Pvt) Ltd	0.03%	5.48	0.02%	0.24	0.00%	-	0.02%	0.24
Medica Pharmaceutical Industries Company Limited	0.06%	9.59	(3.00%)	(46.33)	0.00%	-	(3.34%)	(46.33)

Notes to the Consolidated Financial Statements

Note 57: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates (Contd.)

₹ in Crores

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Owners share in profit or loss		Owners share in other comprehensive income		Owners share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Cipla Gulf FZ-LLC	0.10%	16.34	(0.28%)	(4.38)	0.00%	-	(0.32%)	(4.38)
Cipla Pharma Lanka (Pvt) Ltd	0.01%	0.98	0.14%	2.10	0.00%	-	0.15%	2.10
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	0.10%	15.72	0.02%	0.25	0.00%	-	0.02%	0.25
Cipla Maroc SA	0.58%	91.96	(0.16%)	(2.41)	0.00%	-	(0.17%)	(2.41)
Invagen Pharmaceuticals Inc.	14.23%	2,243.19	(9.76%)	(150.89)	21.71%	(35.01)	(13.42%)	(185.90)
Cipla Middle East Pharmaceuticals FZ-LLC	0.05%	8.20	(0.38%)	(5.83)	0.00%	-	(0.42%)	(5.83)
Cipla Philippines Inc.	0.00%	0.78	(0.02%)	(0.27)	0.00%	-	(0.02%)	(0.27)
Cipla Algérie	0.00%	0.01	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
Cipla Biotec South Africa (Pty) Ltd	0.00%	0.00	0.00%	-	0.00%	-	0.00%	-
Cipla Colombia SAS	0.01%	0.93	(0.41%)	(6.31)	0.00%	-	(0.46%)	(6.31)
Cipla (Jiangsu) Pharmaceutical Co., Ltd	0.90%	141.61	0.00%	0.02	0.00%	-	0.00%	0.02
Cipla (China) Pharmaceutical Co., Ltd	0.05%	7.70	0.02%	0.34	0.00%	-	0.02%	0.34
Exelan Pharmaceuticals Inc.	0.28%	44.15	1.50%	23.25	0.00%	-	1.68%	23.25
Cipla Technologies LLC	1.32%	207.56	(3.12%)	(48.31)	0.00%	-	(3.49%)	(48.31)
Madison Pharmaceuticals Inc.	0.00%	0.00	0.00%	-	0.00%	-	0.00%	-
Cipla Health Employees Stock Option Trust	0.00%	0.00	0.00%	0.00	0.00%	-	0.00%	0.00
Cipla Employee Stock Option Trust	0.00%	0.00	0.00%	0.00	0.00%	-	0.00%	0.00
Subtotal		**26,143.67**		**2,288.96**		**(118.22)**		**2,170.74**
Inter-company Elimination and Consolidation Adjustments	(65.48%)	(10,321.36)	(47.98%)	(741.98)	6.93%	(11.18)	(54.37%)	(753.16)
Non-controlling Interest in Subsidiaries	(1.87%)	(294.28)	3.04%	47.00	19.77%	(31.89)	1.09%	15.11
Share of Profit/(loss) in Associates	1.49%	234.97	(3.07%)	(47.46)	0.00%	-	(3.43%)	(47.46)
Grand Total		**15,763.00**		**1,546.52**		**(161.29)**		**1,385.23**

Note : Net assets and share in profit or loss for the parent company, subsidiairies, associates and other consolidating entities are as per the standalone financial statements of the respective entities.

Note 58: Authorisation of financial statements

The Consolidated financial statements for the year ended 31st March, 2020 were approved by the Board of Directors on 15th May, 2020.

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

New Delhi, 15th May, 2020

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 15th May, 2020

Salient Features of Financial Statements of Subsidiaries and Associates

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in form AOC-1 related to Subsidiaries and Associate Companies

Part (A) : Information on Subsidiaries

₹ in Crores

Sr. No.	Name of the Subsidiary Company	Reporting currency	Exchange rate as on 31st March 2020	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 of Incorporation
1	Jay Precision Pharmaceuticals Private Limited	INR	1.0000	4.01	115.88	128.09	8.20	-	99.86	32.34	7.72	24.62	-	60%	India
2	Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited)	INR	1.0000	0.71	370.45	451.74	80.58	4.81	38.93	25.86	1.83	24.03	-	100%	India
3	Medispray Laboratories Private Limited	INR	1.0000	0.05	289.34	338.68	49.29	53.94	253.71	56.38	14.72	41.65	-	100%	India
4	Goldencross Pharma Limited (formerly known as Goldencross Pharma Private Limited)	INR	1.0000	0.05	300.45	318.47	17.97	62.17	154.99	19.73	5.82	13.91	-	100%	India
5	Sitec Labs Limited (formerly known as Sitec Labs Private Limited)	INR	1.0000	0.02	87.10	108.78	21.67	-	88.36	11.80	3.18	8.62	-	100%	India
6	Cipla Health Limited**	INR	1.0000	4.43	91.41	203.74	107.90	32.96	203.02	(69.08)	(8.83)	(60.25)	-	100%	India
7	Cipla Biotec Limited (formerly known as Cipla Biotec Private Limited)	INR	1.0000	258.71	(166.77)	104.60	12.66	25.46	14.10	(5.23)	(0.06)	(5.17)	-	100%	India
8	Cipla Pharmaceuticals Limited	INR	1.0000	20.00	(0.24)	19.79	0.03	2.77	-	(0.24)	-	(0.24)	-	100%	India
9	Cipla Medpro South Africa (Pty) Ltd	ZAR	4.2325	0.19	(166.32)	646.32	812.45	-	939.47	151.57	32.14	119.43	-	100%	South Africa
10	Cipla Biotec South Africa (Pty) Limited	ZAR	4.2325	0.00	(0.00)	0.00	0.00	-	-	-	-	-	-	100%	South Africa
11	Cipla Quality Chemical Industries Limited	USH	0.0199	90.84	193.65	494.45	209.95	-	370.95	(69.14)	(24.92)	(44.22)	-	51.18%	Uganda
12	Cipla (Mauritius) Limited	USD	75.6650	-	-	-	-	-	-	(0.01)	-	(0.01)	-	100%	Mauritius
13	Meditab Holdings Limited	USD	75.6650	337.62	109.87	447.53	0.04	-	-	(0.19)	-	(0.19)	-	100%	Mauritius
14	CIPLA Algérie	DZD	0.6032	0.06	(0.05)	0.08	0.08	-	-	(0.00)	0.00	(0.00)	-	40%	Algeria
15	Cipla Europe NV	EUR	82.7700	58.77	4.14	251.76	188.74	-	161.58	4.12	2.08	2.04	-	100%	Belgium
16	Cipla Holding B.V.	EUR	82.7700	83.07	1.28	88.72	4.37	-	14.52	10.75	0.41	10.34	-	100%	Netherlands
17	Saba Investment Limited	USD	75.6650	258.56	3.52	389.72	127.64	-	0.81	5.43	-	5.43	-	51%	UAE
18	Medica Pharmaceutical Industries Company Limited	USD	75.6650	1.76	7.83	193.28	183.69	-	-	(46.33)	(0.00)	(46.33)	-	50.49%	Yemen
19	Cipla Middle East Pharmaceuticals FZ-LLC	USD	75.6650	0.31	7.89	275.49	267.29	-	148.38	(5.83)	-	(5.83)	-	51%	UAE
20	Cipla Gulf FZ - LLC	USD	75.6650	0.10	16.24	19.54	3.20	-	53.16	(4.38)	-	(4.38)	-	100%	UAE
21	Quality Chemicals Limited	USH	0.0199	0.12	13.60	37.37	23.64	-	31.79	0.23	0.26	(0.03)	-	51%	Uganda

Salient Features of Financial Statements of Subsidiaries and Associates

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in form AOC-1 related to Subsidiaries and Associate Companies

Part (A) : Information on Subsidiaries

₹ in Crores

Sr. No.	Name of the Subsidiary Company	Reporting currency	Exchange rate as on 31st March 2020	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 of Incorporation
22	Tasfiye Halinde Cipla İlaç Ticaret Anonim Şirketi (formerly known as Cipla İlaç Ticaret Anonim Şirketi)	TRY	11.3839	-	-	-	-	-	-	0.01	-	0.01	-	100%	Turkey
23	Cipla Malaysia Sdn. Bhd.	MYR	17.5150	1.01	2.21	3.91	0.68	-	12.23	0.45	0.11	0.34	-	100%	Malaysia
24	Breathe Free Lanka (Private) Limited	LKR	0.3975	5.17	0.31	81.00	75.51	-	97.51	0.46	0.22	0.24	-	100%	Sri Lanka
25	Cipla Pharma Lanka (Private) Limited	LKR	0.3975	0.04	0.94	72.42	71.45	-	111.21	3.04	0.95	2.10	-	100%	Sri Lanka
26	Cipla Maroc SA	MAD	7.4549	102.00	(10.04)	124.23	32.27	-	94.32	4.96	7.37	(2.41)	-	60%	Morocco
27	Cipla Australia Pty. Ltd.	AUD	46.0750	1.15	(2.31)	77.93	79.08	-	102.40	(8.37)	(2.38)	(5.99)	-	100%	Australia
28	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	BRL	14.4701	18.88	(3.17)	20.44	4.72	-	0.00	0.25	-	0.25	-	100%	Brazil
29	Cipla (EU) Limited	USD	75.6650	2,779.67	0.12	3,782.51	1,002.72	-	130.58	(106.04)	-	(106.04)	-	100%	United Kingdom
30	Cipla (UK) Limited	GBP	93.5025	-	-	-	-	-	0.40	(0.03)	(0.01)	(0.02)	-	100%	United Kingdom
31	Cipla Philippines Inc.	PHP	1.4803	1.41	(0.63)	1.03	0.25	-	-	(0.27)	0.00	(0.27)	-	100%	Philippines
32	Cipla Colombia SAS	COP	0.0186	6.76	(5.83)	24.71	23.78	-	4.33	(8.73)	(2.42)	(6.31)	-	100%	Cololmbia
33	Cipla (Jiangsu) Pharmaceutical Co., Ltd	CNY	10.6450	141.61	-	142.74	1.13	-	-	0.02	-	0.02	-	80%	China
34	Cipla (China) Pharmaceutical Co., Ltd	CNY	10.6450	7.39	0.31	8.55	0.85	-	6.22	0.35	0.02	0.34	-	100%	China
35	Cipla USA Inc.	USD	75.6650	18.16	189.83	1,773.93	1,565.94	-	2,804.49	93.72	22.57	71.15	-	100%	USA
36	InvaGen Pharmaceuticals Inc.	USD	75.6650	3,287.65	(1,044.45)	3,896.40	1,653.20	-	1,409.20	(214.05)	(63.16)	(150.89)	-	100%	USA
37	Exelan Pharmaceuticals Inc.	USD	75.6650	3.78	40.36	338.36	294.22	-	611.94	27.22	3.97	23.25	-	100%	USA
38	Cipla Technologies LLC	USD	75.6650	310.98	(103.42)	221.62	14.06	-	-	(61.37)	(13.06)	(48.31)	-	100%	USA
39	Madison Pharmaceuticals Inc.	USD	75.6650	0.00	-	0.00	-	-	-	-	-	-	-	100%	USA
40	Cipla Kenya Limited	KES	0.7203	0.01	1.65	42.57	40.91	-	34.53	1.21	0.95	0.26	-	100%	Kenya
41	Inyanga Trading 386 Proprietary Limited	ZAR	4.2325	0.00	0.00	0.00	-	-	0.00	0.01	-	0.01	-	100%	South Africa
42	Cipla Medpro Holdings Proprietary Limited	ZAR	4.2325	0.00	(0.13)	0.00	0.13	-	-	(0.04)	0.11	(0.15)	-	100%	South Africa
43	Cape to Cairo Exports Proprietary Limited	ZAR	4.2325	0.00	(0.00)	0.00	0.00	-	-	-	-	-	-	100%	South Africa
44	Cipla Dibcare Proprietary Limited	ZAR	4.2325	0.00	0.17	0.17	-	-	-	-	-	-	-	100%	South Africa

Salient Features of Financial Statements of Subsidiaries and Associates

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in form AOC-1 related to Subsidiaries and Associate Companies

Part (A) : Information on Subsidiaries

₹ in Crores

Sr. No.	Name of the Subsidiary Company	Reporting currency	Exchange rate as on 31st March 2020	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 of Incorporation
45	Cipla Life Sciences Proprietary Limited	ZAR	4.2325	0.00	111.44	111.45	0.01	-	0.61	0.60	0.05	0.55	-	100%	South Africa
46	Cipla-Medpro Proprietary Limited	ZAR	4.2325	0.00	328.89	332.24	3.35	-	55.25	48.38	13.57	34.81	-	100%	South Africa
47	Cipla-Medpro Distribution Centre Proprietary Limited	ZAR	4.2325	0.00	(1.36)	43.45	44.81	-	56.58	-	0.44	(0.44)	-	100%	South Africa
48	Cipla Medpro Botswana Proprietary Limited	ZAR	4.2325	0.00	-	0.00	-	-	-	-	-	-	-	100%	Botswana
49	Cipla OLTP (Pty) Limited (formerly known as Cipla Nutrition Proprietary Limited)	ZAR	4.2325	0.00	(21.34)	0.54	21.88	-	0.03	0.02	-	0.02	-	100%	South Africa
50	Medpro Pharmaceutica Proprietary Limited	ZAR	4.2325	0.00	130.20	1,257.06	1,126.85	-	1,506.84	105.21	32.82	72.39	-	100%	South Africa
51	Anmaraté Proprietary Limited	ZAR	4.2325	0.00	0.23	0.23	-	-	-	(0.10)	(0.01)	(0.09)	-	100%	South Africa
52	Mirren Proprietary Limited	ZAR	4.2325	0.00	42.28	79.62	37.34	-	68.58	3.36	0.80	2.55	-	100%	South Africa
53	Cipla Health Employees Stock Option Trust	INR	1.0000	0.00	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00	-	100%	India
54	Cipla Employee Stock Option Trust	INR	1.0000	0.00	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00	-	100%	India

* Converted using average rate

** 95.46% is held by Cipla Limited and 4.54% is held through Cipla Health Employees Stock Option Trust

Salient Features of Financial Statements of Subsidiaries and Associates

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in form AOC-1 related to Subsidiaries and Associate Companies

Part (B) : Associates

		Shares of Associate held by the Company on 31st March, 2020					Profit/Loss for the year ended 31st March 2020			
Sr. No.	Name of the associate	Latest Audited Balance Sheet Date	No. of shares	Amount of Investment in Associate (₹ in Crores)	Extent of Holding %	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)	Considered in Consolidation (₹ in Crores)	Not Considered in Consolidation	Description of how there is significant influence (refer note 44)	Reason why the associate is not consolidated
1	Stempeutics Research Private Limited	31/03/20	2,05,02,525.00	69.97	40.78%	-	(6.95)	(0.65)	-	-
2	Avenue Therapeutics, Inc.	31/12/19	58,33,333.00	242.05	33.30%	209.04	(38.11)	-	-	-
3	Brandmed (Pty) Limited	31/03/20	375.00	31.62	30.00%	25.38	(2.40)	-	-	-
4	AMPSolar Power Systems Private Limited	31/03/20	90,000.00	9.00	26.00%	0.55	-	-	-	-

GRI Standard Index

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
General Disclosures		
Organizational Profile		
GRI 102: General Disclosures 2016	102-1 Name of the organization	About Cipla (Page no. 005)
	102-2 Activities, brands, products, and services	About Cipla (Page no. 005) BRR Section A (Page no. 176)
	102-3 Location of headquarters	Corporate Information (Page no. 015)
	102-4 Location of operations	BRR Section A (Page no. 176)
	102-5 Ownership and legal form	Shareholding Pattern (Page no. 216)
	102-6 Markets served	Global Reach (Page no. 010-011)
	102-7 Scale of the organization	Sustainability Highlights (Page no. 008-009)
	102-8 Information on employees and other workers	Human Capital (Page no. 076)
	102-9 Supply Chain	Our Value Creation Model (Page no. 041) Relationship Capital (Page no. 095)
	102-10 Significant changes to the organization and its supply chain	Relationship Capital (Page no. 095) Shareholding Pattern (Page no. 216)
	102-11 Precautionary principle or approach	Our Integrated Approach to Risk Management (Page no. 048-051)
	102-12 External initiatives	About this Report (Page no 004) Relationship Capital (Page no 090)
	102-13 Membership of associations	Relationship Capital (Page no. 090)
Strategy		
GRI 102: General Disclosures 2016	102-14 Statement from senior decision maker	Chairman's message (Page no. 016-017) Executive Vice-Chairperson's Message (Page no. 018-019) MD & GCEO's Message (Page no. 020-021)
Ethics and Integrity		
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	OneCipla Credo (Page no. 006)
Governance		
GRI 102: General Disclosures 2016	102-18 Governance structure	Board of Directors (Page no. 012)
Stakeholder Engagement		
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Stakeholder Engagement (Page no. 044-045)
	102-41 Collective bargaining agreements	Human Capital (Page no. 082)
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement (Page no. 044-045)
	102-43 Approach to stakeholder engagement	Stakeholder Engagement (Page no. 044-045)
	102-44 Key topics and concerns raised	Stakeholder Engagement (Page no. 044-045)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Reporting Practice		
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	FORM NO. MGT-9 (Page no. 157-163) Shareholding Pattern (Page no. 216)
	102-46 Defining report content and topic boundaries	About this Report (Page no. 004)
	102-47 List of material topics	Materiality Assessment (Page no. 046-047)
	102-48 Restatements of information	No restatements
	102-49 Changes in reporting	About this Report (Page no. 004) Materiality Assessment (Page no. 046-047)
	102-50 Reporting period	About this Report (Page no. 004)
	102-51 Date of most recent report	Prior to this, Cipla published its previous annual report 'Healthcare with a purpose' for FY 2018-19.
	102-52 Reporting cycle	About this Report (Page no. 004)
	102-53 Contact point for questions regarding the report	About this Report (Page no. 004)
	102-54 Claims of reporting in accordance with the GRI Standards	About this Report (Page no. 004)
	102-55 GRI content index	GRI Standard Index (Page no. 424-432)
	102-56 External assurance	Independent Assurance Statement (Page no. 221-223)
Topic Specific Disclosures		
Financial Capital and MDA		
Pricing Pressures		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Management discussion and Analysis (Page no. 121-141)
	103-2 The management approach and its components	Management discussion and Analysis (Page no. 121-141)
	103-3 Evaluation of the management approach	Management discussion and Analysis (Page no. 121-141)
Non-GRI	Pricing Pressures	Management discussion and Analysis (Page no. 121-141)
Growth opportunities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Strategy Strengthened for a Sustainable Tomorrow (Page no. 034-040)
	103-2 The management approach and its components	Strategy Strengthened for a Sustainable Tomorrow (Page no. 034-040)
	103-3 Evaluation of the management approach	Strategy Strengthened for a Sustainable Tomorrow (Page no. 034-040)
	Growth opportunities	Strategy Strengthened for a Sustainable Tomorrow (Page no. 034-040)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Capital Productivity – balancing growth, profitability and returns		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Financial Capital (Page no. 052-057)
	103-2 The management approach and its components	Financial Capital (Page no. 052-057)
	103-3 Evaluation of the management approach	Financial Capital (Page no. 052-057)
Non-GRI	Capital Productivity – balancing growth, profitability and returns	Financial Capital (Page no. 052-057)
Manufacturing Capital		
Ensuring product quality and safe product destruction		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page no. 058-63)
	103-2 The management approach and its components	Manufacturing Capital (Page no. 058-63)
	103-3 Evaluation of the management approach	Manufacturing Capital (Page no. 058-63)
Non-GRI	Ensuring product quality and safe product destruction	Manufacturing Capital (Page no. 058-63)
Pharmacovigilance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page no. 063)
	103-2 The management approach and its components	Manufacturing Capital (Page no. 063)
	103-3 Evaluation of the management approach	Manufacturing Capital (Page no. 063)
Non-GRI	Pharmacovigilance	Manufacturing Capital (Page no. 063)
Systems and Processes		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page no. 058-63)
	103-2 The management approach and its components	Manufacturing Capital (Page no. 058-63)
	103-3 Evaluation of the management approach	Manufacturing Capital (Page no. 058-63)
Non-GRI	Systems and Processes (enhancing productivity and efficiency and quality)	Manufacturing Capital (Page no. 058-63)
Data Integrity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page no. 062-063)
	103-2 The management approach and its components	Manufacturing Capital (Page no. 062-063)
	103-3 Evaluation of the management approach	Manufacturing Capital (Page no. 062-063)
Non-GRI	Data Integrity	Manufacturing Capital (Page no. 062-063)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Intellectual Capital		
Investment in R&D		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Intellectual Capital (Page no. 065) Management Discussion and Analysis (Page no. 127-129)
	103-2 The management approach and its components	Intellectual Capital (Page no. 065) Management Discussion and Analysis (Page no. 127-129)
	103-3 Evaluation of the management approach	Intellectual Capital (Page no. 065) Management Discussion and Analysis (Page no. 127-129)
Non-GRI	Investment in R&D	Intellectual Capital (Page no. 065) Management Discussion and Analysis (Page no. 127-129)
Focus on intellectual property		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and is boundary	Intellectual Capital (Page no. 066-067)
	103-2 The management approach and its components	Intellectual Capital (Page no. 066-067)
	103-3 Evaluation of the management approach	Intellectual Capital (Page no. 066-067)
Non-GRI	Focus intellectual property	Intellectual Capital (Page no. 066-067)
Focus on Innovation		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Intellectual Capital (Page no. 070-073)
	103-2 The management approach and its components	Intellectual Capital (Page no. 070-073)
	103-3 Evaluation of the management approach	Intellectual Capital (Page no. 070-073)
Non-GRI	Innovation for Core (Generics) and Non - Core (Specialty)	Intellectual Capital (Page no. 070-073)
Human Capital		
Human Resource development		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page no. 075-76)
	103-2 The management approach and its components	Human Capital (Page no. 075-76)
	103-3 Evaluation of the management approach	Human Capital (Page no. 082)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital (Page no. 077)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital (Page no. 081)
	401-3 Parental leave	Human Capital (Page no. 082)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital (Page no. 079)
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital (Page no. 079)
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital (Page no. 080)
Ensuring employee health and safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page no. 083)
	103-2 The management approach and its components	Human Capital (Page no. 083)
	103-3 Evaluation of the management approach	Human Capital (Page no. 083)
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	Human Capital (Page no. 083)
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital (Page no. 083)
	403-3 Occupational health services	Human Capital (Page no. 083)
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital (Page no. 083)
	403-5 Worker training on occupational health and safety	Human Capital (Page no. 084)
	403-6 Promotion of worker health	Human Capital (Page no. 083)
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital (Page no. 083)
	403-9 Work-related injuries	Human Capital (Page no. 083)
Promoting diversity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page no. 075-076)
	103-2 The management approach and its components	Human Capital (Page no. 075-076)
	103-3 Evaluation of the management approach	Human Capital (Page no. 082)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital (Page no. 075) Corporate Governance Report (Page no. 184-186)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital (Page no. 082)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Protection of human rights		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page no. 082)
	103-2 The management approach and its components	Human Capital (Page no. 082)
	103-3 Evaluation of the management approach	Human Capital (Page no. 082)
GRI 407: Freedom of Association and Collective Bargaining	407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Capital (Page no. 082)
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Capital (Page no. 082)
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Capital (Page no. 082)
GRI 412: Human Rights Assessment	412-2 Employee training on human rights policies or procedures	Human Capital (Page no. 079)
Succession Planning		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page no. 078)
	103-2 The management approach and its components	Human Capital (Page no. 078)
	103-3 Evaluation of the management approach	Human Capital (Page no. 078)
Non-GRI	Succession Planning	Human Capital (Page no. 078)
Relationship Capital		
Sustainable supply chain		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Relationship Capital (Page no. 087)
	103-2 The management approach and its components	Relationship Capital (Page no. 087)
	103-3 Evaluation of the management approach	Relationship Capital (Page no. 087)
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Relationship Capital (Page no. 098)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Enhancing availability and affordability of medicines		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Relationship Capital (Page no. 087)
	103-2 The management approach and its components	Relationship Capital (Page no. 087)
	103-3 Evaluation of the management approach	Relationship Capital (Page no. 087)
Non-GRI	Enhancing availability and affordability of medicines	Relationship Capital (Page no. 087-089)
Improving Patient experience		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Relationship Capital (Page no. 087)
	103-2 The management approach and its components	Relationship Capital (Page no. 087)
	103-3 Evaluation of the management approach	Relationship Capital (Page no. 087)
Non-GRI	Improving Patient experience	Relationship Capital (Page no. 091-093)
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Relationship Capital (Page no. 094-095)
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labelling 417-2 Incidents of non-compliance concerning product and service information and labelling 417-3 Incidents of non-compliance concerning marketing communications	Relationship Capital (Page no. 094-095)
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Relationship Capital (Page no. 094-095)
Social Capital		
Community engagement		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Social Capital (Page no. 101)
	103-2 The management approach and its components	Social Capital (Page no. 101)
	103-3 Evaluation of the management approach	Social Capital (Page no. 101)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs 413-2 Operations with significant actual and potential negative impacts on local communities	Social Capital (Page no. 101-111)
Natural Capital		
Energy efficiency and managing our carbon emissions		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Natural Capital (Page no. 113, 114-115, 116)
	103-2 The management approach and its components	Natural Capital (Page no. 113, 114-115, 116)
	103-3 Evaluation of the management approach	Natural Capital (Page no. 113, 114-115, 116)
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital (Page no. 114-115)
	302-4 Reduction of energy consumption	Natural Capital (Page no. 114-115)
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital (Page no. 116)
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital (Page no. 116)
	305-4 GHG emissions intensity	Natural Capital (Page no. 116)
Water Management		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Natural Capital (Page no. 113, 117-118)
	103-2 The management approach and its components	Natural Capital (Page no. 113, 117-118)
	103-3 Evaluation of the management approach	Natural Capital (Page no. 113, 117-118)
GRI 303: Water and Effluents 2016	303-1 Water withdrawal by source	Natural Capital (Page no. 117-118)
	303-3 Water recycled and reused	Natural Capital (Page no. 117-118)
Waste Management		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Natural Capital (Page no. 113, 118, 119-120)
	103-2 The management approach and its components	Natural Capital (Page no. 113, 118, 119-120)
	103-3 Evaluation of the management approach	Natural Capital (Page no. 113, 118, 119-120)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	Natural Capital (Page no. 118)
	306-2 Waste by type and disposal method	Natural Capital (Page no. 119-120)
	306-3 Significant spills	Natural Capital (Page no. 119-120)
	306-4 Transport of hazardous waste	Natural Capital (Page no. 119-120)
Others		
Regulatory Environment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Management discussion and Analysis (Page no. 123-125)
	103-2 The management approach and its components	Management discussion and Analysis (Page no. 123-125)
	103-3 Evaluation of the management approach	Management discussion and Analysis (Page no. 123-125)
Non-GRI	Regulatory Environment	Management discussion and Analysis (Page no. 123-125)
Focus on Corporate Governance – Business ethics, Enterprise wide risk management and Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Corporate Governance Report (Page no. 207-208) Our Integrated Approach to Risk Management (Page no. 048-051) Statutory Reports (Page no. 121-238)
	103-2 The management approach and its components	Corporate Governance Report (Page no. 207-208) Our Integrated Approach to Risk Management (Page no. 048-051) Statutory Reports (Page no. 121-238)
	103-3 Evaluation of the management approach	Corporate Governance Report (Page no. 207-208) Our Integrated Approach to Risk Management (Page no. 048-051) Statutory Reports (Page no. 121-238)
Non-GRI	Compliance	Statutory Reports (Page no. 121-238)
Anti- Fraud		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Corporate Governance Report (Page no. 207-208)
	103-2 The management approach and its components	Corporate Governance Report (Page no. 207-208)
	103-3 Evaluation of the management approach	Corporate Governance Report (Page no. 207-208)
Non-GRI	Anti-Fraud	Corporate Governance Report (Page no. 207-208)
Digitisation		

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Strategy Strengthened for a Sustainable Tomorrow (Page no. 039) Intellectual Capital (Page no.073)
	103-2 The management approach and its components	Strategy Strengthened for a Sustainable Tomorrow (Page no. 039) Intellectual Capital (Page no.073)
	103-3 Evaluation of the management approach	Strategy Strengthened for a Sustainable Tomorrow (Page no. 039) Intellectual Capital (Page no.073)
Non-GRI	Digital	Strategy Strengthened for a Sustainable Tomorrow (Page no. 039) Intellectual Capital (Page no.073)

Glossary of Abbreviations

<IR>	Integrated Reporting
AGM	Annual General Meeting
AHU	Air Handling Units
AIDS	Acquired Immunodeficiency Syndrome
AIIMS	All India Institute of Medical Sciences
ALIVE	Aspire, Learn, Innovate, Voice and Engage
AMR	Anti- Microbial Resistance
ANDA	Abbreviated New Drug Application
ANVISA	Agência Nacional de Vigilância Sanitária, Brazil
API	Active Pharmaceutical Ingredient
APICON	Association of Physicians of India conference
APSR	Asia- Pacific Society of Respirology
ARB	Antibiotic Resistance Breaker
ART	Antiretroviral therapy
ARV	Antiretroviral
ATFD	Agitated Thin Film Dryer
AVD	Alternate Vendor Development
B2B	Business-to-business
BC	Bladder Cancer
BCC	Behaviour Change Communication
BCP	Business Continuity Planning
BEC	Business Email Compromise
BEST	Brihanmumbai Electricity Supply and Transport
BFS	Blow-Fill-Seal
BI	Business Intelligence
BP	British Pharmacopeia
BPH	Benign Prostatic Hyperplasi
bps	Basis points
BRR	Business Responsibility Report
CAGR	Compound Annual Growth Rate
CAPA	Corrective and Preventive Action
CCC	Cash Conversion Cycle
CDM	Clinical Data Management
CDSCO	Central Drugs Standard Control Organisation
CEA	Central Electricity Authority
CETP	Common Effluent Treatment Plant
CFD	Computational Fluid Dynamics
CFDA	China Food and Drug Administration
CGA	Cipla Global Access
CHL	Cipla Health Limited
CII	Confederation of Indian Industry
CIS	Commonwealth of Independent States
CMM	Cipla Medpro Manufacturing
cGMP	Current Good Manufacturing Practices
CLAP	Cipla Leadership Ascent Programme
CLM	Closed Loop Marketing
CME	Continuing Medical Education
CMO	Contract Manufacturing Organizations
CNS	Central Nervous System
Co2	Carbon Dioxide
CoC	Code of Conduct
CoD	Change of Device
COE	Centre of Excellence
cUTI	Complicated Urinary Tract Infections
CRF	Chest Research Foundation
CSIR	Council of Scientific & Industrial Research
CSR	Corporate Social Responsibility
CSV	Computer System Validation
CTA	Clinical Trial Application
CTG	Corporate Technical Guidance
CU	Cipla University
CVS	Cardio Vascular System
DAT	Deficiency Adaptation Tool
DC	Direct Current
DCGI	Drug Controller General of India
DERMACON	Dermatologists, Venereologists and Leprologists Conference
DMFs	Drug Master Files
DNDi	Drugs for Neglected Diseases Initiative
DoE	Design of Experiments
DPI	Dry Powder Inhaler
DSC	Differential Scanning Calorimetry
DTM	Direct-to-Market
DVS	Dynamic Vapour Sorption
EAC	East African Countries
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EBR	Electronic Batch Record
ECD	Early Childhood Development Centres
ECHO	Extension for Community Healthcare Outcomes
EDC	Electronic Data Capture
EDQM	European Directorate for the Quality of Medicines
EHS	Environment Health and Safety
EHSMS	EHS Management System
ELN	Electronic Lab Notebooks
ELNEC	End-of-Life Nursing Education Consortium
EM	Emerging Markets
EMA	European Medicine Agency
EMS	Environment Management Systems
EnMS	Environment Management System
EPS	Earnings Per Share
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ERS	European Respiratory Society
ESG	Environment, Social and Governance
ETP	Effluent Treatment Plant
ETR	Effective Tax Rate
EU	European Union
FDA	Food and Drug Administration
FDC	Fixed Dose Combination
FICCI	Federation of Indian Chambers of Commerce & Industry
FO	Furnace Oil
FOPE	Federation of Pharma Entrepreneurs
FPS	Finished Product Sourcing
FPSM	Fluticasone Propionate Salmeterol
FTSE	Financial Times Stock Exchange
FY	Financial Year
GCFO	Global Chief Financial Officer
GC-MS	Gas Chromatography – Mass Spectrometry
GCP	Good Clinical Practices
GCP	Good Clinical Practices
GIWUSA	General Industries Worker's Union of South Africa
GHG	Green House Gas
GJ	Giga Joules
GMP	Good Manufacturing Practices
GPTW	Great Place to Work
GRI	Global Reporting Initiative
GSCM	Green Supply Chain Management
GST	Goods and Services Tax
GWP	Global Warming Potential
HCP	Healthcare Professionals
HAZOP	Hazard and Operability
HCP	Healthcare Professionals
HIRA	Hazard Identification and Risk Assessment
HIV	Human Immunodeficiency Virus
HPLC	High Performance Liquid Chromatography
HMI	Human Machine Interface
HSD	High Speed Diesel
HTS	High Throughput Screening
HT-PXRD	High Throughput Screening Powder X-Ray Diffraction
IBP	Integrated Business Planning
ICAI	Institute of Chartered Accountants of India
ICS	Inhaled Cortico Steroid
ICMR	Indian Council of Medical Research
IDMA	Indian Drug Manufacturers Association
IFPAC	International Forum on Process Analytical Technology
IFPMA	International Federation of Pharmaceutical Manufacturers and Associations
IGAAP	Indian Generally Accepted Accounting Principles
ILBS	Institute of Liver and Billary Science
IJP	Internal Job Postings
IoT	Internet of Things
ITI	Industrial Training Institute
IIRC	International Integrated Reporting Council
IISER	Institute of Science, Education & Research
IND	Investigational New Drug
IND AS	Indian Accounting Standards
IP	Indian Pharmacopeia
IPA	Indian Pharmaceutical Association
IPCC	Intergovernmental Panel On Climate Change

IPD	Integrated Product Development
ISCCM	Indian Society of Critical Care Medicine
IT	Information Technology
IVPT	in vitro penetration/ permeation testing
IRMC	Investment and Risk Management Committee
IV	Intravenous
KFDA	Korea Food and Drug Administration
KL	Kilo Liter
KLD	Kilo Liters per day
kW	Kilo Watt
kWh	KiloWatt Hours
kWp	Kilo Watt Peak
LABA	Long Acting Beta-Agonist
LAMA	Long-Acting Muscarinic Antagonists
LATAM	Latin American Regions
LCMP	Life Cycle Management Process
LC-MS	Liquid Chromatography- Mass Spectrometry
LED	Light-emitting diode
LEP	Local EHS Procedures
LIMS	Laboratory Information Management System
LMIC	Low- and Middle-Income Countries
LNG	Liquefied Natural Gas
LPG	Liquified Petroleum Gas
LPMS	Labour Productivity Management System
LTI	Lost Time Injury
M&S	Modelling and Simulation
MAs	Marketing Authorisations
MALS	Multi-Angle Light Scattering
MCGM	Municipal Corporation of Greater Maharashtra
MD	Managing Director
MEE	Multi Effect Evaporators
MEHA	Middle Eastern and North African
MES	Manufacturing Execution System
MHRA	Medicines and Healthcare Products Regulatory Agency
MHU	Mobile Health Units
MIDNA	Mi - Develop, Nurture & Achieve
MMV	Medicines for Malaria Venture
mn	Million
MOU	Methods of Use
MS	Market Share
MSL	Mobile Science Labs
MT	Metric Tonnes
MW	Megaw`att
NC	Non-compliances
NCD	Non-Communicable Diseases
NCL	National Chemical Laboratory
NGT	National Green Tribunal
NDA	New Drug Applications
NGO	Non-Governmental Organisation
NLEM	National List of Essential Medicines
NHI	National Health Insurance
NMR	Non- Magnetic Resonance
NPI	New Products Introduction
NRC	Nomination and Remuneration Committee
NRT	Nicotine Replacement Therapy
NVG	National Voluntary Guidelines
OAD	Obstructive airway diseases
OAI	Official Action Indicated
OECD	Organisation for Economic Co-Operation and Development
OHS	Occupational Health and Safety
OHSMS	Occupational Health and Safety Management System
OPD	Out Patient Department
OPEX	Operational Expenditure
OTIF	On Time In Full
OT	Operational Technology
OTC	Over The Counter
p.a	Per annum
PADER	Periodic Adverse Drug Experience
PADO	Paediatric antiretroviral drugs and formulations
PAH	Pulmonary Arterial Hypertension
PAT	Profit After Tax
PbPK	Physiologically-based Pharmaco Kinetic
PD	Performance Dialogues
PDCA	Plan, Do, Check, Act
Ph.Eur	European Pharmacopeia
Ph.Int	International Pharmacopeia
PHARMEXCIL	Pharmaceuticals Export Promotion Council
PMDA	Pharmaceuticals and Medical Devices Agency, Japan
pMdi	Pressured Metered Dose Inhaler
POSH	Prevention of Sexual Harassment
POTW	Publically Owned Treatment Works
PPE	Personal Protective Equipment
PPA	Power Purchase Agreement
PR	Public Relations
PRAKASH	Programmed Approach to Knowledge and Sesitisation on Hepatitis
PTP	Principal to principal
PVM	Particle Vision Measurement
PwD	Persons with Disabilities
PXRD	Powder X-Ray Diffractometer
Q1	Quarter 1
Q2	Quarter 2
Q3	Quarter 3
Q4	Quarter 4
Qbd	Quality by Design
QC	Quality Control
QMS	Quality Management system
R&D	Research and Development
RAS	Rectal Artesunate Suppository
RBM	Result Based Management
RCC	Renal Cell Carcinoma
RESCO	Renewable Energy Service Company
RLD	Reference Listed Drug
RO	Reverse Osmosis
RoCE	Return on Capital Employed
ROiC	Return on invested capital
RoE	Return on Equity
RPA	Robotic Process Automation
RPN	Risk Priority Number
SAGA	South Africa, Sub-Saharan Africa and Cipla Global Access
SAHPRA	South African Health Products Regulatory Authority
SCI	Spinal Cord Injury
SEBI	Securities and Exchange Board of India
SEC	Size Exclusion Chromatography
SCADA	Supervisory Control & Data Acquisition
SEDDS	Self-Emulsifying Drug Delivery Systems
SEDI	Skill and Entrepreneurship Development Institute
SEE	Social, Environmental and Economic
SFDA	Saudi Food and Drug Authority
Single	Crystal XRD Single Crystal X-ray Diffraction
SDRC	Skill Development & Rehabilitation Centre
SKU	Stock Keeping Units
SMEDDs	Selfmicroemulsifying drug delivery systems
SOP	Standard Operating Procedure
SLF	Secured Land-Filling
SVL	Synchronous Virtual Learning
tCO2e	Tonnes of CO2 Equivalent
TB	Tuberculosis
TBI	Traumatic Brain Injury
TCO	Total Cost of Ownership
TDR	Theoretical Drug Release
TGA	Theoretical Goods Administration
TJ	Tera Joules
TSDF	Treatment, Storage and Disposal Facilities
UCPMP	Uniform Code of pharmaceutical Marketing Practices
UNDP	United Nations Development Programme
USD	US Dollar
USFDA	US Food and Drug Administration
USICON	Urological Society of India
USP	United States Pharmacopeia
USPTO	United States Patent and Trademark Office
VFD	Variable Frequency Drive
VTFD	Vertical Thin Film Dryer
VVMC	Vasai Virar Municipal Corporation
WC	Working Capital
WFH	Work From Home
WHO	World Health Organisation
WHO PQ	World Health Organisation Pre Qualified
WTD	Whole-time Directors
WLAP	Work-Life Assistance Programme
XRPD	X-ray Powder Diffraction
Y-o-Y	Year on Year
ZLD	Zero Liquid Discharge

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Disclaimer

Cipla

Cipla Limited

Cipla House, Peninsula Business Park,
Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013
Tel: (022) 2482 6000; Fax: (022) 2482 6120
Email: contactus@cipla.com; Website: www.cipla.com
Corporate Identity Number: L24239MH1935PLC002380

Creative consultants : K&A & Cipla SAGA | www.kalolwala.co.in