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Walker Chandiook & Co LLP  
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Independent auditor's certificate on the proposed accounting treatment included in the draft scheme of arrangement pursuant to SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22 December 2020, as amended from time to time ('the SEBI circular'), and sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

To,  
The Board of Directors,  
Cipla Limited,  
Cipla House, Peninsula Business Park,  
Lower Parel, Mumbai – 400013  
Maharashtra, India

1. This certificate is issued in accordance with the terms of our engagement letter dated 21 January 2021 with Cipla Limited ('the Company' or 'the Demerged Company').
2. We, the statutory auditors of the Company, have examined the proposed accounting treatment specified in Clause 12 and 20 of the draft scheme of arrangement between the Company, Cipla Biotech Limited ('the Resulting Company 1') and Cipla Health Limited ('the Resulting Company 2') and their respective shareholders (hereinafter referred to as the 'Draft Scheme') as approved by the Board of Directors in their meeting held on 29 January 2021, in terms of the provisions of the SEBI circular, **Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act')** the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ('the rules') with reference to its compliance with the accounting standards prescribed under section 133 of the Act, read with relevant rules issued thereunder (the 'applicable accounting standards') and other generally accepted accounting principles in India. A certified true copy of the Draft Scheme, with the proposed accounting treatment specified in Clause 12 and 20 of the Draft Scheme, as attached herewith in Appendix I, has been initialed and stamped by us for identification purpose only.

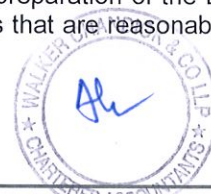
## Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme, and its compliance with the relevant laws and regulations, including the applicable accounting standards and other generally accepted accounting principles in India, is that of the Board of directors of the companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Draft Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

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Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune



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Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India



# Walker Chandio & Co LLP

4. The Management is also responsible for ensuring that the Company complies with the requirements of the Act and the rules, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the SEBI circular, and the applicable accounting standards, in relation to the Draft Scheme, and for providing all relevant information to the relevant National Company Law Tribunal, the SEBI, and the BSE Limited, and the National Stock Exchange of India Limited (hereinafter referred to as 'the stock exchanges').

## Auditor's Responsibility

5. Pursuant to the requirements of the relevant laws and regulations, it is our responsibility to provide a reasonable assurance as to whether the proposed accounting treatment specified in Clause 12 and 20 of the Draft Scheme complies with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular and the applicable accounting standards and other generally accepted accounting principles.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.

## Opinion

8. Based on our examination as above and according to the information and explanations given to us, along with the representations provided by the management, in our opinion, the proposed accounting treatment specified in Clause 12 and 20 of the Draft Scheme, attached herewith and stamped by us for identification only, is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, and the applicable accounting standards and other generally accepted accounting principles in India.

## Restriction on use

9. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the requirements of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, Sections 230 to 232 and other applicable provisions of the Act read with the rules, for onward submission along with the Draft Scheme to the SEBI, the stock exchanges, and the relevant National Company Law Tribunal. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.
10. This certificate is issued at the request of the Company's management for onward submission along with the Draft Scheme to the SEBI, the stock exchanges and the relevant National Company Law Tribunal. Accordingly, this certificate may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

Ashish Gupta

Partner

Membership No.: 504662

UDIN: 21504662AAAAAN6583



Place: New Delhi

Date: 29 January 2021

Chartered Accountants





## EXTRACT OF ACCOUNTING TREATMENT

### PART II DEMERGER AND VESTING OF DEMERGED UNDERTAKING 1 OF THE DEMERGED COMPANY INTO RESULTING COMPANY 1:

#### Clause 12 ACCOUNTING TREATMENT

Upon the scheme becoming effective, the Demerged Company and Resulting Company 1 shall comply with generally accepted accounting practices in India, provisions of the Act and accounting standards as notified by Section 133 of the Act under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in relation to the underlying transactions in the Scheme.

#### 12.1 Accounting Treatment in books of Demerged Company

Upon Scheme becoming effective, the Demerged Company shall account for the Demerger of Demerged Undertaking 1 in its books of account in the following manner:

- 12.1.1. Reduce the assets and liabilities of the Demerged Undertaking 1 transferred and vested in the Resulting Company 1 pursuant to this Scheme at their respective carrying amounts.
- 12.1.2. The carrying amount of inter-corporate balances including Loans, advances, amount receivable or payable inter-se between the Demerged Company and Resulting Company 1 pertaining to Demerged Undertaking 1 pursuant to this Scheme, if any, appearing in the books shall stand cancelled, and there shall be no further obligations / outstanding rights in that behalf.
- 12.1.3. The difference between the carrying amounts of assets and carrying amounts of liabilities of the Demerged Undertaking 1 demerged from the Demerged Company pursuant to this Scheme shall be added to the carrying value of the investment in Resulting Company 1 in the books of the Demerged Company.

#### 12.2 Accounting Treatment in books of Resulting Company 1

The Resulting Company 1 shall give effect of the arrangement in its books of accounts in accordance with accounting prescribed under "pooling of interest" method in accordance with the principles laid down in Appendix C of Indian Accounting Standard (Ind AS) 103–Business Combinations as notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standard) Rules, 2015.

Upon Scheme becoming effective, the Resulting Company 1 shall account for the Demerger of Demerged Undertaking 1 in its books of account in the following manner:

- 12.2.1. All the assets and liabilities of Demerged Undertaking 1 shall be recorded in the financial statements of the Resulting Company 1 at the carrying value as appearing in the financial statements of the Demerged Company.
- 12.2.2. The carrying amount of inter-corporate balances including Loans, advances, amount receivable or payable inter-se between the Demerged Company and Resulting Company 1 pertaining to Demerged Undertaking 1 pursuant to this Scheme, if any, appearing in the books shall stand cancelled, and there shall be no further obligations / outstanding rights in that behalf.

Cipla Ltd.

Regd. Office - Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013, India  
P: 91 22 2422 2422 W: www.cipla.com E-Mail: contactus@cipla.com Corporate Identity Number: U25040MH1935PLC002380

Cipla Limited  
Cipla House  
Peninsula  
Business Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai-400013



# Cipla

- 12.2.3. No adjustments are made to reflect fair values or recognise any new assets or liabilities acquired from the Demerged Company. Further, the accounting policies of the Demerged Company and Resulting Company 1 are same and therefore no adjustment is required for harmonising accounting policies.
- 12.2.4. The comparative financial information in respect of prior periods presented in the financial statements of the Resulting Company 1 shall be restated for the accounting impact of arrangement as stated above, as if the arrangement had occurred from the beginning of such comparative period presented in the financial statements.
- 12.2.5. The difference between the carrying amounts of the assets and liabilities of the Demerged Undertaking 1 as recorded by the Resulting Company 1 shall be recorded as the capital reserves and presented separately from other capital reserves, if any, of the Resulting Company 1.



**Cipla Ltd.**

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P +91 22 24826000 F +91 22 24826120 W [www.cipla.com](http://www.cipla.com) E-Mail [contactus@cipla.com](mailto:contactus@cipla.com) Corporate Identity Number L24239MH1935PLC002380





**PART III - DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING 2 OF THE DEMERGED COMPANY INTO RESULTING COMPANY 2**

**Clause 20 ACCOUNTING TREATMENT**

Upon the scheme becoming effective, the Demerged Company and Resulting Company 2 shall comply with generally accepted accounting practices in India, provisions of the Act and accounting standards as notified by Section 133 of the Act under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in relation to the underlying transactions in the Scheme.

**20.1. Accounting Treatment in books of Demerged Company**

Upon Scheme becoming effective, the Demerged Company shall account for the Demerger of Demerged Undertaking 2 in its books of account in the following manner:

- 20.1.1. The Demerged Company shall reduce the assets and liabilities of the Demerged Undertaking 2 transferred and vested in the Resulting Company 2 pursuant to this Scheme at their respective carrying amounts.
- 20.1.2. The carrying amount of inter-corporate balances including Loans, advances, amount receivable or payable inter-se between the Demerged Company and Resulting Company 2 pertaining to Demerged Undertaking 2 pursuant to this Scheme, if any, appearing in the books shall stand cancelled, and there shall be no further obligations / outstanding rights in that behalf.
- 20.1.3. The difference between the carrying amounts of assets and carrying amounts of liabilities of the Demerged Undertaking 2 demerged from the Demerged Company pursuant to this Scheme shall be added to the carrying value of the investment in Resulting Company 2 in the books of the Demerged Company.

**20.2. Accounting Treatment in books of Resulting Company 2**

The Resulting Company 2 shall give effect of the arrangement in its books of accounts in accordance with accounting prescribed under "pooling of interest" method in accordance with the principles laid down in Appendix C of Indian Accounting Standard (Ind AS) 103-Business Combinations as notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standard) Rules, 2015.

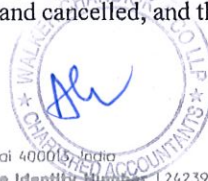
Upon Scheme becoming effective, the Resulting Company 2 shall account for the Demerger of Demerged Undertaking 2 in its books of account in the following manner:

- 20.2.1. All the assets and liabilities of Demerged Undertaking 2 shall be recorded in the financial statements of the Resulting Company 2 at the carrying value as appearing in the financial statements of the Demerged Company.
- 20.2.2. The carrying amount of inter-corporate balances including Loans, advances, amount receivable or payable inter-se between the Demerged Company and Resulting Company 2 pertaining to Demerged Undertaking 2 pursuant to this Scheme, if any, appearing in the books shall stand cancelled, and there shall be no further obligations / outstanding rights in that behalf.

Cipla Ltd.

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P. No. 022-24826120 W www.cipla.com E-Mail contactus@cipla.com Corporate Identity Number: L24239MH1935PLC002380

Cipla House  
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Business Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai-400013



# Cipla

- 20.2.3. No adjustments are made to reflect fair values or recognise any new assets or liabilities acquired from the Demerged Company. Further, the accounting policies of the Demerged Company and Resulting Company 2 are same and therefore, no adjustment is required for harmonising accounting policies.
- 20.2.4. The comparative financial information in respect of prior periods presented in the financial statements of the Resulting Company 2 shall be restated for the accounting impact of arrangement as stated above, as if the arrangement had occurred from the beginning of such comparative period presented in the financial statements.
- 20.2.5. The difference between the carrying amounts of the assets and liabilities of the Demerged Undertaking 2 as recorded by the Resulting Company 2 shall be recorded as capital reserves and presented separately from other capital reserves, if any, of the Resulting Company 2.

For Cipla Limited

*Dinesh Jain*

**Dinesh Jain**

**Authorised Signatory**



**Cipla Ltd.**

**Regd. Office** -Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013, India

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# Walker Chandiok & Co LLP

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Independent auditor's certificate on the proposed accounting treatment included in the draft scheme of arrangement pursuant to SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22 December 2020, as amended from time to time ('the SEBI circular'), and sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

To,  
The Board of Directors,  
Cipla Biotech Limited,  
L-147/B, Verna Industrial Area,  
Verna Salcete, Verna, South Goa,  
Goa 403722

1. This certificate is issued in accordance with the terms of our engagement letter dated 21 January 2021 with Cipla Biotech Limited ('the Company' or 'the Resulting Company 1').
2. We, the statutory auditors of the Company, have examined the proposed accounting treatment specified in Clause 12 of the draft scheme of arrangement between the Company and Cipla Limited ('the Demerged Company') and their respective shareholders (hereinafter referred to as the 'Draft Scheme') as approved by the Board of Directors in their meeting held on 29 January 2021, in terms of the provisions of the SEBI circular, **Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act')** the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ('the rules') with reference to its compliance with the accounting standards prescribed under section 133 of the Act, read with relevant rules issued thereunder (the 'applicable accounting standards') and other generally accepted accounting principles in India. A certified true copy of the Draft Scheme, with the proposed accounting treatment specified in Clause 12 of the Draft Scheme, as attached herewith in Appendix I, has been initialed and stamped by us for identification purpose only.

## Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme, and its compliance with the relevant laws and regulations, including the applicable accounting standards and other generally accepted accounting principles in India, is that of the Board of directors of the companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Draft Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune



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# Walker Chandio & Co LLP

4. The Management is also responsible for ensuring that the Company complies with the requirements of the Act and the rules, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the SEBI circular, and the applicable accounting standards, in relation to the Draft Scheme, and for providing all relevant information to the relevant National Company Law Tribunal, the SEBI, and the BSE Limited, and the National Stock Exchange of India Limited (hereinafter referred to as 'the stock exchanges').

## Auditor's Responsibility

5. Pursuant to the requirements of the relevant laws and regulations, it is our responsibility to provide a reasonable assurance as to whether the proposed accounting treatment specified in Clause 12 of the Draft Scheme complies with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular and the applicable accounting standards and other generally accepted accounting principles.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.

## Opinion

8. Based on our examination as above and according to the information and explanations given to us, along with the representations provided by the management, in our opinion, the proposed accounting treatment specified in Clause 12 of the Draft Scheme, attached herewith and stamped by us for identification only, is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, and the applicable accounting standards and other generally accepted accounting principles in India.

## Restriction on use

9. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the requirements of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, Sections 230 to 232 and other applicable provisions of the Act read with the rules, for onward submission along with the Draft Scheme to the SEBI, the stock exchanges, and the relevant National Company Law Tribunal. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.
10. This certificate is issued at the request of the Company's management for onward submission along with the Draft Scheme to the SEBI, the stock exchanges and the relevant National Company Law Tribunal. Accordingly, this certificate may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

  
**Ashish Gupta**

Partner

Membership No.: 504662

UDIN: 21504662AAAAAL6246



Place: New Delhi

Date: 29 January 2021



**Cipla BioTec Limited**  
**(Formerly known as Cipla BioTec Private Limited)**  
Regd. off.: L-147/B, Verna Industrial Area, Verna, Goa 403722  
Corporate Identity Number: U24239GA2008PLC007374  
Phone: +9122 2482 6000, Fax: +9122 2482 6120, Email: [Cipla.Secretarial@cipla.com](mailto:Cipla.Secretarial@cipla.com)

**EXTRACT OF ACCOUNTING TREATMENT**

**PART II DEMERGER AND VESTING OF DEMERGED UNDERTAKING 1 OF THE DEMERGED COMPANY INTO RESULTING COMPANY 1:**

**Clause 12 ACCOUNTING TREATMENT**

Upon the scheme becoming effective, the Demerged Company and Resulting Company 1 shall comply with generally accepted accounting practices in India, provisions of the Act and accounting standards as notified by Section 133 of the Act under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in relation to the underlying transactions in the Scheme.

**12.1 Accounting Treatment in books of Demerged Company**

Upon Scheme becoming effective, the Demerged Company shall account for the Demerger of Demerged Undertaking 1 in its books of account in the following manner:

- 12.1.1. Reduce the assets and liabilities of the Demerged Undertaking 1 transferred and vested in the Resulting Company 1 pursuant to this Scheme at their respective carrying amounts.
- 12.1.2. The carrying amount of inter-corporate balances including Loans, advances, amount receivable or payable inter-se between the Demerged Company and Resulting Company 1 pertaining to Demerged Undertaking 1 pursuant to this Scheme, if any, appearing in the books shall stand cancelled, and there shall be no further obligations / outstanding rights in that behalf.
- 12.1.3. The difference between the carrying amounts of assets and carrying amounts of liabilities of the Demerged Undertaking 1 demerged from the Demerged Company pursuant to this Scheme shall be added to the carrying value of the investment in Resulting Company 1 in the books of the Demerged Company.

**12.2 Accounting Treatment in books of Resulting Company 1**

The Resulting Company 1 shall give effect of the arrangement in its books of accounts in accordance with accounting prescribed under "pooling of interest" method in accordance with the principles laid down in Appendix C of Indian Accounting Standard (Ind AS) 103–Business Combinations as notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standard) Rules, 2015.

Upon Scheme becoming effective, the Resulting Company 1 shall account for the Demerger of Demerged Undertaking 1 in its books of account in the following manner:

- 12.2.1. All the assets and liabilities of Demerged Undertaking 1 shall be recorded in the financial statements of the Resulting Company 1 at the carrying value as appearing in the financial statements of the Demerged Company.
- 12.2.2. The carrying amount of inter-corporate balances including Loans, advances, amount receivable or payable inter-se between the Demerged Company and Resulting Company 1 pertaining to Demerged Undertaking



**Cipla BioTec Limited**

**(Formerly known as Cipla BioTec Private Limited)**

Regd. off.: L-147/B, Verna Industrial Area, Verna, Goa 403722

Corporate Identity Number: U24239GA2008PLC007374

Phone: +9122 2482 6000, Fax: +9122 2482 6120, Email: [Cipla.Secretarial@cipla.com](mailto:Cipla.Secretarial@cipla.com)

1 pursuant to this Scheme, if any, appearing in the books shall stand cancelled, and there shall be no further obligations / outstanding rights in that behalf.

- 12.2.3. No adjustments are made to reflect fair values or recognise any new assets or liabilities acquired from the Demerged Company. Further, the accounting policies of the Demerged Company and Resulting Company 1 are same and therefore no adjustment is required for harmonising accounting policies.
- 12.2.4. The comparative financial information in respect of prior periods presented in the financial statements of the Resulting Company 1 shall be restated for the accounting impact of arrangement as stated above, as if the arrangement had occurred from the beginning of such comparative period presented in the financial statements.
- 12.2.5. The difference between the carrying amounts of the assets and liabilities of the Demerged Undertaking 1 as recorded by the Resulting Company 1 shall be recorded as the capital reserves and presented separately from other capital reserves, if any, of the Resulting Company 1.

For Cipla BioTec Limited



Deepraj Desai

Chief Financial Officer





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Independent auditor's certificate on the proposed accounting treatment included in the draft scheme of arrangement pursuant to SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22 December 2020, as amended from time to time ('the SEBI circular'), and sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

To,  
The Board of Directors,  
Cipla Health Limited,  
FOFB-11, 4<sup>th</sup> Floor, Art Guild House,  
L.B.S. Marg, Phoenix Marketcity, Kurla (West)  
Mumbai 400 070

1. This certificate is issued in accordance with the terms of our engagement letter dated 21 January 2021 with Cipla Health Limited ('the Company' or 'the Resulting Company 2').
2. We, the statutory auditors of the Company, have examined the proposed accounting treatment specified in Clause 20 of the draft scheme of arrangement between the Company and Cipla Limited ('the Demerged Company') and their respective shareholders (hereinafter referred to as the 'Draft Scheme') as approved by the Board of Directors in their meeting held on 29 January 2021, in terms of the provisions of the SEBI circular, **Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act')** the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ('the rules') with reference to its compliance with the accounting standards prescribed under section 133 of the Act, read with relevant rules issued thereunder (the 'applicable accounting standards') and other generally accepted accounting principles in India. A certified true copy of the Draft Scheme, with the proposed accounting treatment specified in Clause 20 of the Draft Scheme, as attached herewith in Appendix I, has been initialed and stamped by us for identification purpose only.

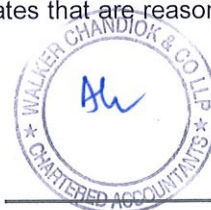
## Management's Responsibility

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Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune



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limited liability with identification number  
AAC-2085 and its registered office at L-41  
Connaught Circus, New Delhi, 110001, India



# Walker ChandioK & Co LLP

4. The Management is also responsible for ensuring that the Company complies with the requirements of the Act and the rules, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the SEBI circular, and the applicable accounting standards, in relation to the Draft Scheme, and for providing all relevant information to the relevant National Company Law Tribunal, the SEBI, and the BSE Limited, and the National Stock Exchange of India Limited (hereinafter referred to as 'the stock exchanges').

## Auditor's Responsibility

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6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.

## Opinion

8. Based on our examination as above and according to the information and explanations given to us, along with the representations provided by the management, in our opinion, the proposed accounting treatment specified in Clause 20 of the Draft Scheme, attached herewith and stamped by us for identification only, is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, and the applicable accounting standards and other generally accepted accounting principles in India.

## Restriction on use

9. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the requirements of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, Sections 230 to 232 and other applicable provisions of the Act read with the rules, for onward submission along with the Draft Scheme to the SEBI, the stock exchanges, and the relevant National Company Law Tribunal. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.
10. This certificate is issued at the request of the Company's management for onward submission along with the Draft Scheme to the SEBI, the stock exchanges and the relevant National Company Law Tribunal. Accordingly, this certificate may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For Walker ChandioK & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

  
Ashish Gupta

Partner

Membership No.: 504662

UDIN: 21504662AAAAAM2732



Place: New Delhi

Date: 29 January 2021



## EXTRACT OF ACCOUNTING TREATMENT

### PART III - DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING 2 OF THE DEMERGED COMPANY INTO RESULTING COMPANY 2

#### Clause 20 ACCOUNTING TREATMENT

Upon the scheme becoming effective, the Demerged Company and Resulting Company 2 shall comply with generally accepted accounting practices in India, provisions of the Act and accounting standards as notified by Section 133 of the Act under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in relation to the underlying transactions in the Scheme.

#### 20.1. Accounting Treatment in books of Demerged Company

Upon Scheme becoming effective, the Demerged Company shall account for the Demerger of Demerged Undertaking 2 in its books of account in the following manner:

- 20.1.1. The Demerged Company shall reduce the assets and liabilities of the Demerged Undertaking 2 transferred and vested in the Resulting Company 2 pursuant to this Scheme at their respective carrying amounts.
- 20.1.2. The carrying amount of inter-corporate balances including Loans, advances, amount receivable or payable inter-se between the Demerged Company and Resulting Company 2 pertaining to Demerged Undertaking 2 pursuant to this Scheme, if any, appearing in the books shall stand cancelled, and there shall be no further obligations / outstanding rights in that behalf.
- 20.1.3. The difference between the carrying amounts of assets and carrying amounts of liabilities of the Demerged Undertaking 2 demerged from the Demerged Company pursuant to this Scheme shall be added to the carrying value of the investment in Resulting Company 2 in the books of the Demerged Company.

#### 20.2. Accounting Treatment in books of Resulting Company 2

The Resulting Company 2 shall give effect of the arrangement in its books of accounts in accordance with accounting prescribed under "pooling of interest" method in accordance with the principles laid down in Appendix C of Indian Accounting Standard (Ind AS) 103-Business Combinations as notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standard) Rules, 2015.

Upon Scheme becoming effective, the Resulting Company 2 shall account for the Demerger of Demerged Undertaking 2 in its books of account in the following manner:

- 20.2.1. All the assets and liabilities of Demerged Undertaking 2 shall be recorded in the financial statements of the Resulting Company 2 at the carrying value as appearing in the financial statements of the Demerged Company.
- 20.2.2. The carrying amount of inter-corporate balances including Loans, advances, amount receivable or payable inter-se between the Demerged Company and Resulting Company 2 pertaining to Demerged Undertaking

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2 pursuant to this Scheme, if any, appearing in the books shall stand cancelled, and there shall be no further obligations / outstanding rights in that behalf.

- 20.2.3. No adjustments are made to reflect fair values or recognise any new assets or liabilities acquired from the Demerged Company. Further, the accounting policies of the Demerged Company and Resulting Company 2 are same and therefore, no adjustment is required for harmonising accounting policies.
- 20.2.4. The comparative financial information in respect of prior periods presented in the financial statements of the Resulting Company 2 shall be restated for the accounting impact of arrangement as stated above, as if the arrangement had occurred from the beginning of such comparative period presented in the financial statements.
- 20.2.5. The difference between the carrying amounts of the assets and liabilities of the Demerged Undertaking 2 as recorded by the Resulting Company 2 shall be recorded as capital reserves and presented separately from other capital reserves, if any, of the Resulting Company 2.

For Cipla Health Limited

Anshul Agarwal

Chief Financial Officer



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