Cipla Limited
Annual Report
2020-21

Cipla

Caring For Life | BUILDING A SUSTAINABLE FUTURE

People Planet Purpose

People, Planet, Purpose – Building a sustainable future

The recent global pandemic disrupted communities and countries across the world. It taught us a lot. It made us pause. It made us reflect on the important, the non-negotiables, the core.

To us, at Cipla, people, planet and purpose will always remain fundamental to our existence.

We are humbled to be a part of an industry that got the opportunity to make a difference. For all of us at Cipla, our humanitarian purpose continued to guide us with a single-minded goal to care for life. We partnered with several organisations like Gilead, Novartis, Boehringer Ingelheim, Johnson & Johnson, Roche, Lilly, Merck, Indian Council, of Medical Research (ICMR), Council of Scientific & Industrial Research (CSIR) institutions, KARWA, Premier Medical and others producing critical drugs for COVID-19. We helped strengthen CovidCare facilities, provided life-saving medical equipment, distributed protective gears and packed meals and helped bring testing within the reach of patients through our community-driven interventions.

Our workforce of over 25,000+ employees across the world are the pillars of our strength. Their unwavering commitment and dedication to Cipla and towards our purpose and vision, enables us to serve millions of patients around the world. The untiring efforts of our manufacturing and R&D colleagues at the sites, to the steadfast commitment of the sales teams, to the resilience of the supply chain, operations and admin teams ensured that together Cipla did everything to ensure supply of medicines to patients, while being at the forefront of this fight against the global pandemic.

The pandemic is a stark reminder of our dysfunctional relationship with nature. This is a warning bell for businesses to embed sustainability into their blueprint and to adopt sustainable business practices to prevent any future outbreaks, in addition to ensuring the long-term sustainability of livelihoods and business activities.

At Cipla, we believe in living our purpose of 'Caring for Life' for people, nature and the planet. We are committed to using a science-based approach to innovate, create sustainable value and to solve the climate change challenge faced by the world today. We consistently strive to ensure responsible management of our environmental footprint and conservation of natural capital around us.

This year, we set for ourselves bold aspirations in our sustainability journey.

Through our eight-decade long journey, Cipla has been through multiple challenges, course corrections and successes but through it all what has not changed is our passionate commitment to provide access to affordable medicines. We have always stood tall against all odds and continued to aid patients by alleviating pain and suffering and putting smiles on their faces. This is the reflection of our purposeful strategy of 'Caring for Life'.

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Dr Y K Hamied
Chairman's Message

"Guided by our legacy and humanitarian approach, Cipla has once again been at the forefront in fighting pandemics, be it HIV/AIDS, Bird-Flu, Swine-Flu and now COVID-19. We are providing a wide range of essential medications and will continue to do everthing in our capacity in the relentless battle to combat COVID-19."

Samina Hamied
Executive Vice-Chairperson's Message

"I am overwhelmed with the 'Caring for Life' spirit with which our organisation rose to the occasion - choosing to keep faith and perseverance. Each one of our employees and partners had a single-minded focus - of placing the patient's need above everything else. We felt elated for every patient we helped but were equally distraught for those we could not. And I speak on behalf of all 25,000+ Ciplaites, when I say that we did our very best."

Umang Vohra
MD & GCEO's Message

"For all of us at Cipla, it is our ingrained purpose that inspires a call to action and makes us tick. Our purpose of 'Caring for Life' drives us to do better each day and put more smiles on faces. It is our endeavor to create a culture of care and empathy where everyone's single-minded purpose is to keep patients at the heart of everything and to care for life."

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About this Report[1]

Welcoming our stakeholders to the FY 2020-21 Integrated Report

Cipla is proud to present the Fourth Integrated Annual Report in line with the commitment to long-term value creation and the philosophy of 'Caring for Life'. Through this report, we seek to share our value creation process with our stakeholders and provide an in-depth update on the progress of the financial and non-financial dimensions of our business.

Reporting guidelines

Cipla's FY 2020-21 Integrated Report adheres to the principles and requirements of the IIRC's International Integrated Reporting <IR> Framework. Our report has been prepared 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 a business. The Company's financial and statutory information complies 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

At Cipla, we place value creation at the core of our business strategy and operations. Our integrated report draws on the key material risks for the business derived from the Stakeholder Engagement and Materiality Assessment (SEMA). It also addresses the application and impact of these material topics on our business model, as mapped against the six capitals outlined below:

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

Report boundary and scope

The information given in this Integrated Report covers Cipla's global operations. It presents a comprehensive update on the Company's activities pertaining to FY 2020-21 covering the period 1st April, 2020 to 31st March, 2021. Information on our subsidiaries and joint ventures has been disclosed wherever relevant. This holistic report showcases the Company's shared value creation journey through the reporting year. Any applicable exclusions are provided in respective sections.

Responsibility Statement

The Board believes that Cipla's FY 2020-21 Integrated Report addresses all material topics relevant to the Company and provides insight into our strategy and operations to address the needs of our stakeholders and create long-term value. The Board acknowledges the contents of the report, which has been developed under the guidance of Cipla's senior management.

Assurance

Our statutory auditor Walker Chandiok & Co LLP has provided assurance on our financial statements, which can be found on page 227 of this report. DNV GL Business Assurance India Private Limited has independently assured the non-financial information. The statement of assurance for non-financial information can be found on page 218 of this report.

Feedback

We look forward to receiving feedback from our stakeholders. Such feedback enables us to identify evolving risks, address stakeholder concerns and improve our responsiveness. We encourage our stakeholders to communicate their feedback concerns to our Company Secretary, Mr Rajendra Chopra at cosecretary@cipla.com

1. GRI 102-46,GRI 102-50, GRI 102-52,GRI 102-53, GRI 102-54

About Cipla[1]

Established in 1935, Cipla is a global pharmaceutical company that is committed to make medicines accessible and affordable for patients everywhere.

Our product portfolio spans complex generics as well as drugs in the respiratory, anti-retroviral, urology, cardiology, anti-infective, CNS, and various other key therapeutic segments. Led by our purpose of 'Caring for Life', we have expanded our global presence by adding new facilities and product lines while strengthening our Research and Development capabilities to foster innovation-led growth.

Cipla has established itself as a reliable and reputable pharmaceutical company in the home markets of India, South Africa and, North America. We have also made great strides in other key regulated and emerging markets. Today, we are present in more than 80 countries with 46 state-of-the-art manufacturing facilities producing over 1,500 products. Cipla is the third-largest pharma company in India (IQVIA March 2021) and the third largest in the private pharma market of South Africa (IQVIA March 2021). We are the largest Indian exporter to emerging markets and also amongst the most dispensed generic players in the US.

At Cipla we have always focused on addressing and alleviating some of the most pressing healthcare challenges of the relevant time. In 2001, we introduced the novel triple antiretroviral therapy (ART) for treating HIV/AIDS. This therapy was priced at less than a dollar a day and consequently changed the trajectory of HIV/AIDS treatment in Africa. In May 2020, as the COVID-19 pandemic erupted, we rolled out Remdesivir under the brand name CIPREMI at an affordable price, which was the only USFDA-approved Emergency Use Authorisation (EUA) treatment for patients severely infected by COVID-19 at the time. We continue to stay at the forefront of fighting COVID-19 with our supply of key medicines like Remdesivir, Tocilizumab, and Favipiravir as well as a range of testing and diagnostic kits for patients.

As we continue delivering on our promise of making medicines more accessible and more inclusive, we stay committed towards sustainable growth. We have committed to achieve carbon and water neutrality by 2025.

Cipla has never turned its back from serving our communities. The idea which took root from an aspiration to bring affordable medicines to every Indian, at a time when the country lacked even basic manufacturing facilities, has only grown from strength to strength. Cipla's humanitarian approach for healthcare in pursuit of our purpose 'Caring for Life' makes us 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.

[1] GRI 102-1, GRI 102-2, GRI 102-12

Our Planet

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.

This year, we set for ourselves bold aspirations towards our sustainability journey.

2025 Goals

- Carbon Neutrality
- Water Neutrality
- Zero Waste to Landfill
- AMR Stewardship
- Green Chemistry & Making it Right
- Wellbeing of employees and partners

FY 2021 PROGRESS

Carbon Neutrality

Renewable energy usage at
15%

Greenhouse Gases emissions reduction by
8%

Water Neutrality

Rainwater harvesting potential
76,368 m3

Total water recycled
32%

Zero Waste to Landfill

1/3rd
of Cipla facilities are Zero Waste to Landfill sites

Waste generated reduced by
15%

Cipla championed its commitment to carbon neutrality by setting up a 30 MW solar plant in Maharashtra, in partnership with AMP Energy India. The project supports the green energy requirements for our Kurkumbh and Patalganga manufacturing units in Maharashtra. Spread across 115 acres, the project is one of the largest captive solar open access projects in the state set up by a corporate.

AMR Stewardship

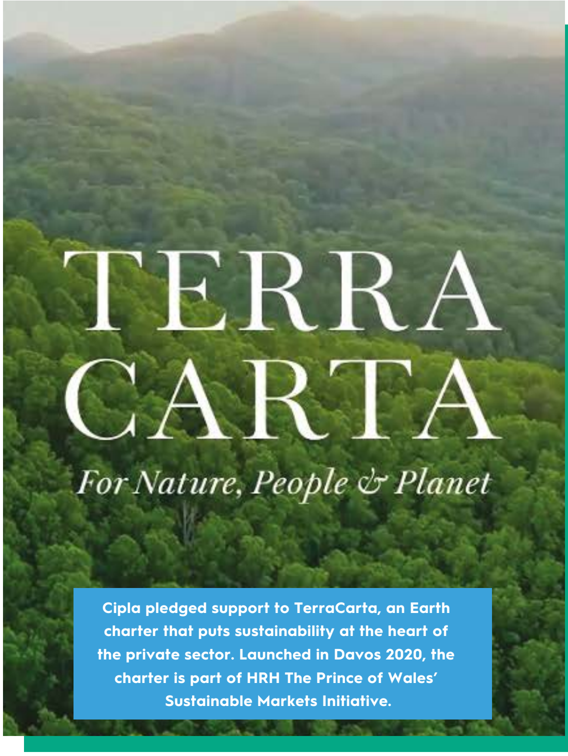
Achieved
70%
score, highest in generic pharma manufacturing in Access to Medicine Foundation's AMR Benchmark Report 2020.

Furthers AMR stewardship with acquisition of key anti-infective ZEMDRI™ (IV Plazomicin) and aquisition of novel anti-infective Elores.

Strategic Partnership with SIGA technologies to support innovation and provide access to novel antibacterial drugs against biothreats.

Green Chemistry and Making it Right

Harmful substances elimination hierarchy developed
103 HAZOP studies conducted in the year.



Cipla pledged support to TerraCarta, an Earth charter that puts sustainability at the heart of the private sector. Launched in Davos 2020, the charter is part of HRH The Prince of Wales' Sustainable Markets Initiative.

Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are an ambitious set of goals developed with the idea of **'Leaving no one behind'.**

These wide ranging multi-stakeholder goals are targeted for achievement by 2030. As an organisation with 'Caring for Life' at the heart of our philosophy, Cipla contributes to the SDGs through products, processes and philanthropic activities that place our stakeholders at the heart of value creation.

1 NO POVERTY

1.5

Provided essential supplies to cyclone hit communities of Odisha, West Bengal and flood affected regions in Lakhimpur district of Assam

3 GOOD HEALTH AND WELL-BEING

3.b.1

Flexibility in enforcing patents for selected therapies and geographies, thus improving accessibility of medicines in these markets

3.c.1

Capacity Building and Training programmes designed to skill healthcare professionals through trainings and web-based sessions aligned to WHO's curriculum

Over 3,33,000 HCPs and workers trained under Project ECHO

3.3.1

Partnered for carrying out assessment for the use of 4-in-1 formulation in HIV-exposed and infected neonates in Africa

3.4.1

Supporting treatment of respiratory ailments and cardiovascular disease with the widest portfolio of drug-devise combinations

3.8.1

Providing access to medicine for ~45% of diseases on the WHO Essential Medicine List (EML) including 94% of non-communicable diseases

Supported Early Childhood Development (ECD) Centres in India and Africa catering needs of nutrition, education and safety of children in the critical formative years of their lives

4 QUALITY EDUCATION

4.1.1

Provided quality education through D-LEAD (Digital Learning Excellence and Development)

287 students felicitated virtually through Merit Award Scholarships

4.2.1

Supported a community-run programme in South Africa that provides safety, nutrition and education to pre-school children living in high-risk communities

4.a.1

Supported 75 anganwadis with an the aim to strengthen the Early Childhood Care and Education Centres

Supported infrastructure upgradation in government-run and government-aided schools by setting up sanitation blocks for girls, boys and teachers, computer labs and libraries. Provided e-learning equipment, desks, benches and grade-relevant books to enhance learning outcomes

5 GENDER EQUALITY

5.1.1

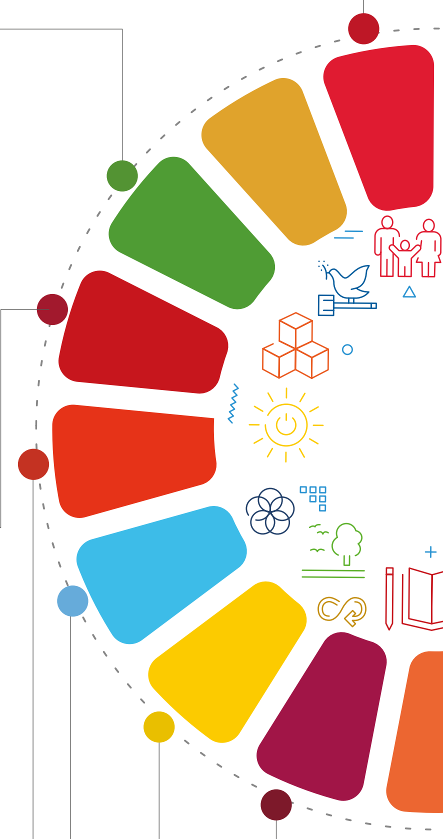
Inclusion and Diversity (I&D) Council consisting of senior leadership and management representatives meets quarterly to identify action areas and design execution pathways to improve I&D performance

5.c.1

Nearly 14% of total employees are women

5.5.2

More than 1/3rd of the management council is represented by women



17 PARTNERSHIPS FOR THE GOALS

17.19

The only Indian pharmaceutical company to pledge support to 'Terra Carta', a voluntary charter and part of HRH The Prince of Wales' Sustainable Markets Initiative, which provides a 2030 roadmap for businesses to move towards a sustainable future

13 CLIMATE ACTION

13.b

Reduction in GHG emissions (Scope 1 & 2) by 8% over FY 2019-20

Commissioned 30 MW solar group captive project with a reduction of carbon dioxide emissions by approximately 35,000 tonnes annually upto 25 years

Committed to become Carbon Neutral by 2025

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

12.2

558 MT of waste co-processed and diverted from incineration or landfill

12.5

99% of liquid waste and 75% of solid waste recycled/ reprocessed

12.8

Collected and recycled plastic waste equivalent to 100% of post-consumer plastic waste generated, which is 12, 282 MT

10 REDUCED INEQUALITIES

10.2

Partnered with the 'Cohesion Collective' in South Africa to improve race and ethnic diversity

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.4

Deployed green chemistry practices to adopt cost-effective and environment-friendly manufacturing processes

Entered into partnership to develop a new propellant which lowers environmental footprint of pressurised metered dose inhalers

9.5

263 patents till date, 81 new products launched, R&D expenditure at 4.82% of consolidated revenue

8 DECENT WORK AND ECONOMIC GROWTH

8.6

265 individuals trained on vocational skills through SEDI and ITI

8.8

Implemented Cipla's Human Rights Policy

Zero fatalities across manufacturing facilities

7 AFFORDABLE AND CLEAN ENERGY

7.2.1

Total renewable energy share of our operations is 15%

7.3.1

Conserved 1,74,095 GJ of energy

6 CLEAN WATER AND SANITATION

6.3.1

83% of generated wastewater recycled, and discharged waste water reduced by 57% as compared to FY 2019-20

OneCipla Credo[1]

We are a

- PURPOSE - INSPIRED
- RESPONSIBILITY - CENTERED
- INNOVATION - DRIVEN
- EXCELLENCE - FOCUSED
- INTEGRITY & TRUST - ANCHORED

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

This is our **OneCipla Credo**

OUR WINNING ASPIRATION FY 2021-22

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
12% Y-o-Y Growth

EBITDA
(Operating Profitability)
350+bps
Y-o-Y margin expansion

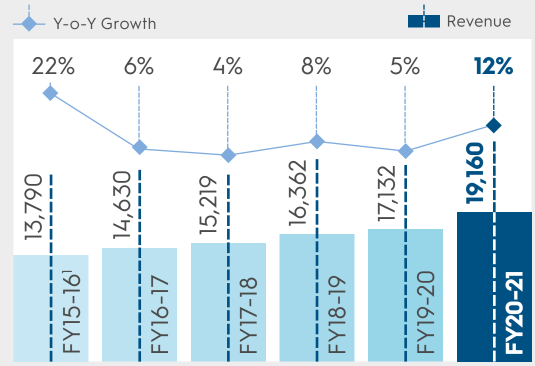
Net Profit
55% Y-o-Y Growth

Free Cash Flow
2,856
(₹ in crore)

RoIC
750+bps
Y-o-Y expansion

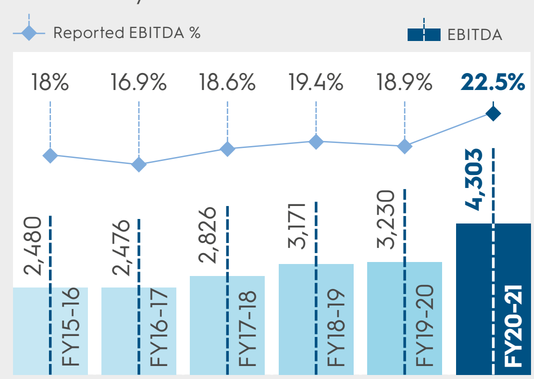
Revenue from Operations (₹ in crores)

7% 5 year CAGR



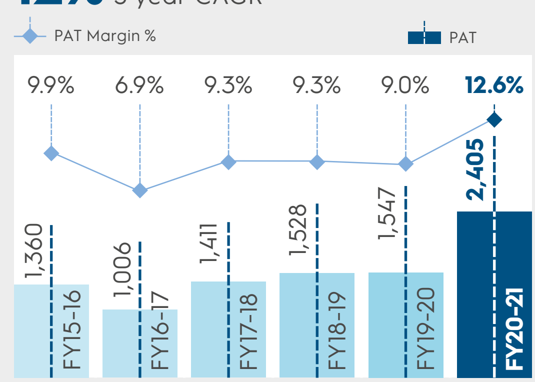
EBITDA[2] & EBITDA Margin (₹ in crores)

12% 5 year CAGR



PAT & PAT Margin (₹ in crores)

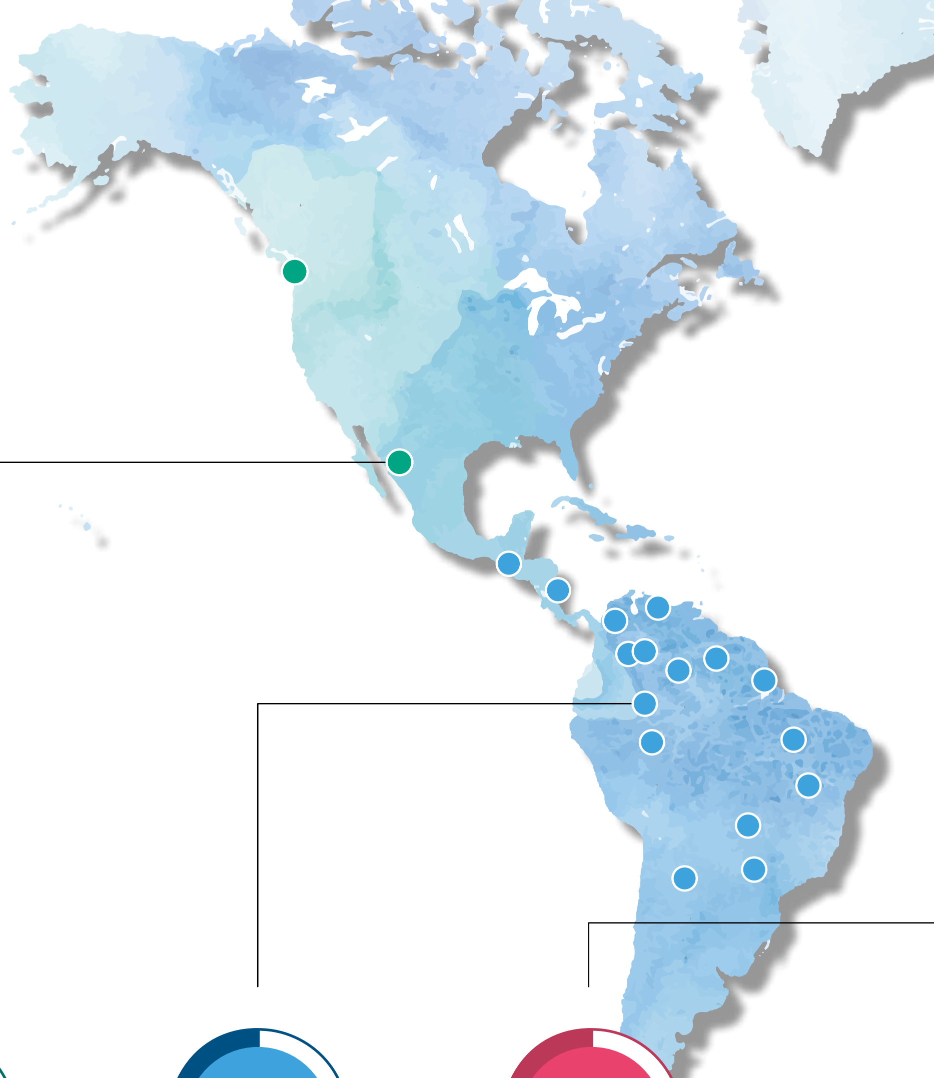
12% 5 year CAGR



[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) | FY 2015-16 includes one-time profit share of esomeprazole and other items. Normalised EBITDA for FY 2015-16 without one-off was ~14% | FY 2020-21 includes one-time income from a litigation settlement

Global Reach[1]



4% Revenue Contribution

API (Active pharmaceutical ingredients)

Revenue Growth ↑ 2%

Key highlights:

- Seamless execution of order-book and well-entrenched customer relations
- Niche portfolio of 200+ generics and complex APIs
- Continued traction in global seedings & lock-ins

21% Revenue Contribution

NORTH AMERICA

Revenue Growth ↑ 1%

Key Highlights

- Respiratory unlocking with launch and ramp-up to dominant share of 87% in gProventil market, 16.5% in generic Albuterol HFA and 13.2% in overall Albuterol HFA market
- Institutional business scale-up to USD 100 million+
- Continued launches from complex portfolio and significant milestones in filed asset gRevlimid improves revenue visibility
- Filed two partnered peptide injectable products during the year including one new drug application

10% Revenue Contribution

EMERGING MARKETS

Revenue Growth ↑ 21%

Key highlights:

- Strong performance with healthy demand across all regions
- Largest Indian exporter[1] in emerging markets
- Largest player in Sri Lanka, Morocco and Nepal; maintained top-3 position in other focus markets in volume as well as value terms
- Expanded biosimilar partnerships with global pharmaceutical companies for platform play across key geographies like Australia, New Zealand and Algeria
- Continued focus on growth through organic launches and partnerships to augment generic and biosimilar footprint

18% Revenue Contribution

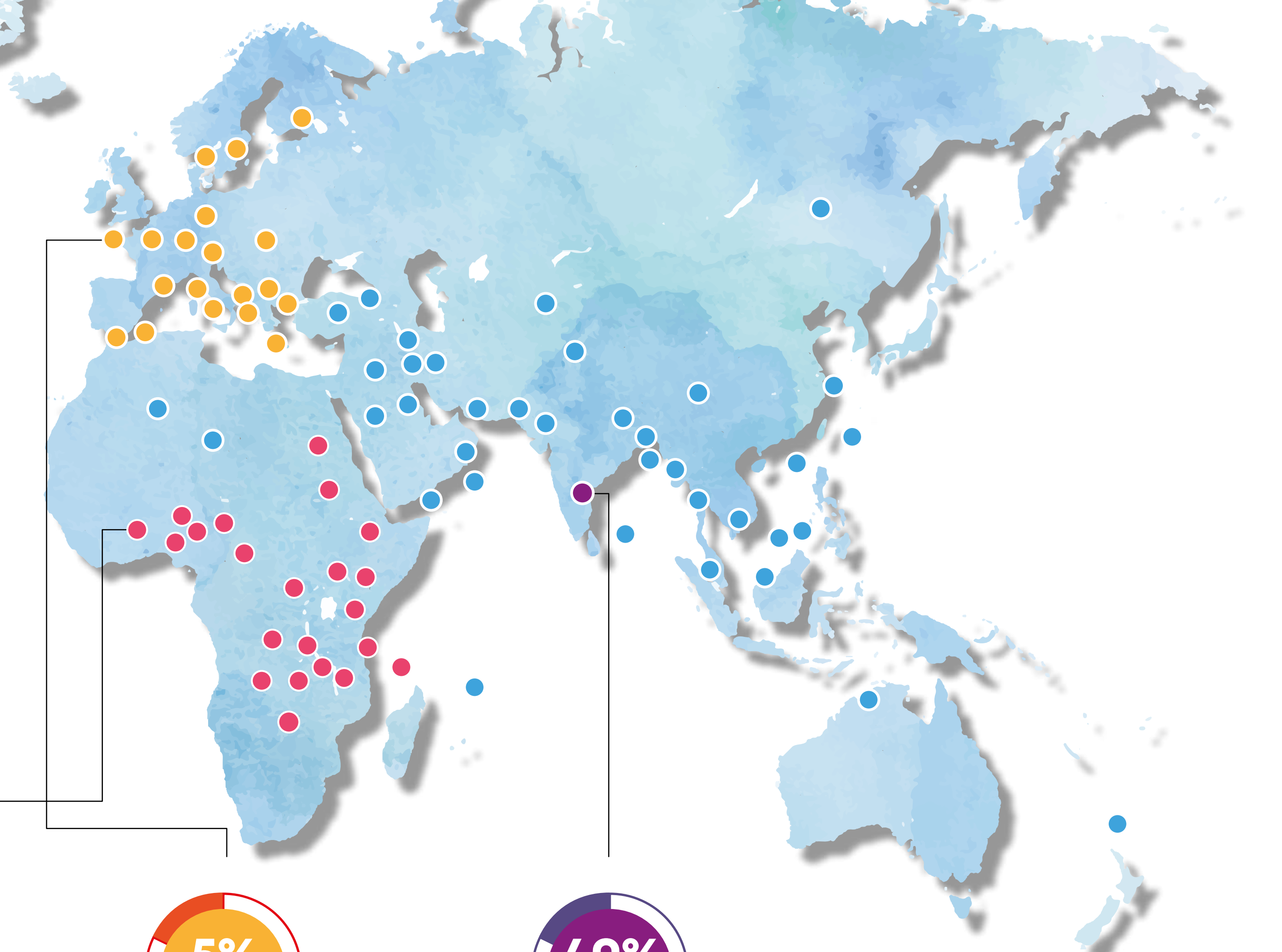
SAGA (South Africa, Sub-Saharan Africa, Global Access)

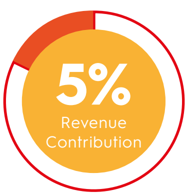
Revenue Growth ↑ 7%

Key highlights:

- 3rd largest pharmaceutical corporation (Rx + OTC) within the South Africa (SA) private market with 7% market share; 3rd largest ARV player in the private market with a share of 18.2%
- Top three therapies and market share in SA private market - Respiratory (12.2%), CVS (7.1%) and CNS (10.4%)
- Largest OTC player in SA private market with market share of 7%
- Partnered with Alvotech for marketing and distribution of oncology products in South Africa
- Healthy traction in Sub-Saharan and Cipla Global Access businesses led by commercial execution and order flow

1. GRI 102-6





EUROPE

Revenue Growth ↑ 17%

Key Highlights

- Strong performance in key DTM markets
- Fluticasone Propionate Salmaterol (FPSM) pMDI market share is 20.8% and Beclomethasone 14% in UK
- Deepening presence in respiratory, oncology, complex injectables and ARVs
- DTM presence in Spain to serve unmet needs with portfolio and on-ground capabilities

ONE INDIA (Branded prescription, trade generics and consumer health)

Overall Revenue Growth ↑ 15%

Key Highlights

- Third largest pharmaceutical company in India
- Seamless execution of One-India strategy led by portfolio expansion, synergised distribution and improving access with therapy shaping initiatives on digital platforms
- Branded prescription business growth led by COVID-19 portfolio, hospital business and healthy traction in respiratory and chronic therapies
- Maintained 2nd largest chronic player and 3rd largest by value in overall branded prescription market
- Continued leadership position in respiratory and urology coupled with improving market shares; improving market shares in dermatology, ophthal and oncology
- Healthy demand and order flow in trade generics business
- Strong demand for organic products and continued traction in consumer brands post transfer from trade generics business; three brands transferred in FY 2020-21

NOTE

Balance % contribution to sales over and above the geographies mentioned pertains to other operating income I Figures have been rounded-off I Revenue growth numbers are in local currency

India & SA: Market share data and rankings as per IQVIA MAT March, 2021

Emerging Markets: As per IntelliMax Finished Formulation Export Data for April 2020 – March 2021 I Market share data for Sri Lanka, Morocco, Nepal and other focus markets as per IQVIA MAT September, 2021

North America: TRx market share data as per IQVIA week ending 23rd April, 2021

Europe: Market share data as per internal estimates for March, 2021

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

Mr P R Ramesh
Independent Director

Dr Peter Mugyenyi
Independent Director

Ms Punita Lal
Independent Director

Mr Robert Stewart
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 Kedar Upadhye
Global Chief Financial Officer

Ms Geena Malhotra
Global Chief Technology Officer

Dr Raju Mistry
Global Chief People Officer

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

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

Mr Pradeep Bhadauria
Global Chief Scientific Officer

Mr Swapn Malpani
Global Head Supply Chain

Ten-Year Highlights

Consolidated

₹ in crores

	2021*	2020*	2019*	2018*	2017*	2016*	2015	2014	2013	2012
Income Statement Data										
Revenue from operations	19,160	17,132	16,362	15,219	14,630	13,790	11,345	10,173	8,279	7,021
Profit for the year^	2,405	1,547	1,528	1,411	1,006	1,360	1,181	1,388	1,545	1,144
Dividend	-	564^^	242	161	161	161	161	161	161	161
Balance Sheet Data										
Total equity attributable to owners	18,327	15,763	15,012	14,229	12,525	11,516	10,789	10,050	9,019	7,639
Property, plant and equipment - Net block	4,618	4,805	5,114	5,315	5,009	4,605	4,141	3,996	3,610	3,215
Current investments including cash and cash equivalents#	3,676	2,009	2,735	2,058	1,452	1,442	941	471	2,244	1,017
Total debt	1,756	2,816	4,316	4,098	4,113	5,192	1,702	1,228	967	13
Additional Data										
Earnings per share - diluted	₹ 29.79	₹ 19.16	₹ 18.93	₹ 17.50	₹ 12.50	₹ 16.89	₹ 14.66	₹ 17.27	₹ 19.24	₹ 14.25

* Figures from FY 2015-16 to FY 2020-21 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 FY 2019-20

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

Mr P R Ramesh

Dr Peter Mugyenyi

Ms Punita Lal

Mr Robert Stewart

Global Chief Financial Officer

Mr Kedar Upadhye

Company Secretary and Compliance Officer

Mr Rajendra Chopra

Chief Internal Auditor

Mr Deepak Viegas

Cost Auditor

Mr D H Zaveri

Statutory Auditor

Walker Chandiok & Co LLP

Secretarial Auditor

BNP & Associates

Corporate Identity Number

L24239MH1935PLC002380

Registered Office

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

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

Email id: cosecretary@cipla.com

Website: www.cipla.com

/ Cipla_Global
/ Cipla
/ Cipla

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 / 6716 1511

Email id: einward.ris@kfintech.com

Website: www.kfintech.com

[1]GRI 102-3

Chairman's message[1]

"Guided by our legacy and humanitarian approach, Cipla has once again been at the forefront in fighting pandemics, be it HIV/AIDS, Bird-Flu, Swine-Flu and now COVID-19. We are providing a wide range of essential medications and will continue to do everthing in our capacity in the relentless battle to combat COVID-19."

Dear Shareholders,

The last time I addressed all of you was at our 84th AGM. At that time, the COVID-19 pandemic had already caused massive disruptions worldwide across every aspect of human life. This led to an adverse economic, political and social impact on people, society, communities and countries. We could not fathom the intensity and magnitude of COVID-19 on humanity. We are here today a year down the road, facing a massive second wave of the COVID-19 affliction. There is a great deal of fear, panic and uncertainty among the people, particularly as the virus continues to mutate causing further hardships as the intensity mounts. I have never witnessed a global crisis of this magnitude. My sincere plea to all is to look after yourself, your families, your friends and colleagues and be as careful and disciplined as possible.

In order to tackle this unforeseen pandemic, everyone is working relentlessly and pooling their knowledge and resources. This includes the Government, public institutions, healthcare professionals, organisations and multilateral agencies, pharmaceutical companies and citizens. My heartfelt gratitude to our employees for their remarkable dedication, beyond the call of duty, for working round the clock to help combat the ongoing challenges of manufacturing and supply of vital medicines.

I would like to take this opportunity to applaud the stellar work being done by all our managers, staff and workers throughout India and our global establishments. Guided by our legacy and humanitarian approach, Cipla has once again been at the forefront in fighting pandemics, be it HIV/AIDS, Bird-Flu, Swine-Flu and now COVID-19. We are providing a wide range of essential medications and will continue to do everthing in our capacity in the relentless battle to combat COVID-19. India must overcome this pandemic as quickly as possible. We consider it our duty and responsibility to alleviate pain and provide care. Through Cipla Foundation, we will continue to address critical needs of the community by strengthening CovidCare facilities, provide life-saving medical equipment and bring testing within reach of patients.

Cipla is a leading partner of choice for several innovator companies, who are producing critical drugs for COVID-19. We have ongoing partnerships with Gilead, Novartis, Boehringer Ingelheim, Johnson & Johnson, Roche, Lilly, Merck, etc. and within India, we have partnered with Indian Council of Medical Research (ICMR), Council of Scientific & Industrial Research (CSIR) and many private organisations such as KARWA, Premier Medical Corporation and others for commercialisation of medicines and diagnostics. Expanding our role beyond providing medicines alone, Cipla is among the leading Indian pharmaceutical companies offering solutions against COVID-19 across the spectrum, which includes awareness, prevention, diagnosis, treatment and care.

This is a time for companies like ours to demonstrate solidarity and support each other to ensure affordable and accessible drugs. This type of collaboration is of the

1. GRI 102-14

This is a time for companies like ours to demonstrate solidarity and support each other to ensure affordable and accessible drugs.

Y K Hamied
Chairman

utmost importance, particularly between the developed and the developing countries.

As an organisation, we have always believed that a healthy community will lead to a healthy and prosperous country. Access to medicines at affordable prices is a fundamental and a basic human right. This is an opportune time for India to build a robust healthcare system, where none should be denied medication.

Cipla is now an 85-year-old company, and the journey so far has been fraught with unexpected obstacles and hurdles which we have resolutely overcome. Today, our Company has grown and progressed to being one of the leading pharmaceutical organisations. This has been possible because of our compassionate approach to medicine and healthcare that goes beyond the pursuit of profit and growth. We have always been a "people-first" organsiation and I am thankful for the contribution of all past and present employees for their commitment and passion. They are the reason behind making our journey memorable.

I would like to convey my sincere gratitude to all stakeholders in the Company, our board members, senior management, shareholders, healthcare professionals, the industry and most importantly all of you for your contributions to Cipla. The on-going pandemic has taught us many lessons. Among these is our need to focus on new drug developments and work in partnership with our colleagues in the industry, both in India and internationally to improve the quality of life for humanity.

Currently, we are doing our best to combat COVID-19 and hope that the world will overcome this pandemic and we will all emerge stronger as a community. Cipla will continue to contribute towards our mission of 'Caring for Life'. As always, my warmest wishes to all of you and your families.

Warm Regards,

Y K Hamied
Chairman

Executive Vice-Chairperson's Message[1]

"I am overwhelmed with the 'Caring for Life' spirit with which our organisation rose to the occasion – choosing to keep faith and perseverance. Each one of our employees and partners had a single-minded focus - of placing the patient's need above everything else. We felt elated for every patient we helped but were equally distraught for those we could not. And I speak on behalf of all 25,000+ Ciplaites, when I say that we did our very best."

Dear All,

The second wave of COVID-19 caused a turmoil across the country and once again overburdened the healthcare ecosystem. This was a difficult time for everyone, battling their own crisis – being affected by the illness themselves or caring for their loved ones.

The pharma industry joined forces yet again to help the nation and received extensive support from the government and state authorities to ensure the continued production and supply for life-saving drugs. The industry swiftly responded to the call for ramping up production of critical drugs. It was also humbling to see individuals and corporates alike rallying to serve the people in need.

I am overwhelmed with the 'Caring for Life' spirit with which our organisation rose to the occasion – choosing to keep faith and perseverance. Each one of our employees and partners had a single-minded focus - of placing the patient's need above everything else. We felt elated for every patient we helped but were equally distraught for those we could not. And I speak on behalf of all 25,000+ Ciplaites, when I say that we did our very best.

Cipla was also at the forefront of serving the community in this time of crisis. Project Ummeed, India's first-of-a-kind large-scale, public-private COVID-19 testing initiative was launched by Citibank and Cipla Foundation, along with the National Health Mission and State Municipal Corporations in Maharashtra. The initiative provided over 1,15,000 free-of-cost RT-PCR COVID-19 tests to patients with financial difficulties.

The Foundation also distributed 1,20,000+ protective gears and supported 50,000+ individuals with dry ration and packed meals. To support the healthcare infrastructure, Cipla Foundation provided High Flow Nasal Oxygen (HFNO) machines and oxygen concentrators to COVID-19 care centres & health facilities in Bengaluru, Indore, Kurkumbh and Patalganga. The Foundation also served 3,900 children and their caregivers through its paediatric isolation ward for COVID-19 patients at BJ Wadia Hospital for Children in Mumbai.

Despite the COVID-19 induced challenges, Cipla's Palliative Care Centre served 1,733 patients through in-patient, outpatient and homecare services and organised 3,465 teleconsultations and 1,779 consultations for homecare patients.

In South Africa too, Cipla Foundation innovatively repurposed shipping containers to serve as low-cost mobile clinics and medicine dispensing centers, serving 120 patients a day during the lockdown period.

Our People Our Pride

For us at Cipla, it was not only about ensuring the availability of essential drugs to our patients in need, but also safeguarding the wellbeing of our own employees. At the onset of the pandemic, we had established a cross-functional COVID-19 task force to address real-time issues of employee health and workplace sanitation measures. We facilitated remote working wherever possible and implemented precautionary measures across our facilities.

We provided comprehensive Mediclaim and COVID-19 insurance for all employees and contract workers. In recognition of their unrelenting service during the pandemic, we ensured special daily pay out to contract workers.

[1] GRI 102-14

Inclusion and diversity stems from our inherent purpose of caring for our people with the single lens of humanity. Keeping with this commitment, we extended the group Mediclaim policy to cover LGBTQ and live-in partners under the 'Equal Cipla' initiative.

Samina Hamied
Executive Vice-Chairperson

We offered quick access to ambulance facilities, medical assistance for hospital admissions and set up quarantine and COVID-19 care centres for our associates and their family members across the country. We partnered for free inoculation drives for our on-ground teams at hospitals and our manufacturing sites pan-India. The Company also introduced the 'Compassionate Relief Policy FY22' to provide a helping hand to a bereaved employee's family. This was the least we could do for our people. We are truly indebted to their service, especially in these dire times.

People Planet Purpose: The Better Future

It couldn't be truer when they say that the people make the place. For the third consecutive year, we were the proud recipients of the Great Place to Work® certification – a testament to our purpose-driven culture. As we gear up to build a future-ready Cipla, it is upon us to uphold this legacy of care.

As an equal opportunity employer, it is our constant endeavour to evolve with the changing needs of the workplace. Inclusion and diversity stems from our inherent purpose of caring for our people with the single lens of humanity. Keeping with this commitment, we extended the group Mediclaim policy to cover LGBTQ and live-in partners under the 'Equal Cipla' initiative. A significant milestone in our journey to nurturing an inclusive, diverse and equitable workplace of the future, for a multi-generational workforce.

Our eyes are firmly focussed on the future - on transforming Cipla from a pharmaceutical company to a leading healthcare organisation, driven by our lung leadership aspirations, our momentum on wellness and sustained AMR stewardship. All these growth engines are being fuelled by our digital transformation initiatives.

We are well underway to fulfil our sustainable profitable growth aspirations by laying a robust foundation for a responsible business – putting further impetus on watching our ecological footprint, doing well by doing good and increasing our positive social impact.

A compassionate approach to healthcare has been the force impelling Cipla's history over the years. Even during the current pandemic, the nation looked up to us and we proudly upheld our legacy – being a beacon of hope and going beyond the pursuit of profit.

Faith over Fear

As we navigate an ambiguous future, I have the utmost faith in our abilities, under the able leadership of Umang Vohra, MD & GCEO, to transcend any obstacles and achieve success without losing sight of our purpose. Reinforcing our commitment to our patients, our medical fraternity, our partners and our stakeholders, we will continue to perform and raise the bar making Cipla a real force for good.

I am grateful for the support and partnership of the leadership at Cipla. I would also like to thank the respected board members and all of you for your continued faith in us. Here's to being stronger together and choosing faith over fear.

Best Wishes,

Samina Hamied

Samina Hamied
Executive Vice-Chairperson

MD & GCEO's Message[1]

"For all of us at Cipla, it is our ingrained purpose that inspires a call to action and makes us tick. Our purpose of 'Caring for Life' drives us to do better each day and put more smiles on faces. It is our endeavor to create a culture of care and empathy where everyone's single-minded purpose is to keep patients at the heart of everything and to care for life."

Dear Shareholders,

As I pen this message, I hope you and your families are doing well and keeping safe. It has been more than a year since the pandemic disrupted our lives and tested us in many ways. Our organisation is built on the foundation of purpose, a compassionate approach to healthcare that goes beyond the pursuit of profit and growth. So even in the darkest days, our foremost priority was to serve our patients.

Our People, Our Pillars of Strength

Today, I can proudly affirm that as an organisation, we left no stone unturned in upholding our purpose of 'Caring for Life'. Our manufacturing facilities, R&D teams and field force continued to be fully operational with adequate safety protocols to maintain un-interrupted supply of medicines to patients across geographies. We successfully overcame challenges and made steady progress on our ambitions. This has been possible because of the cumulative efforts, unwavering commitment and determination of our 25,000+ people that stand firmly with us in our journey. I am immensely grateful and honored to be a part of an organisation that truly cares and to be working amidst people who have demonstrated empathy, kindness and grit in responding to a crisis like this.

This compassion and empathy helped us build strong teams, demonstrate greater collaborations, nurture new generation leaders, encourage innovation and agility. It has helped us lean in and listen to our people, patients, partners and our stakeholders with the highest level of responsiveness and highest levels of collaboration.

The heath and well-being of our employees is of paramount importance for us and we are providing 24*7 ambulance, support in procuring oxygen concentrators, consultations & quarantine facilities in India to help those impacted by the pandemic. We understand the severity of the situation and the toll it takes on our families and their loved ones. In order to provide a helping hand to a bereaved employee's family we have introduced a compassionate relief policy in India that provides medical, financial and education support.

Stronger Together

Despite all challenges, Cipla continued to be at the forefront of care in the global fight against COVID-19. Your Company is the only Indian pharmaceutical company offering solutions against COVID-19 across the care continuum – including awareness, diagnostics, treatment & post-covid care.

We forged partnerships and forayed into the diagnostics space with the launch of ELIFAST (antibody detection kit), CIPtest (rapid antigen test) and ViraGen (RT-PCR) test in India. For Emerging Markets and Europe, we collaborated with a Belgium-based firm Multi G, for commercialisation of rapid antibody testing kits. Further, leveraging the power of collaborations, we were able to enhance global access to innovative therapies. Your Company emerged as a partner of choice for Roche for their antibody cocktail (Casirivimab and Imdevimab) and Tocilizumab, Eli Lily for Baricitinib, MSD for Molnupiravir, and Gilead for Remdesivir. We ramped up production by 5x for critical COVID-19 drugs like Remdesivir, to address the surge in demand. During the year, we swiftly responded to people reaching out to us on social media and our helplines and served over 3,00,000 patients with critical COVID-19 drugs. As a leader in the respiratory domain, we lay emphasis on lung health management and therefore have provisioned for an

[1] GRI 102-14

array of drugs needed to treat post-COVID-19 lung sequelae.

A year of grit, resilience, agility and performance

FY 2020-21 witnessed momentous launches, partnerships and new growth avenues. I am happy to share that your Company sustained strong EBITDA margins through the year, recording the highest ever margin of 22.5% in FY21. We demonstrated market beating growth in key markets of India and South Africa and maintained a solid performance in the US. The cost re-imagination initiatives, supply consistency and rigor on the operational excellence helped sustain healthy metrics across markets. Powered by our digital reimagination across the value chain, we transitioned to a hybrid working model, with a sharp focus on experience, scalability, resilience, and efficiency for key stakeholders.

Our One-India strategy continued to deliver growth across divisions with prescription, trade generics and consumer health business demonstrating scale and continued momentum. We remained the 3rd largest pharmaceutical corporation and the 3rd largest within ARV (Anti-retroviral) in the South African private market. We are pleased with the significant unlocking of our respiratory portfolio with the launch and ramp-up of Albuterol HFA in the US. This achievement brings us a step closer to our aspiration of attaining global lung leadership. We continue to remain focused on complex generics launches and in line with our strategy, during the year we made 2 partnered peptide injectables filings. Anti-microbial Resistance (AMR) is a global priority for Cipla. During the year, Cipla Therapeutics Inc. entered into a strategic alliance with SIGA Technologies to deliver sustained innovation and access to novel antibacterial drugs, particularly against biothreats.

As pioneers in respiratory space for the past 6 decades, it is our responsibility to lead the way in creating the much-needed awareness for respiratory care and shape the ecosystem. In continuation to our commitment to help millions breathe free, during the year, we launched awareness generation campaigns in India and partnered with media houses to amplify conversations around lung health management.

Purpose-led, Future-fit agenda

We recognise our moral and ethical responsibility towards each other, future generations and other species to sustain our environment and consistently strive to ensure responsible environment management. This year, we set for ourselves bold aspirations towards our Environmental, Social & Governance (ESG) journey. By 2025, we aim to achieve carbon and water neutrality, zero-waste to landfill, champion anti-microbial resistance (AMR) stewardship and green chemistry and ensuring wellbeing of employees and partners.

Given the disruptions caused by the pandemic, in FY 2019-20 we prioirtised acceleration of our digital roadmap and optimising overall resourcing across businesses. Adoption of digitisation across all aspects of our business operations has helped us stay deeply connected with and add value to our partners, healthcare professionals, employees, and more importantly our patients. Our investments in ABCD Technologies will help add to the digital channel transformation in India. In FY 21-22, our strong economic engine will enhance our capabilities and digital evolution will fuel our passion for patient care.

We are moving swiftly on our aspiration to be global lung leaders with our Borderless Respiratory initiative, slew of new launches and strengthening our portfolio across continuum of care and next gen. devices. We see ourselves being a holistic healthcare solutions provider and are actively advancing towards that by augmenting our consumer wellness franchise with consumer-centric innovation and agility in new launches in diverse categories of sanitisation and hygiene. We are committed to combatting AMR and will further our stewardship by identifying innovative ways such as drug repurposing, new routes of delivery, and identifying new antibiotics and combinations.

Going forward, we will continue to monitor and manage the uncertain trajectory of the pandemic with speed, agility and innovation; accelerating digital transformation and capitalising growth opportunities across markets. We will continue to operate with the highest level of compliance and control and track our productivity metrics and the progress of our product pipeline.

For all of us at Cipla, it is our ingrained purpose that inspires a call to action and makes us tick. Our purpose of 'Caring for Life' drives us to do better each day and put more smiles on faces. It is our endeavor to create a culture of care and empathy where everyone's single-minded purpose is to keep patients at the heart of everything and to care for life.

We have navigated through a challenging year and I would like to express my gratitude to Ciplaites for their partnership in this journey. My earnest wishes to the Cipla Board and my Management Council members for their guidance and support. I would like to thank you - our shareholders for your trust in us.

Best Wishes,

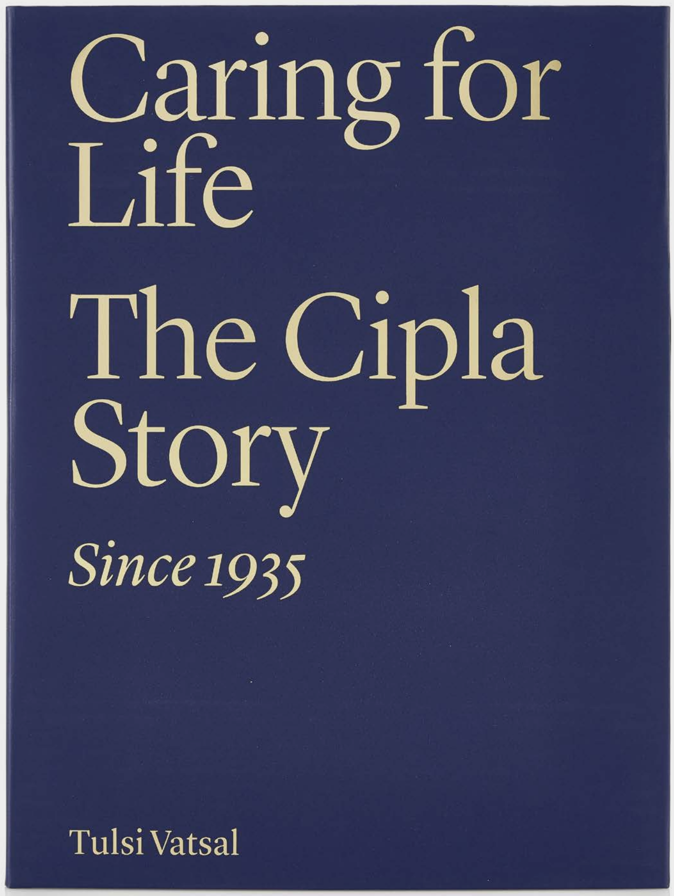
Umang Vohra
MD & GCEO

On the occasion of Cipla's

85th anniversary

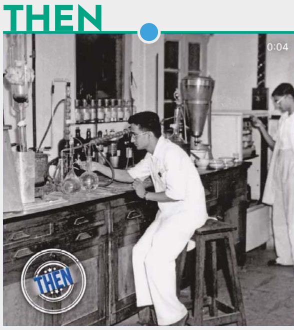
we launched the book, **Caring for Life:** The Cipla Story Since 1935

Caring for Life: The Cipla Story Since 1935 traces the evolution of the Indian pharmaceutical company. The story unfolds against the backdrop of tumultuous events across the world and in India, a people's struggle for independence and the growth of a nation. Running parallel to the corporate narrative is a history of medicine and Cipla's role in disease management, from combating conditions which affect millions, such as respiratory ailments, to rare diseases, such as thalassaemia. Driven by an unshakeable conviction that high-quality drugs can be provided at affordable prices, Cipla's compassionate approach to medicine and health care goes well beyond the pursuit of profit and growth. Richly illustrated with over 350 photographs, this fascinating book will captivate anyone with an interest in the history of India and Cipla's seminal role in the evolution of the Indian pharmaceutical industry.

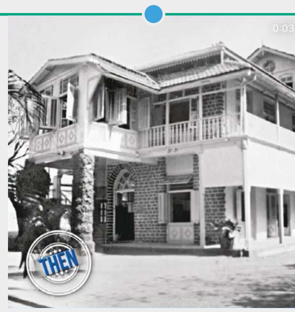


THEN

NOW

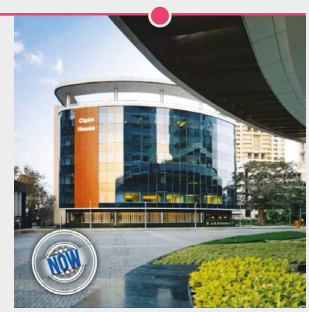


R&D lab



Cipla Office and Factory Site

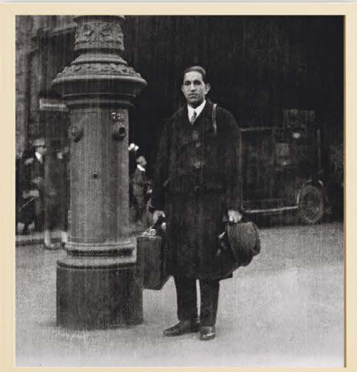
R&D lab



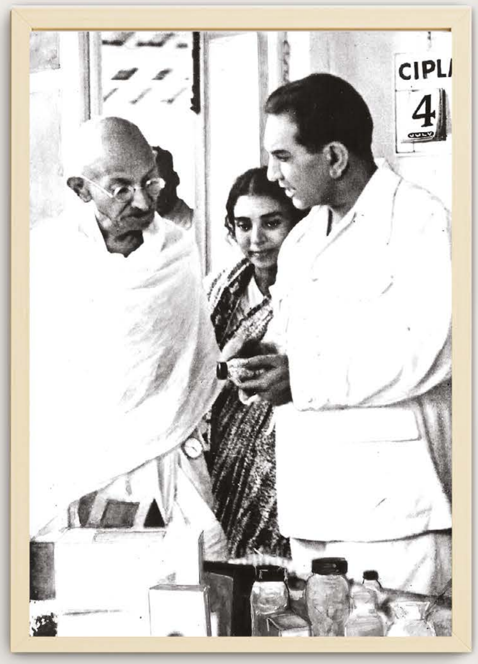
Cipla House

A LEGACY WORTH CELEBRATING

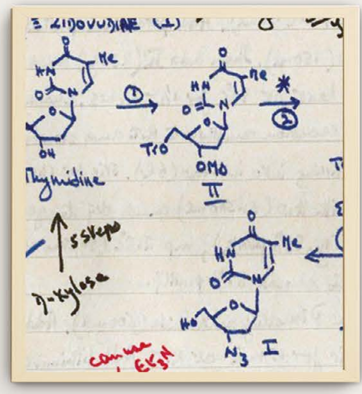
The story of our company, from humble beginnings in 1935 to becoming a global player committed to a humanitarian approach towards medicine and healthcare.



Dr K. A. Hamied, outside a railway station in Berlin, late 1926.



Mahatma Gandhi's visit to Cipla, 4 July 1939. Seen here with Sushila Nayar and Dr. KA Hamied.



A page from Dr. Y. K. Hamied's chemistry notebook.

The bungalow where Cipla began its operation in Mumbai Central.

The evolution of Cipla's corporate identity from 1935 to the present.

This is the Cipla story

Scan QR code to Know More https://www.cipla.com/cipla-book

Awards and Accolades

Cipla conferred the Golden Peacock Global Award for **'Excellence in Corporate Governance'** for 2020

Cipla awarded as the Most Outstanding Company in India – **'Healthcare Sector - 2020 at the Asiamoney Asia's Outstanding Companies Poll'**

Cipla's website won **'Best User Experience and Design'** Gold award at DIGIXX Awards 2020

'SAP ACE AWARD 2020' for Strategic HR & Talent Management for digital transformation of our process

Cipla won Gold award for **'Best campaign in Healthcare'** (Online medical pharmacies and doctors) at the brand distribution awards 2021

Winner of Gold in the **'Best Integrated Marketing campaign'** for Nicotex and BRONZE in the **'Regional Marketing Campaign category'** for Prolyte at the Economic Times Shark Awards

Cipla won Gold in the category of **'Best Campaign in Health & wellness sector'** in the ET Brand Equity - Sharks Award for Breathefree campaign

Cipla received Silver for **'Healthcare Marketing Campaign'** and Bronze for the **'Most innovative story telling in PR in Digital Age'** at IPRCCA Awards 2020

Cipla's BerokZindagi campaign won **'Best Campaign – Gold'** in the Health and Wellness category at the India DigiPlus Awards 2021

Cipla won the **'Envirocare Green Award-2020'** for Goa manufacturing unit

Cipla's BerokZindagi wins **'Best Campaign – Gold'** in Healthcare & Pharmaceutical category at the exchange4media Indian Marketing Awards

Cipla awarded the **'Best Supply Chain Management for Pharma'** at India Pharma World Awards

Cipla certified as a **'Great Place to Work'** 3rd Year in a row

Cipla won Gold for Sikkim II and GC units and Platinum for Sikkim I for **'Occupational Health & Safety Management'** from the Apex Safety Council

Cipla awarded Silver for **'Best Social Media Brand'** in Healthcare (pharma) for BerokZindagi campaign at the Social Samosa Sammie Awards 2021

Cipla won the **'CII-SR Excellence Awards 2020'** for Bommasandra and Virgonagar manufacturing units

Cipla bags 2 awards at the 6th India Logistics & Supply Chain Awards 2020- **'Resilient supply chain of the year & Best SCM Capability Development during COVID -19'**

This year, Cipla's Berok Zindagi campaign

"Asthma ke liye, Inhalers hain Sahi"

aimed to increase awareness about inhalers as the right treatment for asthma, by busting the myths around inhalers and to drive social acceptance by addressing social stigma through education. The campaign through its digital-focussed approach, reached 21+ crore people and received tremendous support from key opinion leaders and recognition at major industry forums.

Scan the above QR code to know more about Berok Zindagi campaign

According to the 2018 Global Asthma Report, asthma is the most common chronic illness in South African children. Studies showed that many children either used the inhaler incorrectly or often felt self-conscious using it. Cipla launched the Bronki Boosters campaign to educate children and help minimise the stigma associated with asthma and the use of inhalers.

In this campaign, through a series of videos, comic books and a game, superheroes from a faraway planet, Iggy and Wisp, help young asthmatics fight the evil constrictors, by teaching them how to use their inhalers correctly and unleash their superpowers.

Healthcare Superstars

Since the beginning of the COVID-19 pandemic, one of the major challenges faced by the pharmaceutical industry was to adapt to newer methods of engaging their doctors. To address this, Cipla launched the first ever unique knowledge sharing international web series - Healthcare Superstars. It aimed to showcase world-class doctors sharing unique respiratory issues and real experiences to deal with respiratory complications with global healthcare practitioners. Till date, we completed 5 episodes in ILD/IPF, COPD and Asthma. Healthcare Superstars aims to become the one-stop platform for all respiratory physicians.

Planet Outlook

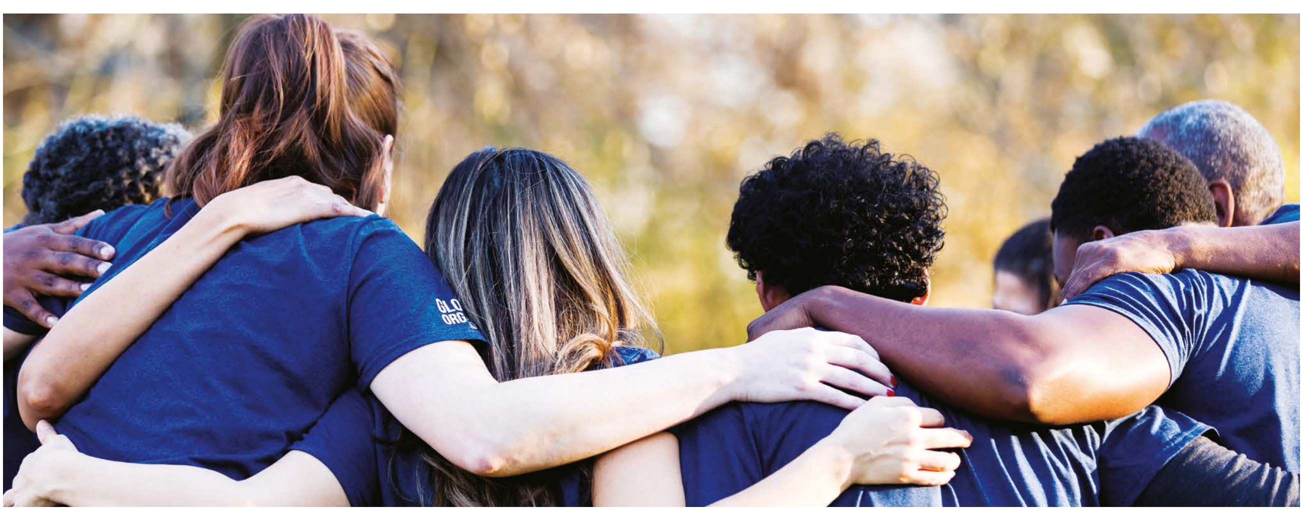
Cipla partnered with Planet Outlook (Outlook Group) to amplify conversations around air pollution and its impact on lungs with the 'Let India Breathe free' campaign. Launched during the onset of winters in North India and World COPD Day in Nov 2020, the campaign amplified the voice of influencers across domains on this health agenda and also positioned Cipla as a Lung custodian and thought leader.

#EqualCipla
Our People, Our Pride

Our strength lies in our people. Despite these challenging times, they have stood strong in the true OneCipla sprit and demonstrated resilience and unwavering commitment in helping communities across the world.

Our Group Mediclaim Policy is now extended to cover LGBTQ & Live-in partners

At Cipla, we are reimagining our role to be a future-ready organisation. Diversity & Inclusion stems from our inherent purpose of caring for everyone across all communities. It is our constant endeavour to provide equal benefits and opportunities to all our employees and make Cipla a thriving ground for an inclusive and diverse workforce. At #EqualCipla we have a legacy that gives us a unique identity. We believe in equality across genders, generations, cultures, choices and abilities.



Young@85

Cipla turned 85 last year. But one thing that has remained constant over the past 8 decades is our passion for our purpose of 'Caring for Life' and that passion is fuelled by our vibrant and energetic Ciplaites. This campaign also highlighted how despite being 85 years old, we are young at heart, a superpower that propels us to go above and beyond in every aspect of our work.

Cipla Care Champions

Cipla Care Champion series - an endeavour to showcase and applaud the extraordinary efforts made by our employees across geographies towards demonstrating Cipla's humanitarian purpose of 'Caring for Life'. A campaign to acknowledge the efforts of our employees and inspire other employees with the stories of our Heroes.

Celebrating Women in Science

Women in Cipla have made enormous contributions in achieving Cipla's purpose of 'Caring for Life'. To help future science aspirants and to capture the inspiring stories of women leaders at Cipla, Women in Science campaign was launched on International Day of Women and Girls in Science.

Standing Strong. Caring for Life.

Our mobile health vans drive hope and health to patients like Radha living in remote locations

Lucas mans the repurposed COVID-19 testing Centre in Western Cape, South Africa to stand by patients in need

While stitching back her lost livelihood, Sarita finds purpose in safeguarding lives

At their pre-school in Klipheuwel, South Africa, children like Luphiwo learn to prepare for the pandemic

When schools closed doors, digital education opened new horizons for students like Kavita

Facing a disaster within a disaster, Mala Devi finds relief as rations reach flood-hit West Bengal

Cipla Palliative Care Centre's team lives the spirit of 'Caring for Life' as it confronts COVID-19 with confidence

This is a time for solidarity, for collaboration and for demonstrating the power of one. It is also the time to acknowledge multiple people across the world who joined forces to help heal the world. We express our heartfelt gratitude, respect and appreciation for the frontline workers including doctors, nurses, paramedical staff and the entire healthcare ecosystem for their selflessness, dedication and tireless service to humanity.

Strategy for Sustainable Growth[1]

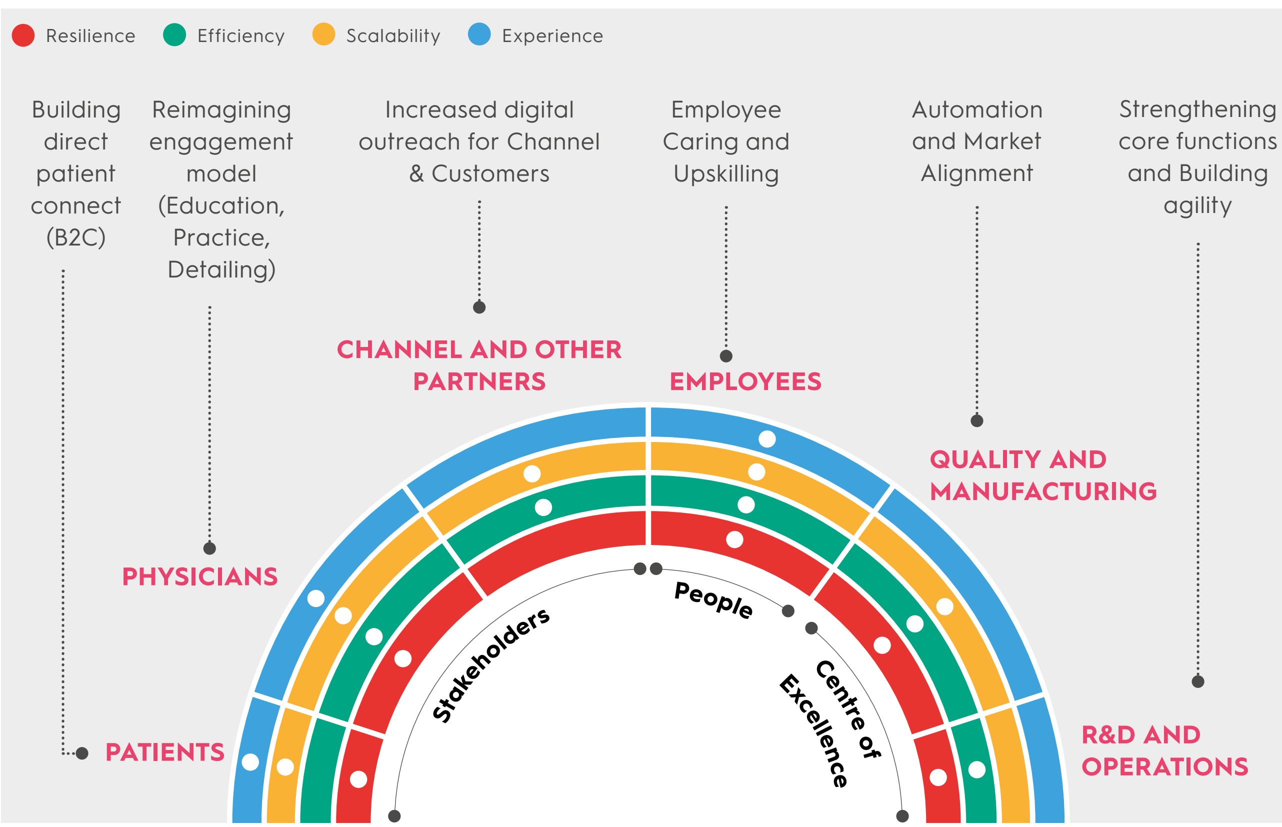
Our strategy is divided into three sections – Reimagining Businesses and Functions, Update on our Strategic Business Objectives (SBOs) and Our ESG Goals & Initiatives.

Reimagining Businesses and Functions

FY 2020-21 has been one of the most challenging years the world has faced. **COVID-19 pandemic has created a disproportionate social, economic and psychological impact on all our stakeholders.**

The pandemic has made it imperative for organisations to become more agile and responsive to the new normal in the short and long term. To face this dynamic situation, we embarked on our strategic 'Reimagination' journey, led by the digital transformation of our value chain including Finance, R&D, Manufacturing, Supply Chain, HR, Customer Outreach and Stakeholder Engagement. The evolution expanded the scope of our strategic levers, such as, local sourcing and manufacturing and brought about a new thrust on cost optimisation through process simplification and hybrid work models, amongst others, to the fore.

Guiding themes for reimagination, focus on building new experience, scalable assets, resilient and efficient business models:



Intent of the Reimagination Exercise: Build Resilience to protect against external shocks, Drive Efficiency to sustain profitable growth, Think Scalability to do more with less, Enhance Experience to disrupt for customer delight

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

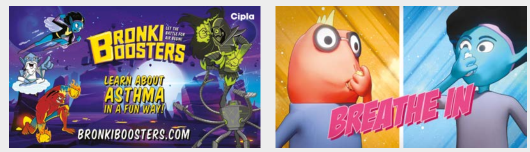
Reimagining Cipla: Glimpses of marquee initiatives from our Reimagination exercise

Building direct patient connect (B2C)

Virtual Breathefree

India's first digital educator for patients on inhaler device use. A video-based counselling service that has counselled around 11,000 patients so far

Bronki Boosters



Gamified campaign to spread asthma awareness amongst children in South Africa using superheroes as a motivator through comic books and other AV modes

Reimagining the engagement model – Education, Practice, Detailing

Healthcare Superstars

Cipla's first-ever global web-series programme featuring key opinion leaders and therapy area experts. Four global shows hosted in five international languages

Digital Club

Reimagining field force engagements with Healthcare Professionals (HCPs) in international markets

Increased digital outreach for Channel & Customer

GoApptiv

Cipla and GoApptiv partnered to expand channel reach across tier 3 towns in India

3C Clinics

600 Cipla branded COVID-19 compliant clinics in emerging markets that encourage doctors to get back to clinics, adhering to safety guidelines

Employee Caring and Upskilling

Digital Esproute

Consistent, seamless onboarding and induction for all Cipla recruits globally

Cipla University

Virtual upskilling programmes for employees

Future of Work

Hybrid working models using digital platforms for employee safety, productivity and engagement

Automation and Market Alignment

Industry 4.0 and Automation in Manufacturing

Implementation of Continuous Manufacturing; Continued momentum on Environment Sustainability

Paper-less, Touch-less, Automated Quality Labs

Automation of processes minimising scope for errors, increasing throughput and reducing quality release turnaround timelines

Strengthening Core Functions and Building Agility

Building Resilient Operations

Proactively de-risking the business by diversifying sources for critical APIs, Intermediates and KSMs as well as maintaining adequate inventory levels

New R&D Capability

Competency building programmes to certify analysts in best-in-class practices

Supply Chain: Integrated Business Planning

Cloud-based demand and planning platform to get visibility in a single system

Digital Transformation at Cipla: Building the New Age Company[2]

Cipla has embarked on a transformation journey to achieve our vision of becoming a digitally Agile Company. We have already started embracing and layering in digital tools and capabilities that enhance our connection with patients, doctors, other stakeholders and help us reimagine our operations across the value chain; and thus, help Cipla to shape the healthcare ecosystem meaningfully.

To become a reimagined digitally native organisation, we have set up five key governance forums to seek inputs from internal and external stakeholders, identify disruptive digital trends and create winning and creative solutions for the newly digitised ecosystem. By leveraging these forums and the power of digital solutions, we plan to shape the future and bring greater inclusiveness, accessibility and affordability in healthcare.

Phase 1: Ongoing

DNA CoE

- Digital and Analytics Center of Excellence
- Leverage existing and future data for insights

Digital Advisory Board

- Tap into external wisdom and experience
- Open doors to the digital ecosystem, potential solutions

Innovation Sprint

- Intrapreneurs - In-house Idea Scouts

Phase 2

Digital Transformation Office

- Build New Age Digital assets and tools
- Patient wrap-around apps, Personalisation and data capture engines

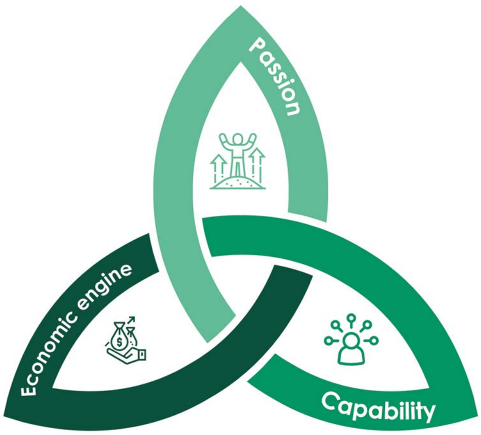
VC Connect

- Gain from VC mindset
- Shape the future through partnerships and investments

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

SBOs: The convergence of Passion, Capability and Economic Engine

While our long-term ambition continues to guide our growth strategy, the pandemic has made us reimagine, precipitate and accelerate a few of our strategic choices. We have defined 10 Strategic Business Objectives (SBOs) which are rooted in Cipla's strategic trinity of Passion, Economic Engine and Capability.



Passion

1 Become a global lung leader across the care continuum

Cipla's performance FY 2020-21

- We continue to be the second-largest inhaler selling company (MDI and DPI inhaler devices)[1] globally
- While the respiratory market in India registered a de-growth of 8.4%, Cipla's respiratory business grew at 4.1%[2]
- Seven Cipla brands featured in the top 10 respiratory brands by value in India[3]
- Launch of 'Breathefree Virtual Educators' – India's 1st digital educator for inhaler device available in 3 languages
- Launch of 'BronkiBoosters' – A gamified awareness campaign for asthma patients in the South Africa market targeting 100,000+ school children
- Significant milestones towards strengthening our respiratory franchise:
  - Extended range of Synchrobreathe offerings in India - Seroflo, Foracort, and Levolin in the portfolio now
  - Launched Glycohale-FB in India: World's first triple-drug combination of Glycopyrronium, Formoterol, and Budesonide in a DPI form – for COPD management
  - Launched generic Nintedanib in India for the treatment of Idiopathic Pulmonary Fibrosis (IPF), a rare respiratory disease
  - Received USFDA approval for Sumatriptan 20mg nasal spray: AB-rated generic therapeutic equivalent of GSK's Imitrex®
  - Grew its volume share of the Proventil franchise, from 7% in May 2020 to 83% in March 2021, building on the launch of Albuterol MDI in the US[4]
- Cipla's flagship patient-focused digital campaign, Berok Zindagi 3.0, continued to drive awareness of respiratory health and received nine awards this year, including best campaign in healthcare at 'Economic Times Brand Disruption Awards 2021'
- We collaborated with Planet Outlook India as a lung care partner to amplify conversations around air pollution and its impact on the lungs

Cipla's 3-year strategy (2020 – 2023)

- 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 volume of inhalers sold
- Increase awareness and education through various initiatives and campaigns, helping millions worldwide to 'Breathefree'

[1,2,3,4] IQVIA MAT Mar 2021

2 Demonstrate organisational agility, along with our purpose of 'Caring for Life' and address global health threats such as AMR

Cipla's performance FY 2020-21

- More than 10 new and better antibiotics with novel mechanisms of action are in the pipeline to treat infections caused by priority and critical pathogens that have been identified by National Advisory Board consisting of a panel of infectious disease specialists and microbiologists. Plans are now underway to market these urgently needed drugs in India
- Under our endeavour of driving AMR and breaking the resistance barrier of antibiotics, our acquired product Elores (Ceftriaxone + Sulbactam + Disodium EDTA) has registered double-digit growth of 11% in FY 2020-21[5]
- Plazomicin (Zemdri) surveillance study completed and published two articles in Journal of Antimicrobial Chemotherapy and European Journal of Clinical Microbiology & Infectious Diseases
- Nationwide engagements to educate physicians on antibiotic stewardship, understand antibiotic susceptibility patterns and take mitigation steps. Introduced thematic campaigns and newsletters like Save Susceptibility, 3 Bugs – 3 Drugs, Resist the Resistance, etc., to deepen awareness
- We participated in the Anti-Microbial Resistance (AMR) Benchmark Research programme 2021-22 (scored 70% in 2020, the highest amongst generic companies). In collaboration with the Access to Medicine Foundation (Netherlands), the AMR benchmark evaluates the performance of pharma companies having significant stakes in anti-infectives. The progress is also updated via Access to Medicine Foundation's biannual AMR Benchmark Report
- Furthering AMR stewardship in manufacturing, we have completed assessment of our manufacturing sites by an external third-party agency. This exercise has enabled us in identifying critical sites from an AMR standpoint. The priority sites are implementing the action plan for responsible practices in AMR
- In partnership with our suppliers, 80% domestic suppliers of antibiotic APIs and formulation have completed a self-assessment shared by an empaneled third-party agency; assessment by third-party is under progress

Cipla's 3-year strategy (2020 – 2023)

- Identify innovative ways to fight AMR, such as drug repurposing, new routes of delivery and identify new antibiotics and combinations
- Promote responsible antibiotic manufacturing throughout our supply chains
- In the next phase, we have planned to cover our own overseas manufacturing sites as well as that of overseas suppliers

3 Grow Cipla India and South Africa OTC to become holistic wellness player

Cipla's performance FY 2020-21

- Cipla Health business continues to expand its footprint across multiple, large OTC categories
  - Nicotex continues to be the market leader in the Nicotine Replacement Therapy (NRT) based smoking cessation category[6]
  - Omnigel has become the #1 brand in the CGO (Cream, Gels & Ointments) & Pain relief Spray category since August 2020[7]
  - Cofsils is the #2 brand in the cough lozenges category since December 2020 (#1 in Medicated Lozenges category)[8]
- Expanded Ciphands portfolio to build a complete hygiene portfolio comprising sanitisers, surface disinfectant sprays, antiseptic liquids, germ protection wipes, hand wash, soap, etc.
- Successful consumerisation across different product categories – Clocip (antifungal), Naselin (cold) & Cipladine (skin antiseptic and disinfectant)
- Among top three and fastest-growing OTC corporations in South Africa private market:
  - Airmune is the leading immune system booster and a South African mega-brand
  - Launched Fizz C Plus (immune support), Oxymist (nasal congestion spray) and Entiro Probiotic Drops
  - Launched the Entiro PacMan and Purgolene campaign
  - Acquired Dentopain and Dentopain Forte in OTC to strengthen our offering in the pain category

[5]IQVIA MAT Mar 2021 | [6,7,8] Source: Nielson data

Cipla's 3-year strategy (2020 – 2023)

- Build a comprehensive portfolio (products, services, infrastructure, digital assets) that address the holistic well-being of the patient, irrespective of the channel of promotion
- Build stronger momentum for core wellness brands like Nicotex, Cofsils, Cipladine, Omnigel, Prolyte, Maxirich
- Consumerise Cipla's brands to build deeper connections with consumers and patients alike
- Strengthen OTC play in South Africa by creating complementary brands and new partnerships

Core Economic Engine

4 **Focus on challenging and competitive spaces such as complex generics and respiratory-related products in the US. Measured investments in the specialty business and divesting of non-core assets**

Cipla's performance FY 2020-21

Generics

- Among the top 10 generic players by prescriptions in the US; growing faster than the market growth rate
- Continued traction in respiratory and complex generics portfolio:
    - New launches including Emtricitabine capsules with 180-day exclusivity, limited competition first nasal spray on Cipla label (DHE nasal), Icatibant complex injectable pre-filled syringe, etc.
    - Approval received for Sumatriptan 20mg nasal spray
    - Generic Albuterol gaining significant share in Proventil HFA market – from 7% in May 2020 to 83% in March 2021 (by volumes)[9]
    - Phase-3 clinical study for generic version of Advair Diskus completed in first attempt; ANDA filed to USFDA
    - 10+ ANDAs filed including two peptide injectables through external partnerships of which one is a new drug application

Specialty

- Second Complete Response Letter (CRL) received from FDA in June 2021 for ONPREFA (IV Tramadol, pain management asset)
- Post-marketing commitment and clinical trials underway for ZEMDRI® (IV Plazomicin for infectious disease). We are deploying field, medical and sales teams to support awareness, education, and adoption in the US market
- The six months animal toxicity study for Pulmazole concluded successfully. We are now moving to a global Phase 2b study and a possible India Phase 2b/3 study for antifungal inhaled Itraconazole
- Received marketing approval in India for the therapeutic use of Stempeutic's stem cell product in Buerguer's disease and Peripheral Arterial Disease. The trials in Diabetes Foot Ulcer are progressing slowly due to the pandemic
- CNS asset, CPN 103, out licensed to Engrail Therapeutics. Non-human primate toxicity study completed with no adverse findings, Phase 1B human studies planned for H1 2021

Cipla's 3-year strategy (2020 – 2023)

- Actively identify, prioritise and evaluate various business development opportunities, including partnerships for immediate net positive revenue impact
- Efforts to identify organic R&D growth opportunities in the US injectable market requiring promotional support including 505(b)2 assets
- Submit and launch Plazomicin in India and other markets, as well as explore multiple ex-US out-licensing opportunities
- Continue outreach for out-licensing of CNS specialty assets

[9] Source: IQVIA MAT Mar 2021

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

Cipla's performance FY 2020-21

One-India

- One-India strategy is progressing well with market-beating growth across branded prescriptions, trade generics and consumer health
- We are the third-largest player in India and leader in therapies like respiratory, urology and anti-virals, and top 2 in the overall chronic business[10]
- 11 Cipla brands are among the top 100, including Foracort, Actemra, Aerocort, Azee, Cipremi, Seroflo, etc., outpacing market growth
- We unlocked the respiratory pipeline with the launch of Glycohale-FB (Glycopyrronium, Formoterol and Budesonide) and Levolin Synchrobreathe
- Expanding access to high quality and life-saving medicines through:
  - Partnership with Boehringer Ingelheim to co-market three new oral anti-diabetics drugs – Oboravo (Empagliflozin), Oboravo Met (Empagliflozin + Metformin), Tiptengio (Empagliflozin + Linagliptin)
  - Agreement with Roche for marketing and distribution of Oncology drugs – Herclon (Trastuzumab), Avastin (Bevacizumab) and Ristova (Rituximab)

South Africa

- We continue to be the third-largest player in the private market, growing at 10% while the market declined by 1%. Our top therapies and market shares: CNS - 14%, respiratory - 10%, gastro-intestinal - 8%[11]
- We rolled out 31 new products, including CNS product Atomoxetine, antibiotics Meropenem and Cilastin+Imipenem, oncology product Lenalidomide and biosimilar Trastuzumab (Biocon)
- Expansion of product portfolio through partnerships:
  - Exclusive partnership with Alvotech for commercialisation of five biosimilar candidates in immunology and oncology space
  - Strategic collaboration with Alvogen for four oncology products
- Reimagining product launches: First of its kind virtual launch for two Protease Inhibitors; Paranvir vs. Tarito, using boxing as a theme
- Acquired Dentopain and Dentopain Forte in OTC to strengthen our offering in the pain category

Cipla's 3-year strategy (2020 – 2023)

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 connection through respiratory awareness campaigns (#Berok Zindagi, Breathefree) and establish single therapy digital platforms for patients

South Africa

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

India and South Africa

- Establish Cipla as a partner of choice for innovator drugs and multi-national corporations in our home markets

6 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 FY 2020-21

- We achieved strong double-digit growth of 25% in Emerging Markets and Europe
- Our new product launch outcomes have exceeded our targets, including Remdesivir in key emerging markets
- We signed deals worth $10M of annualised revenue:
  - First biosimilar deal of Bevacizumab in Europe

[10,11] Source: IQVIA MAT Mar 2021

- Partnership with Ferring in Australia to promote its specialty Urology-Oncology drug portfolio
- Partnership with Alvotech for marketing and distribution of four biosimilars in Australia and New Zealand markets

- Localisation: Signed contracts in five markets and progress on track; benefits to be realised by FY 2022-23
- Overwhelming response to Cipla branded, COVID-19 compliant 3C clinics; opened 600 3C clinics against a target of 250

Cipla's 3-year strategy (2020 – 2023)

- Achieve 2x growth through superior execution
- Focus on DTMs and new frontier markets (China and Brazil) for organic growth
- Expand biosimilar partnerships in key markets

7 Focus on digital and patient centricity as future pivots for business models[12]

Cipla's performance FY 2020-21

- Partnership with GoApptiv to broaden the reach of crucial brands in tier-3 plus towns in India
- Brandmed has signed over 30 CoEs in South Africa for their Synpro-P products (reaching more than 100 practices and 500+ doctors)
- Knowledge sharing web-series programme, 'Healthcare Superstars'. 4 global shows hosted in 5 International languages by globally acclaimed speakers
- Launch of 'BronkiBoosters' – a flagship marketing campaign for asthma awareness in the South Africa market that includes an online game, interactive comic book and animated lessons on asthma; 15 videos launched in Phase 1 with BronkiBooster branded masks and sanitisers supplied to schools
- Launch of 'Breathefree Virtual Educators' – India's 1st digital educator for inhaler device training in 3 languages; 130+ repeat doctors, 11,000+ patients benefitted
- Launch of Berok Zindagi 3.0: Cipla's flagship patient-focused digital initiative in respiratory health. Garnered 200 million views on digital media, and 50% increase in website traffic

Cipla's 3-year strategy (2020 – 2023)

- Continue therapy-shaping and patient care continuums by going beyond the pill
- Leverage digital assets 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 Continuous improvement: Efficiencies to deliver fuel for growth

Cipla's performance FY 2020-21

Cost efficiency: Driving profitability and fuelling growth through

- Flexible expansion of vendor network during the pandemic – from identification, evaluation and expedited velocity of execution
- Agility in response to market requirements backed by launching new products in the COVID-19 environment

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

- Collaboration internally and externally to reduce product COGS with focus on new source, de-specification, logistics and improved manufacturing efficiencies
- Capacity enhancement of existing production lines to meet the unprecedented demand in certain categories
- Faster 'Make vs Buy' decisions and execution to optimise cost and serviceability
- Process efficiency : Driving agility and simplification through
  - Transforming critical business processes to reduce Turnaround- Time ("TAT") and service levels within the organisation
  - Digitisation and automation of manual processes to enable remote access and continuity of operations
  - Stakeholder alignment on stepwise processes and RACI matrix
  - Strengthen governance of critical processes with clearly defined KPIs, measurement frequency and automated dashboards

Cipla's 3-year strategy (2020 – 2023)

- Continued focus to reduce product COGS through value engineering, de-specification and process simplification
- Digital transformation to improve process effectiveness and drive robust governance
- Analytics-based insights identification to drive continuous improvement in both cost and processes

9 Invest in Quality 4.0 to change the quality paradigm

Cipla's performance FY 2020-21

- Implementation of culture-led transformation programme 'Trust' across Cipla sites
- Respiratory academy started in Goa to certify analysts in best-in-class respiratory practices and build competencies
- Implemented Rapid Sterility and Rapid BET (Bacterial Endotoxin Test) testing method at Goa site to reduce QC lead time
- Implementation of e-TDS (electronic test data sheet) across Goa units in process

Cipla's 3-year strategy (2020 – 2023)

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

10 Strengthen the talent pipeline and improve productivity

Cipla's performance FY 2020-21

- 'Great Place to Work' certification, the third time in a row
- A structured 3-step Talent Management framework to identify, assess and develop talent across leadership levels
- Flagship programmes launched to build talent fungibility, encourage mobility, build a pipeline of future managers
- Programmes curated to strengthen mid-management and enable first-time managers
- Specialised programmes for mid to senior leadership by global management institutes, such as, INSEAD
- Function specific initiatives launched in line with Industry 4.0

Cipla's 3-year strategy (2020 – 2023)

- Digital technologies as enabler for smart work environment across manufacturing sites, in supply chain & sales channels, and support functions
- Adoption of a hybrid working model across corporate roles
- Leverage the diversity advantage of human capital

Cipla is conscious of the impact of our resource consumption, even as we strengthen our capabilities to deliver consistent growth.

Towards this, Cipla, through a sustainable business strategy, aims to achieve the targets we have set for ourselves in a way that ensures long-term value creation for the Company, creating positive social impact for our stakeholders, and preservation of natural capital. Our current operations and future ability to develop new products for patients in the most efficient way depends on it. A focus on ESG aspects helps us deliver value to those who benefit from our medicines – the society – and continues to serve our purpose of 'Caring for Life'.

As the world evolves into a more complex and hyper-connected place, the sustainability challenges the world is facing are evolving even faster. We are committed to using a science-based approach to innovate, achieve our goals as well as to work towards some of the most pressing challenges. The biggest opportunities for the Pharmaceutical industry to create shared value – i.e., where we see the coming together of market potential, societal demands and policy action – are grouped around the themes of good health and well-being, access to medicine, preventive healthcare, environmental sustainable initiatives and community partnerships. Through our operations we touch upon some of UN Sustainable Development Goals, which are:

Our Sustainability Goals 2025 are aligned to the operating context of our sector and its impact on various capitals.

Goals 2025

Carbon Neutral

Water Neutral

Zero Waste to Landfill

Green Chemistry and Making it Right

Anti-microbial Resistance Stewardship

Ensuring the wellbeing of our employees and partners

These six goals outline our vision to bring our partners, customers, suppliers together for smarter solutions and augmenting our purpose 'Caring for Life', to people, nature and the planet.

Sustainability Governance[1]

Responsibility for sustainability performance within Cipla sits with the Sustainability Council, chaired by the Chief Technology Officer (CTO). The Council was created in FY 2020-21, specifically to capitalise on the intrinsic link between sustainability and innovation in our operating model. Responsibility for performance of climate goals also sit with the Sustainability Council. To ensure robust governance, the CTO reports directly to the CEO, oversees the Environmental, Health, Safety (EHS) function, and appraises the Board of Directors on matters of sustainability. The Council consists of a group of highly engaged leaders and Management Council members representing the following functions – EHS, Engineering, Procurement, Quality, Manufacturing Operations – API & Formulations, Manufacturing Strategy & Operational Excellence, Integrated Product Development (IPD) and Research & Development, Logistics, Finance, Internal Audit, Company Secretary, Human Resources, Corporate Communication and Corporate Social Responsibility.

The Council's Charter is available at: https://www.cipla.com/investors/corporate-governance

[1] GRI 102-18

The governance and execution of the EHS management system, along with the mitigation plan for critical EHS risks, is overseen by the Investment & Risk Management Committee (IRMC)[2]. Environmental Sustainability aspects come under the purview of Cipla EHS Leadership; and Site Leadership and Line Functions implement sustainability initiatives in alignment with Local EHS Procedures (LEPs) based on corporate EHS standards and guidelines. Committees have been set up at the department, plant and division levels to ensure adherence to the EHS policy.

Cipla Board of Directors

Governance

Cipla Management Council Oversight

Sustainability Council

Cipla EHS Leadership

Corporate Standards	Good EHS Practices Guide (GPG)	Corporate EHS Guideline	Monitoring & Review

Site Leadership & Line Functions

Local EHS Procedures

Implementation

Task Force on Climate-related Financial Disclosures

Climate change represents a significant risk to our global society, as well as our business. Our strategy to reduce the use of natural resources, limit emissions and prepare for the impact of climate change enables us to deliver on our purpose of ‘Caring for Life’. We support the taskforce on climate-related financial disclosures (TCFD) and aim to develop detailed disclosures in line with its recommendations.

Disclosures aligned to TCFD

Governance: For governance please refer to page 183-225 of this report.

Strategy: For strategy, please refer to page 34-43 of this report.

Risk Management: For climate and environmental risk management approach, please refer to page 118-128.

Metrics and Targets: At Cipla we aim to become carbon neutral in our operations by 2025. Our detailed environmental performance metrics are highlighted on page 121-128 of the Natural Capital section of this report. This includes Cipla performance on GHG emissions (Scope 1+2) and progress on decarbonisation.

Partnerships for Global Goals

Partnerships for Product Stewardship

Partnerships are also fundamental to our ability to deliver value through access to medicines. 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, and the antigen tests for COVID-19. Details of the partnership are given under page 101 - 102 section of Relationship Capital.

Stakeholder Dialogue

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 panellists in noteworthy pharmaceutical forums organised by various industry associations.

Partnerships for a Sustainable Future

We are committed to contribute to these global goals, alongside other sectors and business leaders. Cipla has pledged support to 'Terra Carta', a landmark charter that has been drawn up to put sustainability at the heart of the private sector. The charter is part of HRH The Prince of Wales’s Sustainable Markets Initiative that was launched in Davos in 2020 with founding partners such as Bank of America, HSBC, BP and NatWest among others. Cipla is one of five Indian companies and the only Indian pharmaceutical company to participate. While continuing to achieve our own environmental, social and governance (ESG) goals, Cipla will have the opportunity to drive ESG discourse within the sector and at a regional level. At the same time, the initiative will allow participating organisations to cross-learn from one another.

[2]Information in line with BRR Principle 6, Question 3

Our Value Creation Model[1]

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

Inputs:
- Capitalising on growth opportunities with a robust cash outflow in tangible capex at ₹ 630 crores

Strategic allocation:
- Deploying financial resources in a diligent manner to harness opportunities for long-term sustainable economic growth
- Investments/ acquisitions to develop strategic strengths in focused therapies and expand geographical presence

Manufacturing Capital

Inputs:
- 46 manufacturing facilities across 5 countries
- 24 regulatory inspections conducted

Strategic allocation:
- Focus on developing complex manufacturing capabilities, improving productivity and increasing safety and reliability of operations
- Investment in latest technologies, efficient processes, state of the art equipment and building up TRUST culture

Intellectual Capital

Inputs:
- Expertise in complex products supported by over 1,600 R&D colleagues
- Continuous investment in R&D comprising of 4.82% of consolidated revenue from operations in FY 2020-21

Strategic allocation:
- Investment in technologies to advance new product developments to drive better patient outcomes
- Maintenance and protection of intellectual property rights
- Proactively addressing Anti-Microbial Resistance (AMR)
- Development and marketing of critical products to combat COVID-19

Human Capital

Inputs:
- 25,000+ global employee strength
- 14 lac+ hours of training provided

Strategic allocation:
- Cultivating employee capabilities and competencies to drive shared organisational objectives
- Integrated Talent Management Framework to leverage synergies of talent acquisition, learning & development, performance management and succession planning
- Programmes on health, safety and well-being of employees

Social and Relationship Capital

Inputs:
- ₹ 48.15 crores spent on global CSR initiatives including statutory spend of ₹ 42.84 crores by Cipla India
- Focus on sustainable supply chain through engagement with 169 suppliers adopting the Cipla Supplier Code of Conduct
- 57% of procurement budget spent on local sourcing
- ~3,500 employees volunteered 5,300+ hours towards community initiatives

Strategic allocation:
- Supporting communities through COVID-19
- Leveraging Social and Relationship capital to share knowledge and resources to enhance individual and collective well-being
- Strengthening stakeholder relationships through continuous engagement
- Pledging support to sustainable development through 'Terra Carta', a global sustainability charter

Natural Capital

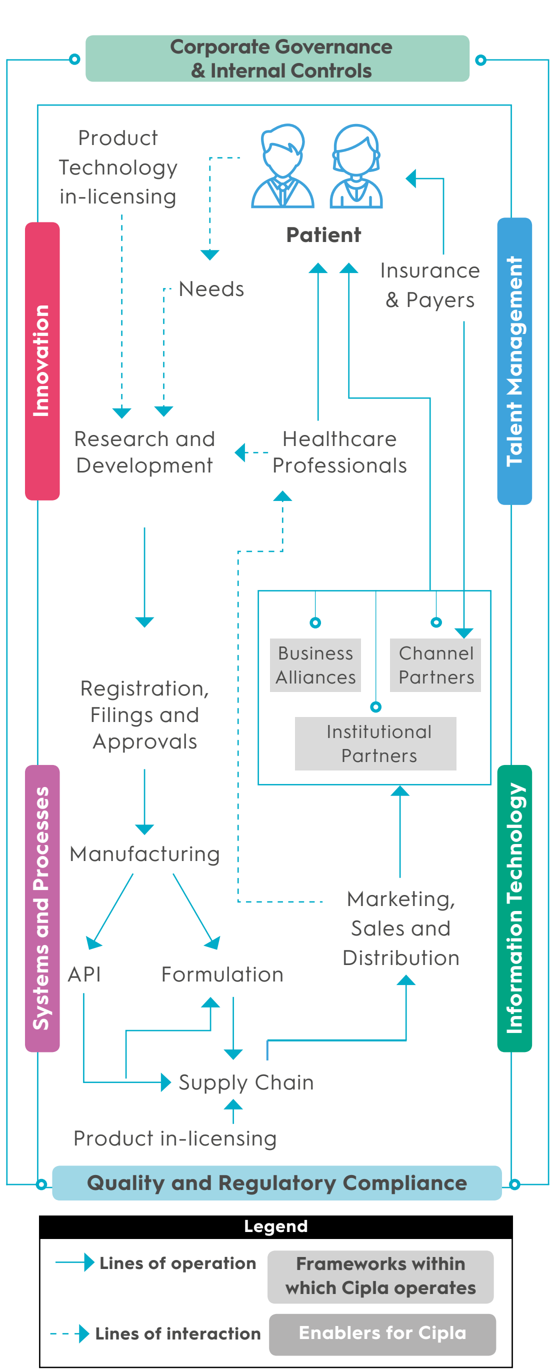
Inputs:
- 30 MW captive solar plant commissioned in FY 2020-21
- 1,864 TJ of energy consumed
- 19,98,811.63 KL of water used for manufacturing processes

Strategic allocation:
- Commitment towards carbon and water neutrality by 2025
- Strong policy framework to govern Environment Health and Safety (EHS) practices
- Commitment towards efficient operations resulting in reduced environmental footprint

OneCipla Credo — Purpose - Inspired — Responsibility - Centered

[1] GRI 102-9

The global value chain with an end patient focus



Our capital outcomes that showcase our commitment to 'Caring for Life'

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

- Strong cash generation and a healthy balance sheet
- 7% 5 year CAGR of revenue growth
- RoIC at 20.2% in FY 2020-21 with 750+ bps increase over last year
- Sustainable growth driven by operational performance

Manufacturing Capital

- A diversified product portfolio of over 1,500 products in 50+ dosage forms and 65+ therapeutic categories
- TRUST quality programme rolled out across India Formulation and API sites covering 25 units
- Provision of high quality, products that improve the health of patients
- Data integrity ensured through a robust Quality Management Systems

Intellectual Capital

- Successful launch of 81 products during FY 2020-21
- 17 patents and 31 DMFs filed globally.
- Dedicated and focused approach towards innovation 263 patents granted till date and 253 cumulative ANDAs/NDAs
- Leading the fight against COVID-19 through a spectrum of vital drugs that show potency against the virus

Human Capital

- Nearly 30% representation of women on the Board
- More than 1/3rd of the management council is represented by women
- 88% overall Employee Engagement Score in our MiVoice Pulse Survey
- 66 high-potential performers identified for structured career planning

Social and Relationship Capital

- 1,20,000+ protective gear distributed and 50,000+ individuals supported with dry ration/packed meals
- 7,000+ total patients served / consultations through Cipla Palliative Care Centre
- 58 Alternate Vendor Development (AVD) processes aimed at de-risking and serviceability completed
- Berok Zindagi Campaign outreach – over 21 crore people
- 7.5 lacs+ HCPs reached through 5,000+ webinars
- Enhancing access to drugs for ~45% of diseases on the WHO Essential Medicine List

Natural Capital

- 15% energy from renewable sources
- Emissions intensity declined by 4%
- 83% of wastewater generated was recycled
- 99% of liquid hazardous and 75% of solid hazardous waste recycled
- 12,282 MT plastic waste collected and responsibly channelised, equivalent to 100% of post consumer plastic waste

Innovation - Driven **Excellence - Focused** **Integrity and Trust - Anchored**

Stakeholder Engagement[1]

Our purpose of 'Caring for Life' spans across our all stakeholders. We believe in building and nurturing relationship with our stakeholders and consider them to be key partners of our value creation process. We actively listen to our stakeholders and have established various touch points and tools for communication, advocacy and engagement. We engage on issues that are important to us a business as well as to the stakeholders, with the objective of addressing their concerns and identifying new opportunities to create value.

Starting with an in-depth understanding of our stakeholder concerns in FY 2018-19, Cipla continues to engage and seek feedback from them. Despite the restrictions on mobility and face-to-face engagement posed by COVID-19, we continued to engage with our stakeholders through virtual channels.

Stakeholders	Why are they important	Capital Linkage	Modes of Engagement	Frequency of Engagement
Patients	End users of our products. We are committed to meeting their expectations	Relationship Capital Intellectual Capital	Patient care	Event-based
			Berok Zindagi and Breathefree	Continuous / Periodic
			Can-Helper Helpline for cancer	Permanent
			Pharmacovigilance/ drug safety helpline	Permanent
			Websites	Permanent
			Seminars	Event-based
Channel Partners	Vital for effective distribution and accessibility of our products	Relationship Capital	Meetings	Periodic
			In-market visits	Event-based
Supplier	Providers of all input materials and finished products and services that are critical to our operations	Relationship Capital Natural Capital Manufacturing Capital	Supplier visits	Quarterly
			Supplier audits	Annual
			Grievance mechanism	Permanent
			Supplier Engagement on compliance & QMS	Event-based
Government and Regulators	Enforce policies which impact our operations and long-term business objectives	Relationship Capital	Panel Meetings	Event-based
			Conferences	Event-based
			Written communication	Event-based
			Facility visits	Event-based

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

Stakeholders	Why are they important	Capital Linkage	Modes of Engagement	Frequency of Engagement
Healthcare professionals (HCPs)	Help us better understand patients' needs	Relationship Capital Intellectual Capital	Conferences and seminars	Event-based
			Visits by field staff	Event-based
			Advisory Board meetings	Event-based
			Knowledge-sharing series	Event-based
Communities	Help us develop our business ecosystem and our focus on creating shared value	Relationship Capital Social Capital	Interaction through CSR initiatives	Periodic
			Cipla Foundation website	Permanent
Shareholders and investors	Providers of Financial Capital	Relationship Capital Financial Capital Corporate Governance Report	Conference calls	Event-based
			Meetings (one-on-one and group)	Event-based
			Earnings Conference Call	Quarterly
			General Meeting	Annual
			Investor grievance redressal mechanism	Permanent
B2B and institutional partners	Play a pivotal role in the sale and marketing of our products	Relationship Capital	Meetings	Periodic
			In-market visits	Event-based
			Industry conferences	Event-based
Employees	Backbone of our business activities - they contribute toward productivity and efficiency, and help boost profits	Human Capital	Townhalls	Quarterly
			Employee engagement survey	Annual
			Skip-level meetings	Periodic
			Awards and Recognition	Annual
			Grievance mechanism	Permanent

Materiality Assessment[1]

At Cipla, we continue to place emphasis on listening to our stakeholders. Over the years, we have engaged with our stakeholders to understand issues material to them. Through FY 2020-21, a year that saw dynamic changes which impacted people and business globally, we continued to deliver on issues of material concern and engaged with our stakeholders for this. We plan to conduct a revised materiality assessment for the year FY 2021-22 and revisit our material issues in the context of changing global and market conditions.

The process followed for identification and prioritisation is shared below. This analysis enables us to determine our material issues as well as those issues which are prioritised by internal and external stakeholders.

Identify

A list of potential material issues was arrived at through sectoral study, company's operations and impacts and review of wider macro trends and challenges

Prioritise

Each issue was prioritised by engaging with various stakeholders (internal and external), and rated based on the degree of strategic importance to stakeholders.

Boundary setting

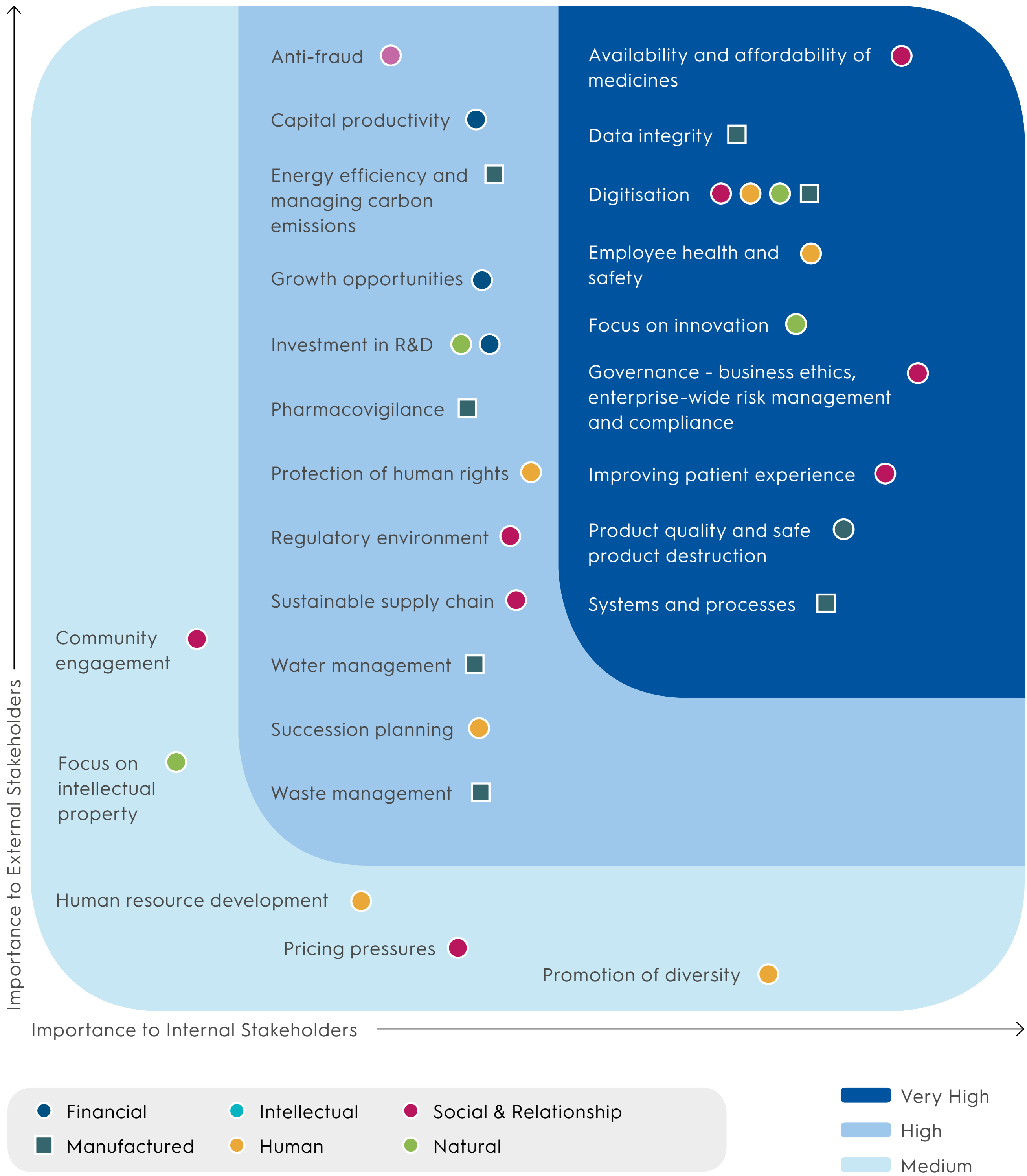
The boundary for all material issues was determined based on their impact on our business operations and stakeholders. For this report, boundary for all material issues is Cipla Global Operations. Any specific limitations are mentioned in relevant sections

Review

To review aggregate stakeholder responses and arrive at prioritised material issues which are validated by the senior management and the Board

1. GRI 102-47

Material issues for Cipla are defined in line with GRI guidance including ESG issues that are most important to us as an organisation and our stakeholders. The material issues are closely linked with our value creation process, and have been prioritised as medium, high and very high as shown in the chart. These issues are contextual and may have positive as well as adverse impacts



Enterprise Risk Management[1]

As a global pharmaceutical company, our operations are exposed to a variety of risks every day. Led by our commitment to 'Caring for Life', we adopt a patient-centric approach to identify risks and develop mitigation measures. A robust Enterprise Risk Management (ERM) framework enables us to manage our risks better. It also tracks significant external developments and internal challenges to recognise new threats and their potential impact on our risk profile.

The Cipla Board of Directors has direct oversight of the Company's risk management framework. The Board has formed an Investment & Risk Management Committee (IRMC) that examines critical events impacting the risk profile, existing and emerging risks and other uncertainties, and monitors the progress of planned actions. The IRMC, which meets quarterly, includes the Executive Vice-Chairperson, Managing Director and Global Chief Executive Officer, a non-executive director, and independent directors. Cipla's Global Chief Financial Officer, Global Head of Quality and the ERM team, and specific business leaders essential to the discussions are invitees to these meetings.

Additionally, the Company's senior leadership team undertakes various risk governance measures at an operational level. The ERM team coordinates and monitors organisation-wide risk management activities and reports the progress to the IRMC every quarter.

While every company, as part of its risk management strategy, tries to put in place mitigation measures to the extent possible, residual risks cannot be wished away. We have listed a summarised account of some of our key risks and mitigation measures drawn from management reviews and deliberations of IRMC.

01 COVID-19 and Business Continuity

The COVID-19 pandemic continues to pose a significant threat to the safety of our workforce. It imposes various restrictions that impact our supply chain activities, manufacturing operations and mobility of our field staff. However, the availability of testing, treatment and inoculation solutions are positive developments to consider.

a) Workforce safety concerns

In FY 2020-21, a significant transmission of coronavirus across our geographies infected some of our employees. While most of the affected employees recovered and resumed work, some unfortunately succumbed to the disease.

b) Supply chain disruption

During the last year, a pattern of voluntary/government enforced lockdowns at various vendor locations, limited availability of logistics services and rising raw material and transportation prices were observed in our supply chain ecosystem. At times, this posed challenges around timely availability of raw material at reasonable costs.

c) Production shortfall

Local lockdowns, government restrictions, infections amongst the workforce, and quarantine requirements led to occasional labour shortages, posing a challenge in achieving production targets.

d) Restricted field marketing staff mobility

Throughout the reporting period and across all geographies that we operate in, the mobility of our field marketing associates and ability to physically visit and hold product information discussions with Healthcare Practitioners (HCPs) were severely restricted.

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

Mitigation

a) Workforce safety concerns

- Occupational Health Centres at manufacturing facilities were equipped to meet COVID-19 requirements
- Appropriate personal protective equipment (PPE) were provided to all frontline staff and sanitisation protocols defined for all facilities (factories, depots, office spaces) and Company vehicles
- Robust contact tracing and testing procedures adopted at manufacturing facilities
- Pro-active shutdown at plants to arrest the spread of infection
- Field marketing staff allowed to operate only in areas/districts with low infections, as per government reports; Wherever feasible, employees were instructed to work from home
- Quarantine assistance was offered to employees and their immediate family members to secure hospital beds, oxygen, ventilators, medication and medical insurance along with financial support to families of deceased employees; Proposal for vaccinating eligible employees and their family members through third-party providers

b) Supply chain disruption

- Prioritised supply strategy pertaining to critical, life-saving medicines to prevent stock-outs of APIs and intermediates
- Ongoing programme for development of alternate vendors for critical APIs and intermediates
- Enhanced communication and coordination with critical vendors to enable seamless supply and planning
- Close monitoring of import shipments to enable expedited customs clearance
- Advance placement of orders with vendors and transporters basis firm manufacturing plan to ensure timely availability and cost optimisation

c) Production shortfall

- Close monitoring of manufacturing capacity utilisation to identify the availability of raw materials and workforce as needed, and plan work shifts
- Close coordination and dynamic update of supply plans with business units to pre-empt constraints at plants
- Provision for online trackers to monitor third-party manufacturing performance
- Consolidation of accurate forward projections to manage supply chain efficiently, including replenishing raw materials and transfer of finished goods

d) Restricted field marketing staff mobility

- Virtual interactions with HCPs conducted in most geographies
- Scientific content delivered through online channels like webinars, e-advisory boards and direct video calling

Enhancements during the year

- Technology and analytics backed roll-out of an app for employee health self-declaration and contact tracing procedures at manufacturing facilities
- Teleconsultation facility for employees
- Medical insurance facilities extended to off-roll and contract employees
- Early warning indicators at site for preparation against COVID-19 surges, ensuring operational continuity and employee safety
- 'Future of Work' surveys to identify working patterns and opportunities in a post-COVID-19 world

02 Quality

Failure to comply with GxP (Good Laboratory Practices, Good Clinical Practices (GCP), Good Manufacturing Practices, etc.) at any stage of product manufacturing can lead to sub-optimal product quality and pose a significant health hazard to our patients.

During the reporting period, the challenges of adhering to applicable quality norms in a timely manner were further amplified by COVID-19 factors (manpower shortage due to enforcement of social distancing norms/local lockdowns/infections amongst workforce, difficulties in performing internal reviews due to travel restrictions, etc.).

Lastly, during the reporting period, the Quality team was also tasked with addressing the findings highlighted by USFDA in their Warning Letter issued for the manufacturing facilities at Goa.

Mitigation

- A dedicated Quality team to supervise and ensure the delivery of quality performance and all-time audit readiness at each manufacturing site
- A Product Life Cycle Management Process (LCMP) across the manufacturing value chain to guide product quality
- Harnessing information technology (IT) and digitalisation to enhance efficiencies and impact of quality assurance processes
- Consistent and regular quality improvement training programmes that focus on historically known quality issues
- Investigation and Corrective and Preventive Action (CAPA) for identified non-conformities
- Continuous institutionalisation of "lessons learned" from past quality issues
- Stringent evaluation of vendors and suppliers and ensuring compliance with the regulatory cGMP standards
- Periodic internal reviews of processes and practices across manufacturing sites for ongoing identification and monitoring of quality issues conducted remotely

Enhancements during the year

- Increased digitalisation of quality systems for improving product standards and data integrity across our value chains
- Global standard operating procedures updated regularly in line with findings of internal audit
- Multiple training sessions conducted on critical topics – aseptic practices, cleaning & sanitisation, quality auditing & investigations, batch validation, etc.
- A global set of CAPAs rolled out across sites drawing on learnings from audits conducted by regulatory agencies and internal reviews

03 Product Development and Launch

Developing a new product comes with its own set of unique challenges and risks. These risks and challenges include significant upfront investment, patent litigation, competitor foray, delays in clinical trials and regulatory roadblocks. Once a product is approved, launch delays and lower-than-forecasted pricing can still adversely impact the Company.

Markets like the US display significant price erosion across therapies. Thus, growth is highly dependent on successful launches of differentiated products in the US market. Further, the product development team was not left untouched by the pandemic, threatening critical product development projects.

Mitigation

- New products identified for development are researched extensively and deliberated upon at various levels before receiving approval from the Global Portfolio Selection Committee
- Identification and adoption of new product development technologies to optimise project timelines, lower development costs and enable smoother post-launch manufacturing.

  These include:

  - In silico predictions of product performance using modelling, simulation and computational techniques to mitigate the risk of clinical failure
  - Leveraging in-house safety screening lab to identify and eliminate manufacturing process hazards
- Robust project monitoring for prompt identification and correction of schedule slippages
- Augmentation of R&D capabilities by encouraging partnerships in product development
- Engagement with regulatory authorities on innovative product development approaches and overall life-cycle management

Enhancements during the year

- Investments in complex and differentiated products that have low competition and potentially higher revenues
- Multiple value-accretive products launched across geographies during the year
- Upgrading R&D systems and processes, for example:
  - Leveraging IoT solutions to integrate and automate documentation processes
  - Data mining and analytics for API formulation and analytical labs to develop comprehensive and insightful dashboards

04 Growth Uncertainties

Our multi-geography footprint creates growth uncertainties driven by the unique risks of each geography.

India

We hold the market-leading position in specific therapies, yet considering the continued commoditisation and hyper-competition, achieving high incremental growth like in previous years may be challenging. Besides, the pharmaceutical regulatory authority of India defines the National List of Essential Medicines (NLEM), which are subject to price control. Any additions to the NLEM list or changes in the mechanism of calculating price ceiling can adversely impact our margins.

Lastly, certain behavioural shifts and changes in disease patterns on account of COVID-19 pandemic have potential to adversely impact growth momentum in select therapies.

US

The US market is characterised by product-pricing pressures due to the rising purchasing leverage of wholesale drug distributors and retail pharmacies. Moreover, the commoditisation of generics is causing price erosion across products.

In the specialty business, we have encountered delays in launching IV Tramadol and Pulmazole due to the concerns raised by the USFDA regarding the safety and approval of clinical trial designs, respectively.

South Africa, Sub-Saharan Africa and Cipla Global Access (CGA)

The South Africa tender business continues to be impacted by the price erosion in tenders. Further, the upcoming National Health Insurance (NHI) regulation and similar regulatory changes pose a potential threat to our growth targets.

Mitigation

India

- **Prescription business:** Developed a comprehensive COVID-19 portfolio during the reporting period. This portfolio includes Favipiravir, Budecort, Remdesivir and Tocilizumab. New products including Molnupiravir, Casirivimab, Imdevimab and Baricitinib are slated for launch in FY 2021-22

- **COVID-19 diagnostic:** A range of COVID-19 related diagnostic tests (both antibodies and rapid antigen) launched. We will launch a new RT-PCR test kit in the first quarter of FY 2021-22
- **Cipla Health Limited:** Enhancing consumer reach and portfolio through new launches and inorganic development in existing and new categories
- Integrating distribution and channel engagement for the prescription, trade generics and consumer health sections for higher impact led by Cipla's One India strategy
- Leveraging consumer platforms for growth of OTX brands
- Improving engagement and direct access to customers with innovative initiatives and partnerships across the ecosystem

US

- Growth in direct-to-market was driven by the expansion of market share for Albuterol and rising institutional sales
- Successful launch of Firazyr, Tecfidera and Sumatriptan
- Driving growth through Cipla's limited competition and complex asset pipeline
- Value creation initiatives like the development of peptide-based injectables, strategic IP challenges and launching products through institutional channels

South Africa, Sub-Saharan Africa and CGA

- Growing our presence in the South Africa private market through organic launches and partnerships with global players, like the oncology partnership with Alvogen
- Expanded and strengthened presence in Sub-Saharan Africa across 10 countries
- CGA revenues grew due to increased order visibility and intake

Enhancements during the year

- Expansion of portfolio by developing new products, in-licensing and developing partnered assets
- Accelerated cost savings initiatives through FY 2020-21 to soften the impact of growth risks and rising costs through cost reimagination programmes, digital initiatives and reducing discretionary spending
- A new manufacturing facility was set up in the USA in record time for the production of Albuterol
- Positive traction with regulatory authorities on Advair and successful settlement of patent litigation for Revlimid. This will improve revenue visibility in the current and following financial years

05 Geopolitical Volatility

In certain geographies, routine business activities and expansions plans are vulnerable to geopolitical risks, such as war, trade sanctions, foreign exchange volatility/restrictions, liquidity issues and receivables threat, etc.

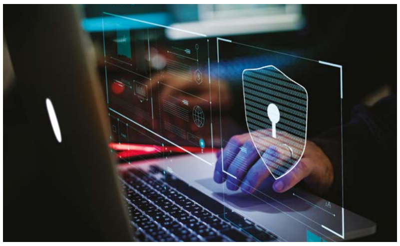
Mitigation

- 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 and setting a threshold in high-risk countries for sales, profits and invested capital
- Exploring local manufacturing alternatives and tie-ups
- Registering products at alternate manufacturing facilities to enable seamless production and supply
- Minimisation of foreign exchange losses through hedging or defining repatriation schedules

Enhancements during the year

- Formalised process for geopolitical risk assessment to account for economic, political and sovereign risks as well as metrics such as corruption perception index and ease of doing business

06 Cyber Security



During the reporting period, the frequency of cyber-attacks on pharmaceutical companies through ransomware, phishing, and other forms of cyber-attacks increased.

With a significant percentage of our employees operating on "Work From Home" model globally, network and data-related risks have aggravated.

Mitigation

- A well-defined cyber risk management programme mandates periodic testing and improving controls through simulated phishing and penetration testing exercises
- Implemented preventive measures such as dark web scanning, cyber intelligence gathering and threat assessment
- Real-time scanning of networks by Security Operations Centre (SOC)
- Robust incident monitoring and response measures
- Persistent efforts to build employee awareness on cyber incidents
- Insurance coverage for cyber incidents

Enhancements during the year

- Preventive controls to guard against cyber-attacks on devices operating in remote environments
- Resilience against ransomware bolstered with improved network controls

07 Data Privacy

The reporting period witnessed a spate of data privacy laws enacted in some of our operational geographies. We observed increased vigilance and disciplinary actions on some companies in countries where strong data privacy regulations already exist.

Mitigation

Improved compliance with data privacy law requirements through:

- A detailed gap analysis to identify existing weaknesses
- Structured policy and procedure rollouts
- Fortification of processes to adhere to the “Privacy-by-Design” concept
- Creating awareness among employees on applicable privacy requirements

Enhancements during the year

Enhanced audit measures and review compliance with the Enterprise Privacy Handbook

08 Non-compliance to Laws and Regulations

The global regulatory environment has evolved, leading to a considerable increase in regulatory scrutiny and stakeholder expectations vis-à-vis compliance.

Mitigation

- Process defined for identification of regulatory changes and associated impact to stay abreast of compliance requirements
- Clear accountabilities defined for delivering on compliance requirements
- Independent assessments conducted to assure legal compliance

Enhancements during the year

- Additional rigour on legal compliance processes:
  - Roll-out of Compliance Monitoring Tool to additional geographies in Africa and Emerging Markets
  - Assurance mechanism to monitor the status of compliance
  - Oversight mechanism designed for the leadership team
- Regulations having significant consequences are marked for deeper reviews for cause and remedial actions

09 Internal Controls

The lack of well-defined internal controls can negatively impact a company's profitability, business sustainability and brand value. The pandemic brought to light the shortcomings of conventional audit techniques.

Mitigation

- A well-defined COC policy covering multiple scenarios and transactions most vulnerable to fraud
- Comprehensive risk-based audit scope and plans backed by robust Internal Financial Controls (IFC) system
- A robust whistle-blowing mechanism in place

Enhancements during the year

- Deployed analytics across key audit areas for identifying red flags and potential internal control weaknesses or failures
- Renewed focus on COC through E-Learning module relaunched globally
- Rolled out Supplier COC - a document outlining supplier obligations from an ethical and ESG standpoint

10 Environment, Health & Safety (EHS) and Sustainability

Cipla acknowledges safety at the workplace as an internal priority and a regulatory requirement. We recognise the regulatory, reputational and business continuity risks of any EHS incident.

Cipla is mindful of the impact of climate change on the environment and the communities where we operate. Severe storms, flooding, accelerated melting of glaciers and frequent droughts pose a serious threat to business continuity and human safety.

Mitigation

EHS

- Corporate EHS function, independent of line functions, provides oversight on safety and operating exposures and issues standardised corporate EHS guidelines to our manufacturing sites
- Implementation of EHS Management System (EHSMS) for timely identification of potential risks
- Ensure compliance with local regulations and adopt best-in-class safety standards across all our locations
- Periodic internal audits along with Hazard Identification and Risk Assessment (HIRA)

Sustainability

- Sustainability commitments embedded in Corporate EHS Policy and local EHS procedures at the site

Enhancements during the year

EHS

- Continued enhancement of safety infrastructure and improving workforce awareness

Sustainability

- The Company sustainability programme aims to achieve carbon neutrality, water neutrality and zero waste to landfill by 2025
- Sustainability Council consisting of cross-functional team members formed to monitor the progress and accomplishment of sustainability commitments
- Increase in the usage of and investments in renewable energy
- A considerable reduction in energy consumption and increase in renewable energy consumption, leading to reduction in GHG emissions; Significant progress made on enhancing waste recycling across operations
- External third party audits of sites manufacturing antibiotic products, to asses risks from waste water management associated with antimicrobial resistance.

Financial Capital[1]

Revenue
12% Y-o-Y
Growth

EBITDA
(Operating Profitability)
350+bps
Y-o-Y margin expansion

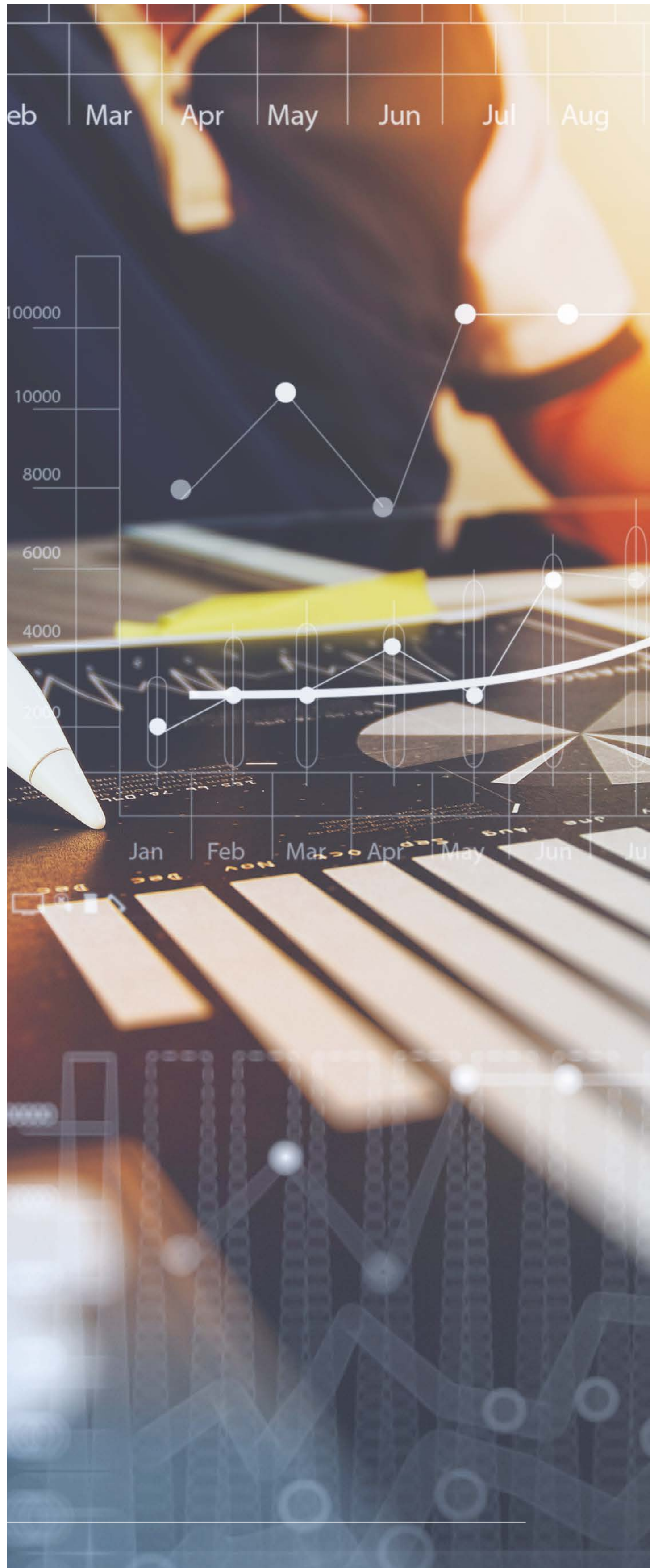
Net Profit
55% Y-o-Y
Growth

Free Cash Flow
2,856
(₹ in crore)

RoIC
750+bps
Y-o-Y expansion

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



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

At Cipla, we are committed to improving access to life-saving medicines. Our operations are backed by robust scientific knowledge that is geared towards delivering transformative health outcomes for communities. Our strategic goals are directed around building a sustainable foundation for our businesses across geographies. Our ESG goals are anchored towards reducing our environmental footprint, expanding healthcare access and building globally benchmarked governance practices.

In FY 2020-21, despite the constraints induced by the pandemic, Cipla worked to ensure access to essential medicines by maintaining uninterrupted operations across manufacturing, supply chain, logistics and distribution. Our manufacturing facilities continued to operate at healthy levels with dynamic planning and coordination between procurement and manufacturing. Across our operations, we have implemented strong safety protocols to ensure a safe working environment. Robust contingency planning and strategic inventory management for critical raw materials and finished goods enabled the Company to steer operations and deliver on our strategic priorities.

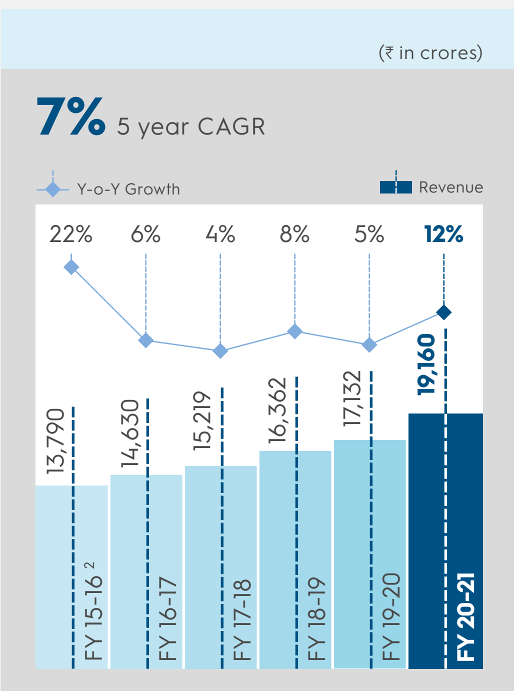
Cipla reported a solid 12% Y-o-Y growth in overall revenue, driven by respiratory unlocking in the US, diversified growth across geographies, focused portfolio execution on COVID-19 products backed by solid supply consistency to service demand across businesses. Strong cost optimisation led to 350+ bps increase in operating profitability to 22.5% in FY 2020-21. The Company also witnessed accelerated improvement in all businesses and across all financial health metrics.

The focused cost discipline and cost re-imagination efforts led to improved free cash flow generation of ₹ 2,856 crores (FY 2019-20: ₹ 1,955 crores) and net cash positive position of ₹ 1,921 crores (FY 2019-20: Net debt ₹ 807 crores), significantly strengthening the Company's balance sheet. Furthermore, the Company also reported a robust 750+ bps Y-o-Y improvement in return on invested capital (RoIC) to a multi-year high of 20.2% (FY 2019-20: 12.5%).

Cipla is committed to deepening our presence in branded markets, portfolio expansion, strengthening manufacturing capabilities and supply consistency, operational excellence, digital transformation and developing the talent pipeline to sustain the robust performance and create value for all shareholders.

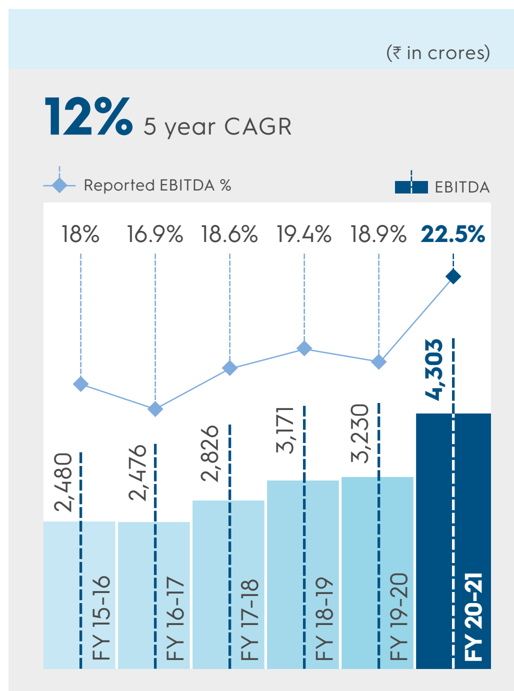
Revenue from operations:

In FY 2020-21, Cipla's revenue grew by 12% to ₹ 19,160 crores (FY 2019-20: ₹ 17,132 crores). Revenue growth during the year was driven by respiratory unlocking in the US, diversified growth across geographies and focused portfolio execution on COVID-19 products, while ensuring supply consistency to service demand across India, South Africa, Emerging markets, Europe and North America operations. The 5-year CAGR stood at a healthy 7%. Despite the pandemic, the Company demonstrated resilience in operations across geographies by maintaining strategic inventory of critical raw materials, robust supply of essential medicines and prioritising critical launches in the generics and consumer businesses. The revenue from our core portfolio, including COVID-19 products, helped offset the impact of the discontinuation of Merchandise Exports From India Scheme (MEIS) benefit on export revenue during the year. The Company will continue to focus on business re-imagination, digital engagement, identifying product opportunities, monitoring evolving demand patterns and servicing patients and healthcare professionals in the unfolding pandemic environment.



EBITDA[3]:

In FY 2020-21, the Company reported EBITDA of ₹ 4,303 crores (FY 2019-20: ₹ 3,230 crores), with an EBITDA margin of 22.5% to revenue (FY 2019-20: 18.9%). The 5-year CAGR stood at a robust 12%. Cost re-imagination initiatives, higher share of digital engagements and lower on-ground activity led to cost savings, which enabled 350+ bps Y-o-Y expansion in operating profitability for FY 2020-21. During the year, R&D activities witnessed an expected moderation post completion of large-scale gAdvair trials in FY 2019-20 as well as lower clinical trials and other developmental activities during the course of the year. However, the absolute trajectory of the spends and product filings remain intact with all priority assets progressing well and other portfolio development efforts continuing. The Company intends to preserve a good share of the structural improvements in FY 2021-22 and to continue to invest in growth opportunities across businesses.

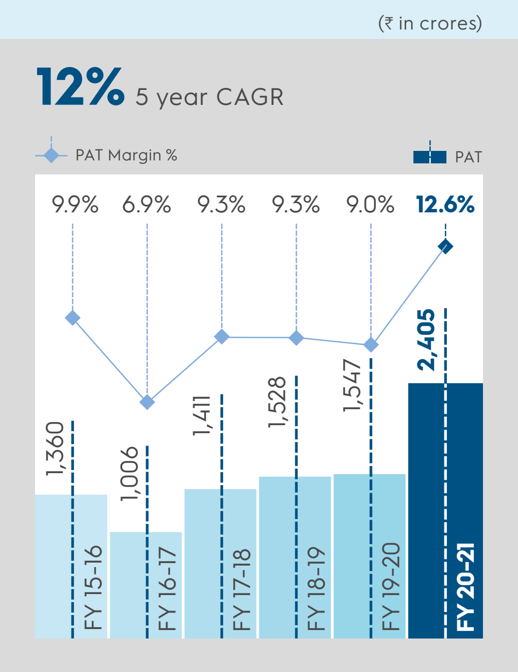


[2] FY 2015-16 includes one-time profit share of Esomeprazole and other items

[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) I FY 2015-16 includes one-time profit share of esomeprazole and other items. Normalised EBITDA for FY 2015-16 without one-off was ~14% I FY 2020-21 includes one-time income from a litigation settlement

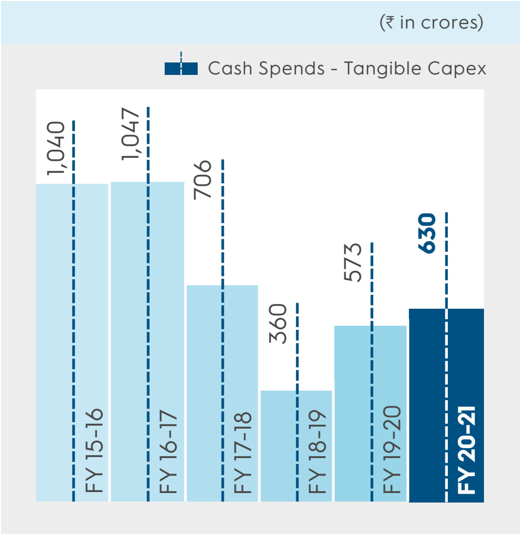
Net Profit after Tax attributable to shareholders:

The profit after tax (PAT) for the year was ₹ 2,405 crores or 12.6% of revenue (FY 2019-20: 9.0%). Robust growth in operating profitability, lower depreciation and lower interest expense on reducing debt drove PAT to a historic high in FY 2020-21. The effective tax rate for FY 2020-21 was 27%.



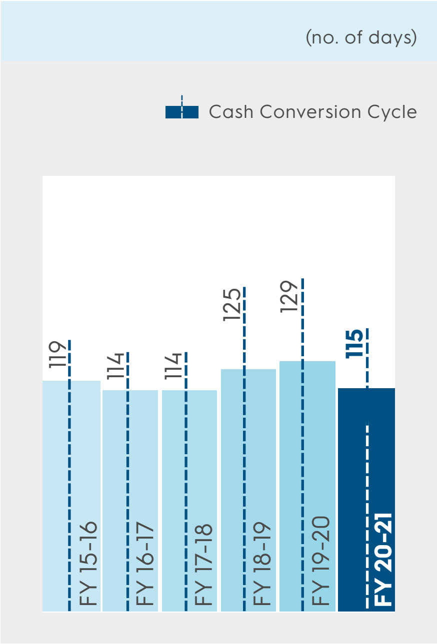
Cash Spends - Tangible Capex

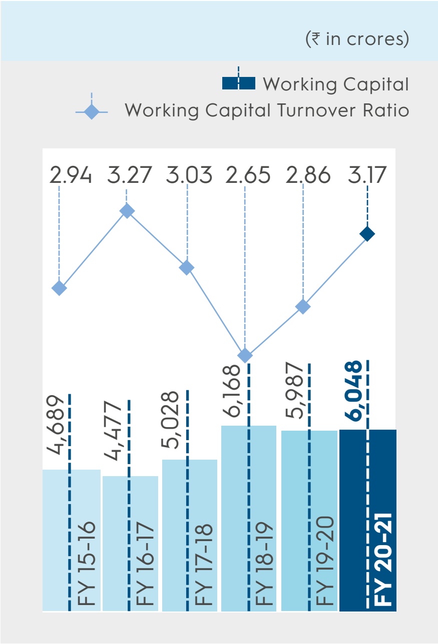
Over the years, the Company has also invested in expanding capabilities in the areas of technology, automation, safety, environment and data-systems. In FY 2020-21, routine as well as growth investments continued largely in India and China, with modest additions in USA and SAGA. The Company continues to strategically expand its footprint to capitalise on opportunities presented by evolving patient needs. These include de-risking our supply chain for respiratory and mission critical APIs as well as technological enhancements for re-imagination and automation.



Working Capital[4] & Cash Conversion Cycle[5]

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 2020-21, to maintain adequate liquidity during the pandemic, the Company proactively collected receivables, maintained higher stocks of critical raw materials and finished products, and supported suppliers and distributors so as to maintain uninterrupted supply and distribution of medicines.

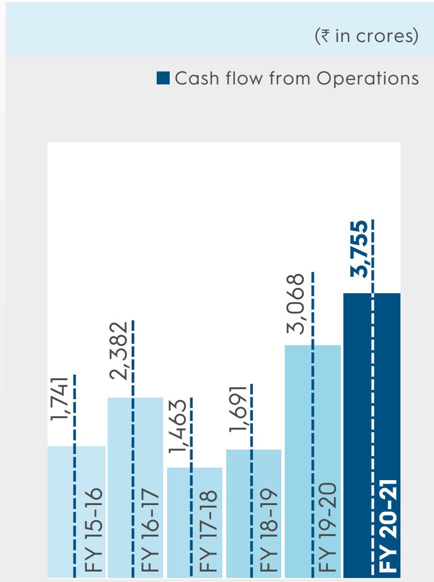


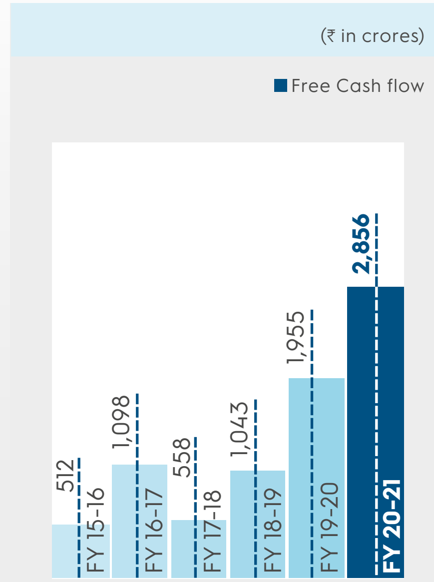


[4] Working Capital = Trade Receivables + Inventory – Trade Payables
[5] Cash Conversion Cycle = (Average Working Capital ÷ Revenue Per Day)

Cash flow from operations and Free cash flow[6]:

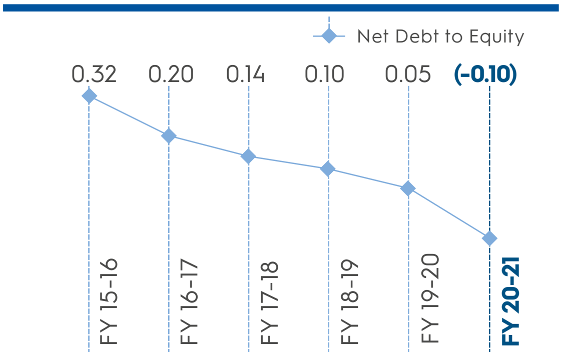
In FY 2020-21, overall cash flow strengthened further, which reflected in cash flow from operations growing to ₹ 3,755 crores (from ₹ 3,068 crores in FY 2019-20) and free cash flow growing to ₹ 2,856 crores from ₹ 1,955 crores in FY 2019-20. The robust growth in cash flow was attributed to increase in operating profitability and prudent working capital management.



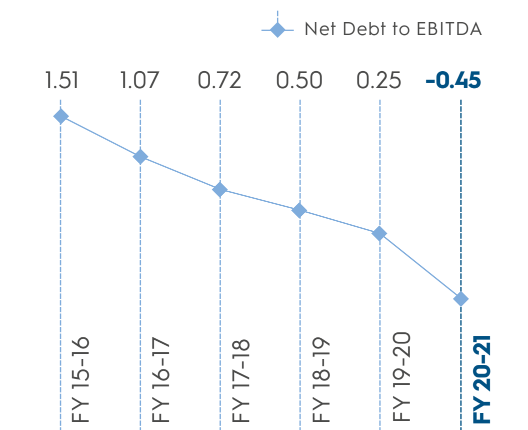


Net Debt[7] to Equity

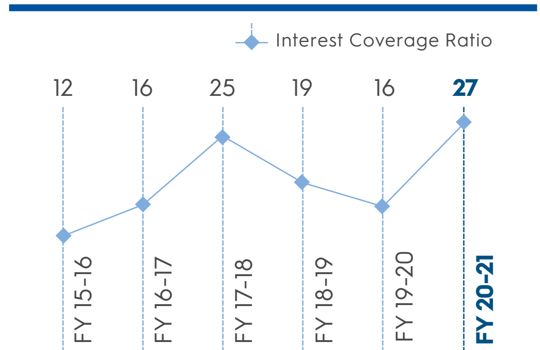
Strong free cash flow generation enabled the Company to maintain a healthy net debt-to-equity ratio, improving to -0.10 (FY 2019-20: 0.05). The Company prepaid USD 137 million term debt for InvaGen acquisition one year ahead of schedule during the year. As of 31st March, 2021, the Company's long-term debt stands at USD 138 million (FY 2019-20: USD 275 million) towards the InvaGen acquisition and ZAR 720 million (FY 2019-20: ZAR 720 million) for the operational requirements at Cipla Medpro South Africa (Pty) Limited. The Company also has working capital loans of USD 49 million (FY 2019-20: USD 41 million) and ZAR 75 million (FY 2019-20: ZAR 280 million). The Company has robust cash balances of ₹ 3,676 crores (FY 2019-20: ₹ 2,009 crores) and net cash positive position of ₹ 1,921 crores (FY 2019-20: Net debt ₹ 807 crore), significantly strengthening the Company's balance sheet. The promoter and promoter group hold 36.73% stake in the Company as on 31st March, 2021.



Net Debt to EBITDA



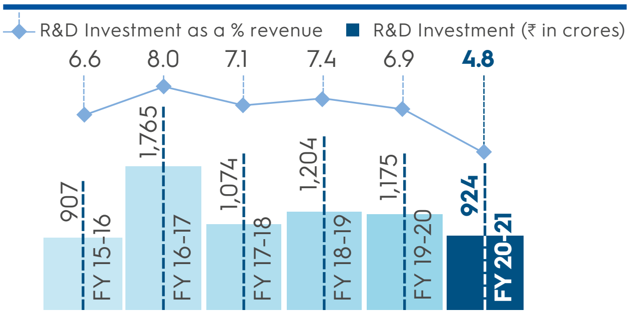
Interest Coverage Ratio[8]



6. Free cash flow = Cash flow from operations (net of tax) + interest income - interest expenses – capex (tangible and intangible)
7. Net Debt = Total borrowings less Cash and Cash equivalents including Current Investments
8. Interest Coverage Ratio = EBITDA ÷ Total Finance Cost

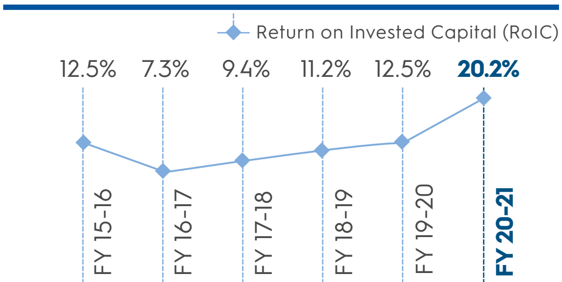
R&D Investment[9]

In FY 2020-21, the total R&D investments stood at ₹ 924 crores or 4.8% of revenue. The Y-o-Y moderation in R&D as a % of revenue was on account of higher revenue and lower R&D spends led by completion of large-scale gAdvair trials in FY 2019-20 as well as lower clinical trials and other developmental activities in wake of the pandemic and impact of the lockdown in FY 2020-21. The Company continues to track the progress of priority projects and to maintain healthy investments in the developmental pipeline. The Company expects R&D spends to increase as select respiratory assets progress into clinical trials. Cipla's complex product pipeline consists of respiratory products, para IV opportunities and partnered peptide injectables.

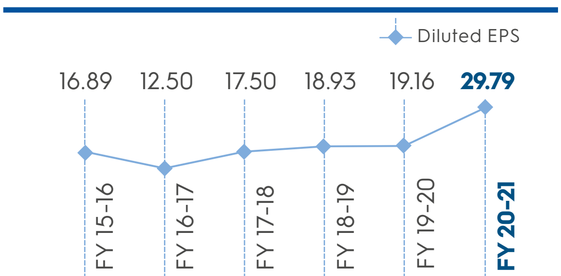


Return on Invested Capital (RoIC)[10]

In FY 2020-21, the business delivered a historic high RoIC of 20.2% (FY 2019-20: 12.5%). The 750+ bps expansion was driven by focus on growth, margin expansion, robust cost discipline and governance. In FY 2021-22, the Company will continue to focus on superior execution, portfolio expansion and continued cost discipline, to sustain the high returns trajectory over the near-to-medium term.

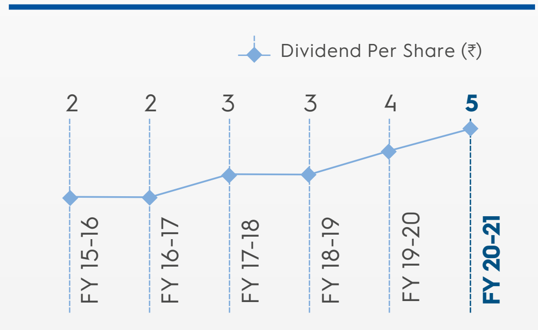


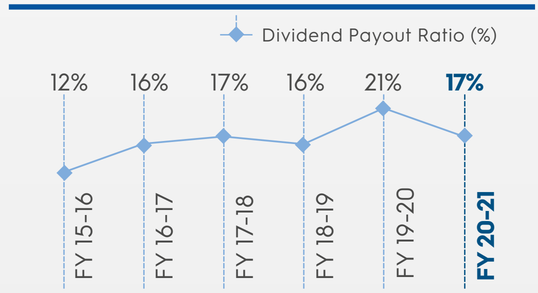
Earnings Per Share – Diluted



Dividend Per Share & Dividend Payout Ratio

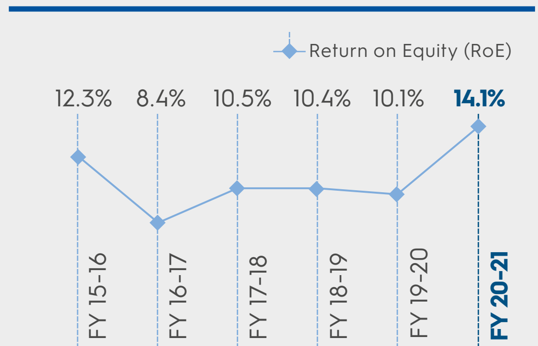
In FY 2020-21, Cipla has increased the dividend per share in-line with growth in the overall profitability. The dividend per share for the year was ₹ 5 (FY 2019-20: ₹ 4) and the dividend payout ratio was 17% (FY 2019-20: 21%).





Return on Equity (RoE)[11]

Cipla has strategically invested across businesses to deliver robust operating efficiency, long-term growth and value to our stakeholders. In FY 2020-21, the Company delivered sharp improvement of 400+ bps in RoE to 14.1% (FY 2019-20: 10.1%). The Company intends to retain the high trajectory over the near-to-medium term.



[9] Opex including deprecation as a % of revenue
[10] RoIC = EBITDA - depreciation & amortisation ÷ Average [(Fixed assets including goodwill + Current assets excluding cash and cash equivalent) - Current liabilities excluding borrowing)]
[11] RoE = PAT (after non-controlling interest) ÷ Average Shareholder's Funds (excluding non-controlling Interest)

Manufacturing Capital[1]

Capacity (in units) FY 2020-21

33 billion
Tablets and Capsules

132.30 million
Aerosol pMDI

11 million
Lyophilised injections

808 million
Repsules

52.30 million
Nasal Sprays

84.20 million
Oral Liquids

2.50 million
Form-fill seal eye-drops

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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

STRATEGIC FOCUS AREAS

- Systems and Processes
- Ensuring product quality and safe product destruction
- Pharmacovigilance
- Data Integrity and Digitisation

Cipla's product pipeline has delivered through 46 state-of-the-art manufacturing facilities across five countries. Continued capital investments ensure that our facilities operate with enhanced efficiencies, even as the Cipla quality assurance team ensures compliance to the highest standards of technical and quality specifications globally. We are committed to responsible manufacturing practices that are focused on improving resource efficiency, while providing safe working conditions for all. Our aspirations are supported by over 50 loan licensees for contract manufacturing of our products.

Enhancing capabilities and processes

Cipla produces over **1,500** generic and biotech products in more than **50** dosage forms across **65** therapeutic categories in our owned and contract manufacturing facilities that adhere to the highest technical, quality and safety standards.

We rapidly adopt new-age technology solutions and streamline costs, processes and methodologies to improve yields and efficiencies. We nurture a robust alternate vendor network to mitigate supply risks across our manufacturing value chain.

Our facilities are upgraded regularly to meet evolving Current Good Manufacturing Practices (cGMP), and EHS - Environment , health & safety standards.

This year, we added multiple new lines at our sites to meet growing domestic and export demand. We have shut down the Cephalosporin liquid line due to its low demand.

Automation and technology-driven transformations keep us relevant and competitive, while enabling us to achieve operational excellence.

Industry 4.0

Even as digital analytics and automation are redefining the benchmarks of performance in pharma operations, they are also catalysing changes in terms of enhancing equipment availability, unlocking capacity and ensuring environmental sustainability. The twin engines of analytics and automation are set to completely transform the way of working on the shop floor and usher in a paradigm shift towards a lean and transformed manufacturing network. This will translate into agile dispensing-to-despatch operations, tight adherence to inventory stock norms, etc. The adoption of Industry 4.0 is enabling a revolution in manufacturing, with pharmaceutical companies globally adopting technologies such as Digital, Robotics, Augmented/Virtual/Mixed Reality with great success.

At Cipla, over the past few years, we have set up several foundational elements to drive the Company's digitisation and automation plans. At the primary level, we have installed sensors on most equipment that enables us to capture and process data. The next step would be 'smart sensorisation' of key equipment and utilities to further enhance process capability and effectively monitor our energy and water footprint. In terms of operating technology, we have begun structuring and storing data through implementation of systems such as Supervisory control and data acquisition, Distributed control system, etc. The Company is also in the process of moving to a best-practice data-lake that will help us to efficiently manage and process the extensive amount of data. The new journey that started with the adoption of cloud-for-business systems will be expanded to manufacturing and operating technology data in a scalable manner. Our aspiration is to create plants of the future in a digitally native organisation, that will transform the lives of our people and all our stakeholders.

Continuous coater

We are introducing a new technology to move from a batch coater system to a continuous production process system, to reduce time spent in material handling and changeover between batches. The system improves the coating uniformity of tablets and reduces rejections. It also shrinks the overall time taken for production and assures quality consistency at coating stage.

Blend Uniformity

We are deploying analytical process tools to improve mixing uniformity by testing the uniformity of materials in the blender in real-time and a pilot project is under implementation at our Indore site. These tools help early detection of anomalies and reduce faulty batches, while cutting down on time-consuming manual sampling and testing. Notably, the device also results in significant cost efficiencies.

Process and Engineering Automation of Critical Process Parameters (CPP)

Cipla active pharmaceutical ingredients (API) plants are integrating field instruments with Programmable Logic Controller (PLC) and Human Machine Interface (HMI) systems for controlling temperature, relative humidity, nitrogen flow and pressure. The automated systems offer real-time performance analytics and insights to enhance product safety and efficacy for Cipla APIs. The implementation will be conducted in three phases over the next three years across our manufacturing units.

Production Planning and Detailed Scheduling

Cipla has rolled out a pilot project to implement a "Production Planning and Detailed Scheduling" tool from SAP to improve resource and capacity utilisation. The tool creates planned orders and production schedules considering different variables to get optimum production schedule.

Automated Delivered Dose System

As part of the re-imagination strategy, Cipla is in the process of implementing equipment testing of Delivered Dose Uniformity (DDU) in Metered Dosage Inhalers and has approved a pilot project for the same. The system will fully automate all the key steps of the DDU sample-test preparation and ensure the safety, quality and efficacy of orally inhaled and nasal drug products. The system can manage six batches or 60 canisters at a time without any user intervention. It can complete sample preparation of 60 devices within 14 hours and load the same onto the High Performance Liquid Chromatography (HPLC), as compared to 81 person-hours being taken at present. The new system is under implementation at our Indore plant.

Ongoing projects

We continue to scale-up ongoing automation projects, including implementation of the SAP-based maintenance module and expanding the existing Supervisory Control and Data Acquisition (SCADA) system at all our sites.

The deployment of these systems has increased efficiencies, reduced manual interventions and delivered real-time business insights.

The barcode system that helps us to track the movement of raw materials in the warehouse i.e. from receipt to storage and dispensing, is now also being extended to API sites across the Company. Unique barcodes have eliminated the possibility of human error, while ensuring accurate dispensing, labeling and prevention of mix up between raw materials and packing materials. The system is integrated with the Company's core SAP network to provide greater transparency and control of data, as well as meet requirements of regulatory agencies.

We are building 'Touchless Factory', integrating SCADA, e-track and other tools, to reduce manual interventions, rapidly deploy Industry 4.0 and improve overall quality, productivity and service levels.

Cipla's robust system and process framework to monitor counterfeit drugs continues to gain strength. Automated Track & Trace systems, unique serialisation of products intended for the European Union (EU) and serialisation on primary packaging for all US-bound products continue to help us manage our operations safely.

Digitisation[2]

We are transforming Cipla to become a digital-first company in a connected world. Key digitisation initiatives undertaken through FY 2020-21 include:

Wearable computers

Cipla uses head-mounted computers to conduct virtual audits, including MHRA and FDA audits, along with plant and depot tours. This equipment ensured employee safety as we continued production through the COVID-19 pandemic.

Cybersecurity

We have invested in state-of-the-art cybersecurity tools to keep our operations safe. As part of our operations, we conduct comprehensive training and awareness sessions for employees to reiterate the importance of cybersecurity, especially as they moved to a "Work-from-Home" model during the COVID-19 pandemic.

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

Quality

Cipla's assurance of quality and affordable medicines has withstood the test of time for over eight decades. Patients worldwide trust Cipla as a trustworthy brand that has consistently adhered to quality standards across all operations, including procurement, manufacturing, delivery and safe product disposal.

Quality Focus Areas

- Embedding a quality culture across the organisation through the TRUST initiative
- Enhancing the skills and competencies of our employees to deliver high-quality output
- Leveraging the power of data and automation to improve processes

The Cipla Corporate Quality Assurance (CQA) team is responsible for driving the Company's quality mandate. Defined Standard Operating Procedures (SOP) and enabling-policies ensure compliance through the product lifecycle. Procedures get revised time to time based on regulatory updates. The team tracks data across the manufacturing and supply chain, reviews metrics and operational data. They conduct periodic internal audits to monitor effective implementation of standards, systems and compliance to cGMP.

The Quality by Design (QbD) team and Development Quality Assurance (DQA) team work closely with the Company's Research & Development unit to ensure adherence to prescribed standards, covering clinical trials, technology transfer and molecule development.

Quality evaluation parameters for Cipla vendors and suppliers also align with the cGMP, requirements of in-house standards, SOP and industry regulatory standards. In FY 20-21, there have been, 15 recalls involving 86 batches. Out of which 5 products belongs to Class II and remaining under Class III. 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.

Quality Targets at Cipla FY 2021-22

- **All-time audit readiness**
- **Regulatory audit observation responses to be closed within defined timeline**
- **All plants to be in a state of control and compliance**
- **Improving aseptic practices in sterile operations to reduce microbiological excursions**
- **Right-First-Time (RFT) for all batches manufactured**
- **No overdue investigation**

Cipla achieved all the quality targets that it had set for FY 2020-21 successfully

Quality Highlights - FY 2020-21

24 Regulatory inspections
-WHO (Geneva), EDQM(EU), MCAZ (Zimbabwe), German Health Authority (Germany), USFDA(USA) and CDSCO (India)

Zero Data Integrity related observations

ISO 13485:2016 certification by BSI

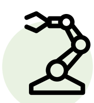
75
Client Audits

59
Internal Audits

Manufacturing approval for Patalganga, Kurkumbh & Goa for Remdesivir (API & FP)

Quality Control

Best-of-breed automation technologies increase the efficiency, capacity and capability of Cipla's quality control processes. Key process automation undertaken for quality control in FY 2020-21:



1 Robotics-enabled Tool

Cipla has initiated the pilot implementation of a robotics-enabled tool for effective environment monitoring through settle plate, surfaces and air sampling during manufacturing, thus improving quality assurance and business continuity. The supporting system stores the monitoring data for faster investigation without human intervention.

2 Quality Laboratory Capacity Planning Tool

We have deployed digital tools for resource planning at four of our QC labs to improve scheduling, asset utilisation and RFT testing.

Developing a robust culture of quality

At Cipla, we have an inherent culture of quality adherence and compliance that aims for zero defect. We encourage systematic interventions to meet or exceed quality standards, including those set by CDSCO, USFDA, MHRA, TGA, MCC, WHO[3] and others.

Keeping with Cipla's continuous endeavours to strengthen and build the manufacturing technical capabilities, the Company has embarked on instituting academies like Lean Six Sigma Academy, Manufacturing Science & Technology Group Academy, Engineering Academy and Digital Centre of Excellence Academy. These academies transcend across the spectrum of essential tools and techniques, that include:

- Building models to resolve challenges related to Product and Process Robustness
- Basic Engineering
- Maintenance and Reliability
- Shutdown and Projects
- Sterile Engineering
- Supplier Integration and Digitalisation
- Lean Six Sigma Toolsets
- Industry 4.0, basics of advanced analytics
- Deep-dive into role of translators and data engineers
- Deep-dive into understanding of modelling and performance
- Four pillars of transformation

The certification is done through tailored learning journeys that encompass training, examination and hands-on experience in projects and field assignments.

Gurukul Learning Academy

1 The Academy helps Cipla build a robust talent pipeline of laboratory analysts and micro-biologists to improve operational efficiencies. During the year, the academy trained 320 analysts through 19 virtual sessions.

Respiratory Academy

2 The Academy focuses on building technical capabilities of quality analysts for respiratory analytics. Experts across Cipla conducted a 21-day programme for 43 analysts through videos, presentations, soft skills and equipment demos utilising a blend of theory, practical and hands-on exercises.

[3] CDSCO - Central Drugs Standard Control Organisation; USFDA – United States Food and Drug Administration; MHRA - Medicines and Healthcare Products Regulatory Agency; TGA - Therapeutic Goods Administration; WHO – World Health Organization

These initiatives have reduced non-conformances related to skill-related issues, prepared a ready-to-deploy pool of skilled analysts and increased productivity per analyst. Post their training, trainees achieved a stellar 99.97% 'RFT' performance on tests vis-à-vis the Not Less than (NLT) benchmark of 98%.

TRUST

Towards a Robust, Unified and Sustainable (quality) Transformation or TRUST is a programme that promotes a culture-led quality transformation within Cipla through behavioural change, peer learning, engagement and capability building. It covers 25 units across Formulation and API in India. The programme aims to improve the overall 'TRUST' culture index and build the investigation capability.

The key interventions under the TRUST programme are:

- Communication and motivation to encourage and demonstrate the right behaviour towards achieving quality excellence
- Targeted leadership interventions and Gemba walks for oversight as well as promotion of role-modelling
- Best-practices campaigns to enable peer learning among associates on the shop floor, and drive targeted behavioural shifts
- Capability building of trainers and associates on quality behaviour for problem-solving and investigation effectiveness
- Strengthening of daily Performance Dialogues for effective engagement
- Structured quality recognition programme to encourage proactiveness and promote quality-related practices
- Lean governance to instill holistic quality and delivery metrics

Highlights of the Company-wide rollout of TRUST in FY 2020-21:

Cultural diagnostic exercise covering

900

associates with

86

focus group discussions and

46

structured interviews.

>90%

participation of Associates in Pulse Survey

400+

weekly forums conducted, and 13 associates trained in investigation certification

500+

investigators and reviewers trained in Rubrics methodology across formulation and API

4,300+

GEMBA walks across shop floors and laboratories

1,800+

associates recognised for their quality contributions across formulation & API in FY 2020-21

All these initiatives have resulted in an improved Investigation Quality Score (IQ Score) of 87% against a baseline of 70% across Cipla in India, and the pilot sites of Goa registering a notable 20% ascent on the TRUST Quality Culture Index.

Safe product destruction

Disposing medicinal products safely is critical in the pharmaceutical industry. It prevents disposed products from being re-used accidentally or intentionally and averts resale of defective and expired products. It also prevents residues from impacting the environment.

We at Cipla have established detailed guidelines and SOPs to ensure the safe destruction of products, carried out under the supervision of a designated officer. Records of expiry dates and defects for all medicines received by the Company are maintained, and product deactivation is done as per standard procedures. All expired or defective products are disposed through incineration at Treatment, Storage and Disposal Facility (TSDF) or sent for co-processing to cement factories. All our sites have Hazardous Waste Authorisation from the State Pollution Control Board for such destruction.

Data Integrity and Data Security[4]

Cipla follows a robust Quality Management System (QMS) to ensure adherence to standards, and makes our manufacturing system robust, improves productivity and provides data and product integrity across our value chain.

As part of data security, we have published and digitally shared 25 Information Security Policies & Guidelines. The Acceptable Usage Policy & Guideline covers the Dos & Don'ts for employees and recommends corrective action for security policy violations. The Incident Management Policy covers user-response to any incident, business continuity or contingency plans, even as incident response procedures for data security and recovery plan

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

are in place for data security, availability and integrity. The Disaster Recovery plan is tested annually. A third-party managed Security Operations Centre (SOC) oversees vulnerability analysis and runs quarterly vulnerability assessments and annual external penetration testing. Our operations are certified by ISO 27001 and National Institute of Standards and Technology (NIST).

Details on cyber-security related measures and enhancements during the year are provided under the Enterprise Risk Management Section on page 57 of this report.

TrackWise

Cipla has implemented 'TrackWise', a software platform to digitise quality management systems at our sites in India and overseas. The Company's QMS data covering Complaint Management, Deviation Management, Corrective Action and Preventive Action (CAPA), Vendor Management, Laboratory Investigation Procedure for Laboratory Non-Conformance, Lab Incidents, External Audit Management and Contract Testing Lab (CTL) Audit Management resides on this platform. These systems have improved our overall transparency and risk management.

Customer complaints received by Cipla are also logged in TrackWise. It captures findings of investigations conducted to identify the root cause of each complaint. The recommended CAPA is generated and progress is monitored through TrackWise. The complaint stays alive in the system till resolution and closure to avoid gaps.

During the reporting period, 2,553 complaints were resolved and 589 complaints are under the process of resolution[5] as per the Company's policy.

Pharmacovigilance[6]

We have a stringent global pharmacovigilance system to detect and assess any adverse effects of our medicines on patients. A comprehensive approach covering redressal of drug safety-related complaints, and following standard operating processes assures the safety of our products beyond compliance.

In case of any adverse effects, patients can approach us through several channels, including a dedicated phone line and mailbox. We engage with patients regularly for safety profiling of drugs. Cipla field teams are sensitised on the importance of patient health and safety. Our pharmacovigilance team monitors relevant trends and has access to the latest learning tools to stay informed about industry developments and to ensure our products have a favourable risk-benefit profile.

In FY 2020-21, Cipla expanded the pharmacovigilance system in Colombia, Brazil and Uganda and re-organised the system in Australia. We advanced the digitisation of the system and initiated the upgrade of Cipla's central product database which will integrate global product list with regulatory information.

During the year under review, there were no regulatory inspections for pharmacovigilance team owing to COVID-19. We achieved 98.9% compliance towards reporting adverse event cases to the regulatory bodies.

[5] Includes complaints that are logged manually (and not in TrackWise) for contract manufacturing organisations (CMO) of South Africa and USA. These complaints are yet to be integrated in Trackwise. I Information in line with BRR Principle 1, Question 2

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

Intellectual Capital[1]

1,280
Cumulative DMFs

139
Cumulative US DMFs

253*
Cumulative ANDAs/NDAs

6
R&D units

263
Patents granted till date

81
New products launched in FY 2020-21

₹ 924^ crores
R&D expenditure in FY 2020-21

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

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

* Includes under approval, tentatively approved, approved ANDAs/NDAs/ PEPFAR ANDAs for Cipla /InvaGen /Partner

^ Opex including depreciation

STRATEGIC FOCUS AREAS

- Strengthening our R&D
- Focus on Intellectual Property
- Focus on innovation
- Digitisation
- Partnerships and alliances

A culture of innovation is deeply embedded in the ethos of Cipla, with innovative thinking being integral to fulfilling our purpose of 'Caring for Life'. We believe that our commitment to continuous innovation in process and yield improvement helps us to deliver on our promise of delivering affordable medicines to an increasing number of patients across the world, while allowing us to maintain cost efficiencies.

Active management of our intellectual property (IP) is an essential part of Cipla's business. Our IP gives us a competitive advantage in the marketplace and is recognition of our leadership in research capabilities in the industry. The Company's timely and dedicated investments in research and development (R&D) capabilities help us grow our portfolio across various segments and disease categories. Backed by state-of-the-art laboratories and a pool of exceptional research talent, the Company is well-positioned to deliver accessible and affordable drugs across markets globally.

Recognition in FY 2020-21

- Cipla featured in

  11

  publications and journals of national and international repute, for our work in the therapeutic areas of respiratory, infectious diseases, ophthalmology and neurological sciences.

- We presented

  13

  papers at various respiratory conferences and won six awards at premier international and national conferences, including the 8th International Workshop on Lung Health and National Conference on Pulmonary Diseases.

Strengthening our R&D[2]

Cipla's growing patent and product portfolio is a testament to the strengths and capabilities of our 1,600+[@] talented pool of R&D colleagues. Their contribution are crucial for Cipla to continue to create sustainable social and financial benefits for all stakeholders of the Company. As on 31st March, 2021, the Company's R&D footprint covered six state-of-the-art R&D facilities located in New York (USA), Maharashtra and Karnataka (India).

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

[@] Includes 317 R&D colleagues of our wholly owned subsidiary Sitec Labs Limited

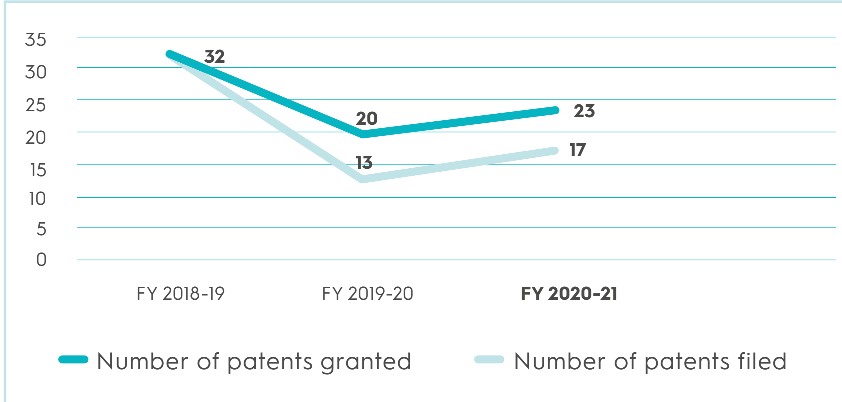
In FY 2020-21, we invested 4.82% of consolidated revenue from operations on R&D, in line with our purpose to develop medicines to address global health challenges. In addition, we are proactively engaging with regulators to develop and market critical drugs essential in fighting COVID-19.

Starting last year, we made a strategic shift in our product portfolio approach by apportioning a larger share of resources to develop complex generics products that have limited competition and potential to generate higher revenues.

Learning and development initiatives for our R&D colleagues

We continuously encourages our scientists to enhance their capabilities. The Company has spent around **6,800 hours** upskilling R&D colleagues on the International Council for Harmonisation guidelines through the mobile application **'RegSquare'**. We have improved regulatory intelligence amongst our R&D colleagues by providing an user-friendly virtual information platform i.e. Cipla Regulatory Intelligence Shared Portal (CRISP). We have also been conducting a series of interactive sessions, called Tech Talks, which have enabled our R&D colleagues to enhance capabilities in peptides, polymorphs, nitrosamines, microspheres and liposomes through cross-functional expert interactions.

Building our Intellectual Property

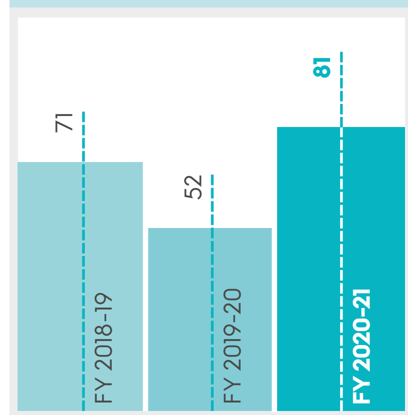


As a pharmaceutical company, the active management of IP is an essential part of our business strategy. Cipla files patents for newer processes / newer products / newer drug delivery systems / newer medical devices/ drug re-purposing in both local and international markets. At the same time, equitable access to healthcare is rooted in our humanitarian purpose of 'Caring for Life'. Hence, Cipla follows a flexible approach in enforcing our patents for select therapies and geographies, allowing accessibility of medicines in the under-developed and under-served markets. During FY 2020-21, there was no adverse order or case filed against the Company for IP Rights relating to traditional knowledge.

Expanding our product portfolio

During FY 2020-21, we saw a significant rise in new products with 81 products launched around the world. In India, we accelerated product development with right prioritisation and focused execution on launches. In South Africa, the South African Health Products Regulatory Authority (SAHPRA) started the Backlog Clearance Programme, which reduced our review and approval cycle, and helped us launch more products. In the EU and Emerging Markets, our development cycle was supported by new agreements with business partners and the easing of regulatory and geopolitical constraints.

New Products Launched



Geography-wise product launches in FY 2020-21

25 products launched in Emerging Markets including:

- FPSM DPI (Ciphaler)
- FPSM SB
- Foracort
- Lenalidomide Capsules 5/10/15/25 mg
- Icatibant Injection
- Tadalafil Tablets
- Pregabalin Capsules

13 products launched in US including:

- Dihydroergotamine Mesylate Nasal Spray 4 mg/ml
- Icatibant Injection PFS 10 mg/ml
- Dimethyl Fumarate DR capsules, 120/240 mg
- EET: Efavirenz and Emtricitabine and Tenofovir Disoproxil Fumarate Tablets, 200/300/660 mg (gAtripla)
- Albuterol MDI

19 products launched in India including:

- Vysov-M: Vildagliptin 50 mg + Metformin Tablets 850/1,000 mg
- Nintib 100/150 mg: Nintedanib Soft Gel Capsules 100/150 mg
- Tofajak: Tofacitinib Tablets, 5 mg
- Rivazest : Rivaroxaban Tablets 2.5/10/15/20 mg
- Glycohale FB: Glycopyrronium +Formoterol + Budesonide DPI 25/12/400 mcg
- Forcort Synchrobreathe 400mcg

16 products launched in Europe including:

- Ipratropium Salbutamol Respules
- Fluticasone MDI
- Posaconazole Tablets 100 mg
- Fexofenadine Tablets 120 mg

8 products launched in South Africa including:

- Oxymetazoline Nasal Spray 0.025% and 0.05%
- Cotrizid- : Sulfamethoxazole, Trimethoprim, Isoniazid and Pyridoxine Tablets 800/160/300/25 mg
- Lenalidomide Capsules 5/10/15/25 mg
- Atazanavir and Ritonavir Tablets 300/100 mg

Noteworthy products[3]

Cipla's consistent focus is on addressing unmet patient needs. We launched key products that address some of the most pressing healthcare challenges of our times. We brought several new drugs to Indian patients on Day 1 of Launch on Expiry (LOE), coinciding with their global launch. These include Nintedanib Capsules and Tofacitinib Tablets. Some of our noteworthy products are as follows:

1 Nintedanib Capsules

We launched Nintedanib Capsules to treat IPF under the brand name Nintib. This launch marks another milestone in the Company's decade-long commitment to treat IPF, a rare lung disease that impacts 10 in 100,000 people. The product was developed using the Quality by Design (QbD) approach to ensure its quality, safety and efficacy

2 Tofacitinib Tab lets 5 mg

Rheumatoid arthritis, a disorder that affects the joints, has a prevalence of nearly 0.75% in India[4], i.e. about 7 million patients. Cipla brought Tofacitinib Tablets, which are used to treat certain types of arthritis (including rheumatoid arthritis), to the market in five short months. We met the Launch on Expiry date using a science-based approach to refine the development process and used the cost-effective and efficient manufacturing process.

3 Quadrimune

Quadrimune is a powdery and granular HIV drug. The medication tastes like strawberries, which makes it easier for children to consume. Quadrimune does not need refrigeration, which makes it a feasible solution in developing countries that face irregular electricity supply and refrigeration issues. South Africa has the largest HIV seropositive population in the world, at 7.2 million cases[5]. Cipla has entered into an agreement with the Drugs for Neglected Disease Initiative (DNDi), Stellenbosch University, and Tygerberg Hospital in Cape Town, South Africa, for carrying out an assessment of the use of a 4-in-1 formulation in HIV-exposed and infected neonates. Further details of the study can be found in 'clinical research' section below.

[3] Information in line with BRR Principle 2, Question 1
[4] https://pubmed.ncbi.nlm.nih.gov/8310203/
[5] https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(19)31634-4/fulltext

Engagement with regulatory bodies and other stakeholders

Regulatory Bodies

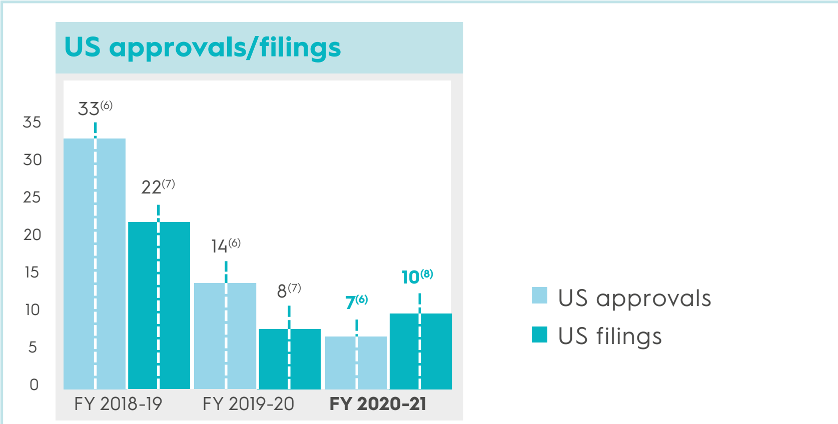
- US Food and Drug Administration (USFDA)
- Brazilian Health Regulatory Agency (ANVISA)
- Medicines and Healthcare Products Regulatory Agency (MHRA)
- China Food and Drug Administration (CFDA)
- World Health Organization (WHO)
- Drug Controller General of India (DCGI)
- Theraputic Goods Administration (TGA)
- South African Health Products Regulatory Authority (SAHPRA)

Cipla partners with regulatory authorities globally to align on innovative approaches, scientific discussions and prioritisation for filing and lifecycle management of Drug Master Files (DMFs), Abbreviated New Drug Applications (ANDAs), New Drug Applications (NDAs) and Marketing Authorisations (MAs).

We represent as experts in the standard setting process of European Directorate for the Quality of Medicines (EDQM) and Healthcare and the United States Pharmacopeia, for global acceptance of Cipla standards.

ANDAs approved:

- Albuterol
- Colesevelam Hydrochloride Tablets, 625 mg
- Dihydroergotamine Mesylate Nasal Spray, 4 mg/mL (1 mL Vial)
- Icatibant Injection, 30 mg/3 mL (10 mg/mL) Prefilled Syringe
- Dimethyl Fumarate Delayed-Release Capsules,120 mg and 240 mg
- Tavaborole Topical Solution, 5%
- Sumatriptan Nasal Spray USP, 20 mg



About 48% of Cipla's ANDAs were granted priority review in the past three years. 12 submissions of the COVID-19 portfolio, including Remdesivir and Favipiravir, were reviewed and approved by the DCGI on priority.

Successful filings in FY 2020-21 include:

Regions	Successful filings	ANDAs approved	Product launches	DMFs
US including PEPFAR	11#	7	13	9*
South Africa	4		8	2
Europe	10		16	2
Australia & New Zealand	9			4
India	22		19	2
International countries in emerging markets and SAGA	213		25	12
Total	**269**	**7**	**81**	**31**

*includes 6 amendments
Includes one PEPFAR NDA

[6] FY 2018-19 approvals include final and tentatively approved US ANDAs and final approved PEPFAR ANDAs. FY 2019-20 approvals include final and tentatively approved US ANDAs. FY 2020-21 approvals include final approved US ANDAs
[7] FY 2018-19 filings include US ANDAs/ PEPFAR ANDA/Partner ANDA. FY 2019-20 filings include US ANDAs and PEPFAR ANDAs
[8] FY 2020-21 filings includes US ANDA, US NDA , PEPFAR ANDA, partner ANDA

Academic partnerships

Cipla partners with renowned academic and government institutions to enhance R&D capabilities. We collaborated with the Council of Scientific and Industrial Research Laboratory - Indian Institute of Chemical Technology (IICT), Hyderabad to develop Favipiravir, which has accelerated clinical recovery in COVID-19 patients with mild to moderate symptoms.

We partnered with government institutions like Indian Institute of Science, National Chemical Laboratory, Raja Ramanna Centre for Advanced Technology for Solid State studies, Novel Polymorph, Peptide Characterisations and others. We conducted solid-state chemistry activities in collaboration with the Indian Institute of Science Education & Research.

Combating COVID-19

In addition to Favipiravir, the Remdesivir Active Pharmaceutical Ingredient (API) and Formulation was developed and rolled out in less than three months post-licensing from Gilead Sciences, Inc., the US-based pharma company. Cipla is also working on novel formulations of Remdesivir to improve patient compliance and performance. For more details on Cipla's initiatives to combat COVID-19, refer to the Relationship Capital section on page 100.

Clinical Research

The specific focus of clinical research is to determine the efficacy and safety of complex and specialty formulations. At Cipla, a range of clinical trial methodologies are adopted, including in silico (on a computer chip), which is a hybrid system of computer-aided and living systems (animal models), and standalone in vivo or in vitro systems. With a strong pipeline of complex generic formulations for respiratory products, aggressive in silico clinical trials are conducted to rationalise drug development costs. We also undertake the complex analysis of profiling impurities in various formulations and in vitro or in vivo correlations for immunogenicity assessment on Peptide products.

At Cipla, we have strengthened our ability to foresee regulatory queries and take proactive action on dossiers to accelerate the approval. For instance, we conducted toxicity studies before submitting the dossier on 'Peptide and Fermented products' to generate relevant data ahead of time and avoid delays in the approval.

The Company follows the guidelines of the International Council for Harmonisation and the local Good Clinical Practices (GCP), while ensuring compliance with ethical requirements, guidelines and regulations of the concerned jurisdictions for conducting clinical studies and trials. We register our trials with the Clinical Trial Registry-India (CTRI) (http://ctri.nic.in) and on ClinicalTrials.gov (USA), amongst others, before starting them. Clinical trials (involving healthy subjects and patients) are administered with the highest safety standards and applicable international regulations.

Cipla has deepened our capabilities to design and execute comparative human factor, validation and usability studies for medical devices and flow profile studies. These are critical requirements to obtain the approval for the DPI device in markets such as Europe and Australia. We are working with external experts to develop clinical reports for devices to meet evolving regulatory requirements of the European Union and to undertake scientific reporting for regulatory purposes such as pre-IND document, Orphan Drug Designation Request document, etc.

Clinical research and development: Highlights of FY 2020-21

- In vitro permeation testing methodology to establish bioequivalence of topical products was developed at Clinical Research Department.
- Regulatory feedback was solicited and 58 bioequivalence trials were completed on schedule, with no compromise on quality or compliance.
- Clinical Research Department executed clinical trials in asthmatic and Chronic Obstructive Pulmonary Disease (COPD) subjects. It enrolled cumulatively more than 200 subjects. The data from the clinical trial supported our regulatory filings and approvals.

Clinical trial for HIV cure for paediatric use - Quadrimune

Rapid initiation of anti-retroviral therapy (ART) at birth is recommended as 'presumptive' treatment for neonates who face a high risk of HIV. However, the lack of dosing information and appropriate formulations makes initiating ART in neonates a challenge. Cipla and Drugs for Neglected Disease Initiative, a not-for-profit R&D organisation, partnered to develop a child-friendly, 4-in-1 paediatric anti-retroviral drug combination. We conducted trials to evaluate the pharmacokinetics (PK), safety and acceptability of the formulation in 16 neonates.

Findings

The study found that none of the neonates had difficulty swallowing the formulation nor reported any adverse effects. The high doses of Abacavir (ABC) and Lamivudine (3TC) present in the 4-in-1 fixed-dose combination (FDC) were safe in neonates following a single dose. However, the Lopinavir / ritonavir (LPV/r) exposures at this level were extremely low and needed a significant increase in dosage to achieve therapeutic exposures. The increased dosage was not recommended for neonates. Therefore, the study concluded that this FDC was not suitable for neonates. In the future, other solid LPV/r granule formulations and dispersible ABC/3TC FDC tablets with different drug ratios may be investigated for neonates.

Innovation-led business growth[9]

Innovation is at the core of what we do at Cipla. It enables us to develop high-quality drugs that address unmet patient needs, while enhancing the efficiency and sustainability of our processes.

API

Every year, Cipla focuses on improving the development process at R&D facilities by taking up new initiatives. We innovate to lead in our markets and optimise processes to improve environmental performance and yields, reduce costs and enhance the affordability of our medicines. During the course of the year, key initiatives were taken to augment the R&D abilities of the Company.

A Safety Screening Laboratory

Cipla's safety screening laboratory identifies and eliminates potential runaway reactions in the initial phases of development. The laboratories are located at all three API R&D locations (Mumbai, Bengaluru and Patalganga), and all products under development are screened in these facilities. A theoretical evaluation for the removal of any hazardous reactions along the route of synthesis is initially carried out, followed by safety screening study experiments to assess potential hazardous substances that may initially go unnoticed.

B Centre of Excellence (COE) for Polymorphism

Our COE for Polymorphism screens and develops new polymorphs and co-crystals, while enabling our particle engineering efforts. During FY 2020-21, proprietary assets for eight API's were created at the COE facility. Two APIs with alternate polymorphs have been validated in the plant.

C Strengthening Analytical Development through innovation

Cipla's API-Analytical Development Laboratory (ADL) works on regulatory filings, especially DMFs and ANDAs. We deploy high-end scientific technologies to drive efficiencies and reduce critical timelines to deliver projects adhering to regulatory requirements.

The API-ADL laboratory tests and validates products through innovative surface characterisation technologies that optimise the particle properties of respiratory APIs and assures consistent drug product performance at par with the Reference Listed Drug. Technologies such as Dynamic Vapour Sorption(DVS), Morphologically-Directed Raman Spectroscopy (MDRS) and X-ray powder diffraction (XPRD) are used to support the development of complex generics through reverse engineering. The laboratory also houses sophisticated instruments that support the detection of novel polymorphs.

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

Cipla has adopted tools such as nuclear magnetic resonance and single-crystal X-ray diffraction for structural elucidations within product development. We have introduced hyphenated techniques such as high-resolution mass spectroscopy and cutting-edge characterisation tools to secure bio-waivers required for evolving regulations and the quantification of nitrosamines.

Advance Analysis & Modelling Technique in Product Development

The R&D team at Cipla has designed scientifically rigorous development frameworks for evaluating drug device delivery and development of medical devices as well as to identify potential failure mode in the early stages of development. The Company has leveraged several tools and analysis initiatives such as:

- **Physiological based Pharmacokinetic Modelling and Computational Fluid Dynamics (CFD):** Filed Beclomethasone MDI ANDA with USFDA leveraging these tools to achieve clinical waiver, a first-of-its-kind approach in the generics industry.
- **Complex fluid and structural analysis:** Enhanced capabilities in drug-delivery mechanism, device performance and modelling of the fate of delivered drug in humans, before clinical trials. This has helped in the rapid screening of various molecules for COVID-19 therapy and supported the development of inhalation versions of shortlisted drugs.
- **In silico capabilities:** For accelerated drug-device delivery that is approved by leading regulatory agencies.
- **State-of-the-art rapid prototyping:** Advance manufacturing technology deployed in our medical device laboratory to support expedited device developments.

Formulation

Cipla's formulation pipeline consists of complex molecules developed with a differentiated approach, with focus on areas such as respiratory, anti-retroviral, antipsychotic and oncological therapies.

Cipla's endeavours to develop novel, differentiated and affordable medicines and drug delivery systems that addresses patient needs and expand access to quality medicines. The Company has developed and commercialised complex formulations for global markets based on inhalable technologies, nanotechnology for oral solids and injections, liposomal injections, long-acting depot injections, peptide products, micellar emulsions, self-micro emulsifying drug delivery systems, multi particulate extended release oral systems, multi-layer tablets using nanotechnology to maximise therapeutic synergy and ready-to-use depot injectable formulations, optimally combining drugs and devices to minimise dosing errors.

Cipla is deploying several new digital tools and technologies to accelerate the pace of formulation development. In-silico approaches like Physiological based Pharmacokinetic/ Biopharmaceutics modelling and simulation to enhance the pace of rational drug product development. Advanced Compartmental Absorption and Transit models for oral and Pulmonary Compartmental and Absorption and Transit for pulmonary drug delivery are now deployed through specialised software platforms equipped to predict in-vivo pharmacokinetics ("PK"). The Company uses advance Simulation Techniques for predicting the in vitro dissolution under various experimental conditions as part of formulation development strategy. During the year, Cipla has set up an in-house, state-of-the-art facility for Cell Biology studies to assess the permeability of drugs across intestinal, nasal and lung barriers.

Cipla has introduced dry manufacturing process from design upto the development and explored a continuous manufacturing process for Metformin combination products to optimise development and manufacturing costs. The Company also implemented cost efficiency measures for high-value commercial products through alternate process & vendor development as a continual optimisation exercise.

Adoption of Green Chemistry

Cipla deploys green chemistry practices to achieve cost-effective and environment-friendly manufacturing processes. We work to reduce the use of red solvents or hazardous chemicals and reagents, limit solid and liquid waste generation, increase atom economy and introduce energy-efficient processes. Cipla has significantly reduced the usage of solvents in the early phases of API development. The outcome of the green chemistry initiatives are as follows:

- Eliminated about 78 MT of Isopropyl alcohol[10] and Methylene dichloride and 41 MT of Methylene dichloride (Halogenated) from the manufacturing process
- Reduced processing time by 2500 hours per annum (p.a.) in manufacturing
- Averted about 300MT CO2e of GHG emissions by reducing the material usage

The use of non-flammable solvents has enhanced the safety of the process and reduced processing time due to faster bonding and drying of products. We have also entered into a partnership to develop a new propellant which is used in pressurised metered dose inhaler and has lower environmental footprint compared to existing pressurised metered dose inhalers.

Development of smart devices

The Company has developed a digital spirometer - Spirofy, a gold standard device for pulmonary diagnostics. The portable device digitally measures the pulmonary function of patients and helps screen early-stage asthmatic and COPD patients. Also, the user-friendly device needs minimal maintenance.

In keeping with our aspiration of being the 'lung leader of the world', Cipla tests, validates and fine-tunes drug delivery systems for the lungs using advanced in vitro testing models with realistic anatomical features and breathing patterns. This method enables early and smart screening of devices as well as designs for inhalers. In addition, we have also implemented software-based simulations such as CFD, physiological based pharmacokinetic modelling, pharmacokinetics-pharmacodynamics model (PkPD) and other models successfully across our COVID-19 drug development value chain.

Project management

Cipla's project management team plays a pivotal role through the Concept-to-Commercialisation journey of products. The team diligently handles the time-to-market commitments, which include ideation, development, technology transfer, licensing, and finally, the product launch. Scale-ups, submissions and deficiency management are also overseen by the team across the product lifecycle, ensuring the timely delivery of high quality medicines at optimal costs.

These processes bolster Cipla's growth in strategic markets by ensuring seamless integration, enabling the Company to nurture market opportunities and build long-term strategic relationships with chosen partners. Cipla's digital transformation programmes are also supported by the project management team by facilitating tools for better productivity and cross-functional collaborations. During the pandemic, fast-track molecules were delivered with agility within a record time frame to help COVID-19 patients.

[10]based on Emission factor for IPA, C3H8O, where 1 kg of IPA has an emission factor is 3.84 kg CO2e GHG footprint: https://www.winnipeg.ca/finance/findata/matmgt/documents/2012/682-2012/682-2012_Appendix_H-WSTP_South_End_Plant_Process_Selection_Report/Appendix%207.pdf

Quality by Design (QbD)

All critical products at Cipla are developed through QbD, a development approach with pre-defined targets and objectives that adhere to sound scientific and quality risk management principles. These products include FPSM, Budesonide, Nintedanib Soft Gelatin capsules, etc. The QbD approach has enabled the implementation of process analytical technologies for blend uniformity, content uniformity, water content, polymorph identification and accelerated the commercial release of Amlodipine and Abacavir tablets.

Combating Anti-Microbial Resistance (AMR)

The WHO has identified AMR as a leading threat to humankind. AMR is primarily caused by inappropriate prescription, non-therapeutic antibiotics and their over-use in intensive livestock farming and the subsequent release of antibiotics into the environment. It is estimated that drug-resistant infections could kill 10 million people globally and cause an economic loss of USD 100 trillion[11]. AMR is a grave risk in India as well. Cipla is committed to addressing the growing threat of AMR through a multi-dimensional approach, including focused R&D, improvement of discharge standards, development of resilient products, and stewardship activities. We are a signatory to the Davos Declaration (2016) against AMR and are part of the industry alliance to fight the risk.

The Antimicrobial Resistance Benchmark Project is conducted every two years by the Access to Medicine Foundation (ATMF). Cipla was part of both 2018 and 2020 AMR Benchmark projects, where we shared data on our processes and practices related to antibiotic and antifungal medicines.

The Company participated in the benchmark evaluation this year as well. We have initiated work on the 2021 AMR Benchmark[12] project based on four parameters – R&D, responsible manufacturing, appropriate access of medicines and stewardship practices.

'Plazomicin' as a part of SENTRY Anti-Microbial Surveillance Programme

Urinary Tract Infections (UTIs) are one of the most common bacterial infections in the world, affecting about 150 million individuals annually. Plazomicin is a widely recognised antibacterial drug that is used to treat UTIs. As part of the post-marketing requirement for Plazomicin, Cipla conducted the SENTRY surveillance study to assess the sensitivity of the bacteria to the drug. 99.4% of the chosen sample, which included both susceptible and resistant pathogens (to other antibiotics) were susceptible to Plazomicin. The study also found that the Minimum Inhibitory Concentration (MIC), the minimum amount of drug required to stop the growth of bacteria, was the lowest for Plazomicin among its peers. The results of the study were shared with practising doctors to create a better understanding of the product. The findings were also shared on medical forums to promote the judicious use of antibiotics and raise awareness about how, when and how long the drug can be used.

[11] https://changingmarket.wpengine.com/wp-content/uploads/2016/12/BAD-MEDICINE-Report-FINAL.pdf
[12] The next AMR benchmark report is planned for Q4 2021

AMR and India

Irrational usage and lack of information are contributing to the spread of antibiotic resistance in India – one of the largest consumers of antibiotics worldwide. As part of the Company's AMR stewardship, nearly 133 scientific meetings have been conducted to discuss the appropriate use of critical anti-bacterials such as Elores (Ceftriaxone Sulbactam EDTA), Divaine (Intravenous Minocycline), Crifos (Intravenous Fosfomycin), and antifungals such as Phosome and Xylistin (Colistin). In addition, scientific activity meetings were organised to introduce Cipremi (Remdesivir) for the treatment of COVID-19. These stewardship initiatives educate, debate and seek consensus on the resistance patterns, and share the knowledge with hospitals through case studies and best practices. The Company advised 30 smaller hospitals on the methodology to adhere to the National Accreditation Board for Hospitals & Healthcare Providers (NABH) guidelines and generate surveillance data to better understand pathogens developing resistance to drugs.

The Yusuf and Farida Hamied Foundation, UK, funds a programme run by the Academy of Medical Sciences that facilitates long-term collaboration between some of the most talented researchers in AMR in UK and India.

Digitisation[13]

Cipla has a robust digitisation programme that leverages the latest technologies to make a tangible difference in our operations and profitability. **Our powerful digital platforms played a crucial role in ensuring seamless operations despite COVID-19 restrictions.**

Internet of Things (IoT):

The R&D laboratories generate large amounts of data from various instruments during product analysis, of which only a few data points are used to support the decision-making for the next stages of product development. We leverage Robotic Process Automation and IoT technology to process and extract the key data points and present as reports. Automating this process has led to savings in manual effort as well as creation of error-free reports. The data collected is also used for monitoring operational KPIs and generation of insights.

Artificial Intelligence (AI), Natural Language Processing (NLP), Chatbot-enabled literature search:

In our endeavour to keep employees updated with regulatory changes globally and to ensure compliance, we employ new-age technologies such as web scrapper, NLP, AI and Chatbots. Leveraging these technologies, the Cipla Regulatory Intelligence Shared Platform (CRISP) is used to track changes happening in the regulatory space in real-time and enable the resultant changes for compliance. Similarly, the SHODH platform is used by formulators as an internal search engine to look for up-to-date and customised information for product development.

13. GRI 103-1, GRI 103-2, GRI 103-3

Modelling and Simulation (M&S):

As part of the Company's digital enablement programme, Cipla is piloting complex technologies to help reduce the product development cycle time. Our first pilot for M&S is already underway, wherein the experimental conditions are simulated based on mathematical models prior to conducting the same in the laboratory. The technology will help in anticipating experiment success, reducing the development cycle time and in saving time and resources.

Partnerships & Alliances

SIGA Technologies

Cipla Therapeutics and SIGA Technologies, a commercial-stage pharmaceutical company focused on the health security market, formed a strategic partnership to accelerate innovation and access for novel antibacterial drugs against bio-threats. Cipla is a global leader in antibiotics, owning and marketing the novel antibiotic ZEMDRI® (Plazomicin) injection in the United States. This partnership provides an opportunity for US government agencies such as Biomedical Advanced Research and Development Authority to use ZEMDRI® for their health security programmes while working through a known partner in SIGA, which understands the US Government's contractual norms.

Gilead Sciences

The Company signed an agreement with Gilead Sciences Inc. to manufacture and distribute the investigational medicine Remdesivir, under brand name Cipremi, to treat COVID-19 patients across 127 countries, including India and South Africa. The Remdesivir API and Formulation were developed and rolled out in less than three months post-licensing. This licensing agreement is a collaborative step intended to expand the access to COVID-19 treatment.

Stempeutics Research

Our decade-long partnership with Stempeutics achieved a significant milestone as it received regulatory approval from DCGI to launch Stempeucel® in India. Stempeucel® treats Critical Limb Ischemia (CLI) caused by Buerger's Disease and Atherosclerotic Peripheral Arterial Disease. It is the first allogeneic cell therapy product to be approved for commercial use in India and the first stem cell product to be approved globally to treat CLI.

Council of Scientific and Industrial Research Laboratory - IICT

The DCGI granted emergency regulatory approval to Cipla to launch Favipiravir in the country under the brand name Ciplenza. Favipiravir is an off-patent, oral antiviral drug that has been shown to hasten clinical recovery in COVID-19 patients with mild to moderate symptoms. The drug has been jointly developed by Cipla and Council of Scientific and Industrial Research Laboratory - IICT.

Human Capital

'Great place to work' certified, 3rd year in a row

Human Rights policy rolled out

3 out of 8

members in Management Council are women

~ 30%

of board members are women

Zero fatalities across manufacturing facilities

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

STRATEGIC FOCUS AREAS

- Human resource development
- Succession planning
- Promoting diversity
- Protection of human rights
- Ensuring employee health and safety

At Cipla, our people are our biggest assets – they are the constant enablers of the Company's purpose of 'Caring for Life'. During the year, our people demonstrated unparalleled passion and commitment in combating the challenges imposed by COVID-19, providing life-saving medicines to patients and caring for communities at a time when humanity faced its toughest challenge. Our people rose to the occasion by ensuring an uninterrupted supply of life-saving medicines.

Such relentless dedication of Cipla employees has enabled the Company to fulfill its purpose and achieve its goals over the past 85 years. This high level of commitment is rooted in their passion for our purpose and a sense of ownership towards it. True to our commitment to the well-being of our people, we offer a safe working environment that nurtures talent, maintains openness and transparency, and fosters ownership and an impact-oriented mindset.

Along with strengthening our human capital and nurturing our talent through the four pillars of Careers, Capabilities, Culture and Compliance, Cipla promotes a culture that respects and celebrates the diversity and uniqueness of each individual.

Caring for our people[1]

At the Core

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

Care is embedded in our DNA, and this extends to our most critical asset, our employees. They are our partners in our journey to deliver on our commitments to meet patient needs and create value for our stakeholders. To strengthen our human capital and nurture our talent, Cipla has a four-C approach focusing on Careers, Capabilities, Culture and Compliance.

Our strategic approach to talent management paves the way for development of leaders who drive our business strategies and values across the organisation. To ensure that our talent stays relevant in the face of changing patient needs, advances in technology and transforming business models, we encourage a culture of continuous learning through holistic development programmes. This knowledge-sharing facilitates leadership development and skill-building, while creating a robust succession pipeline.

The Company fosters a vibrant and inclusive culture globally, which is free from all forms of discrimination and is powered by the diverse capabilities of our employees. In FY 2020-21, we strengthened our commitment to free and fair employment practices by formulating our Human Rights Policy in alignment with the UN Guiding Principles on Business and Human Rights. The Human Rights Policy applies to all our stakeholders, including permanent and contractual employees, consultants, trainees, subsidiaries and business partners.

Our Environment Health and Safety (EHS) policy, governance and practices promote a safe working environment for all. Through the COVID-19 pandemic, we strengthened our focus on our employees' overall well-being, including mental health, by keeping channels of communication open.

Employment[2]

Cipla has employees in 22 countries around the world and a globally diverse employee mix offers the Company a strategic business advantage. It helps us to have a better understanding of specific market realities and cater to changing patient needs. In FY 2020-21, women employees constituted nearly 14% of our workforce. The Company employs 12 specially-abled employees (11 male and one female)[3].

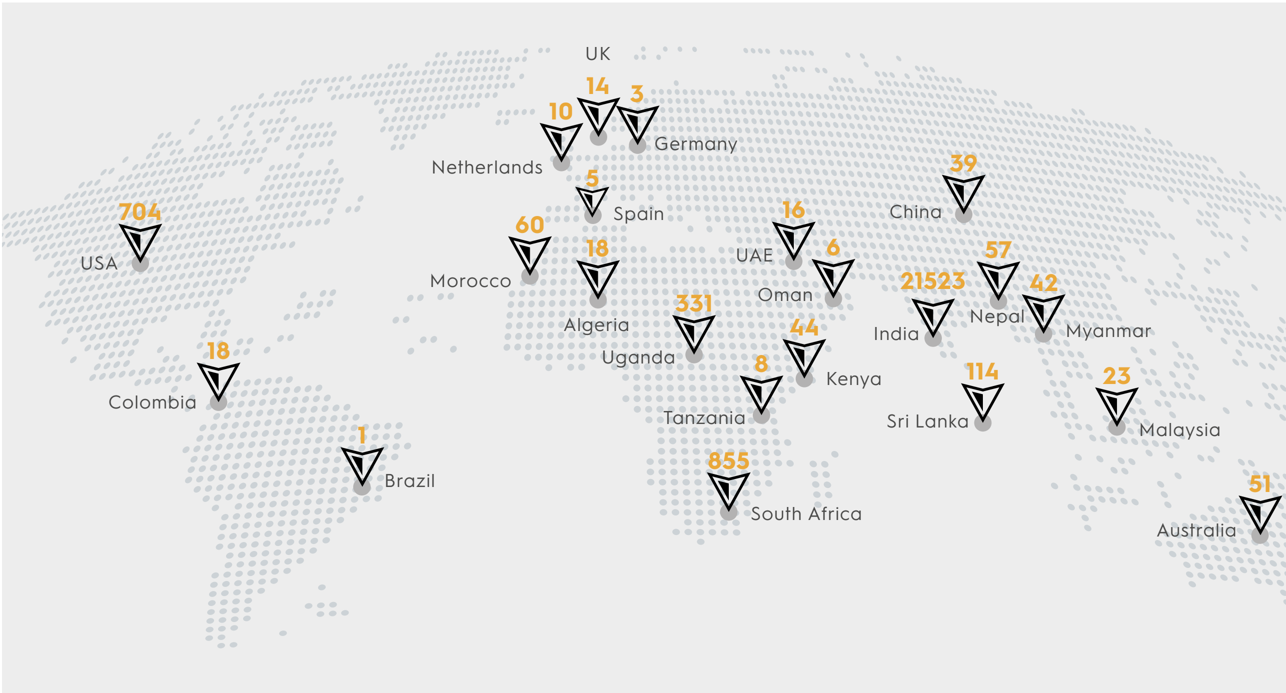
The table below showcases the composition of our workforce across age, gender and management levels.[4]

Headcount (India & Overseas) FY 2020-21	<30 Years		30-50 Years		>50 Years		Total
	Male (Nos)	Female (Nos)	Male (Nos)	Female (Nos)	Male (Nos)	Female (Nos)	
Senior Management	0	0	74	12	62	11	159
Middle Management	264	63	3887	497	146	47	4904
Junior Management	7166	970	8791	1429	373	150	18879
Total	**7430**	**1033**	**12752**	**1938**	**581**	**208**	**23942**
Indian subsidiaries	390	111	953	229	41	6	1730
Grand Total	**7820**	**1144**	**13705**	**2167**	**622**	**214**	**25672**
Contract	4980	1207	4015	1052	246	40	11540

> **The Company employs nearly 25,000+ people in 22 countries across six continents**

[2]GRI 102-8, GRI 405-1, Information in line with BRR Principle 3, Question 1,2,3
[3]Information in line with BRR Principle 3, Question 4
[4]Includes 12 specially-abled employees

Country-wise headcount[9]



Careers

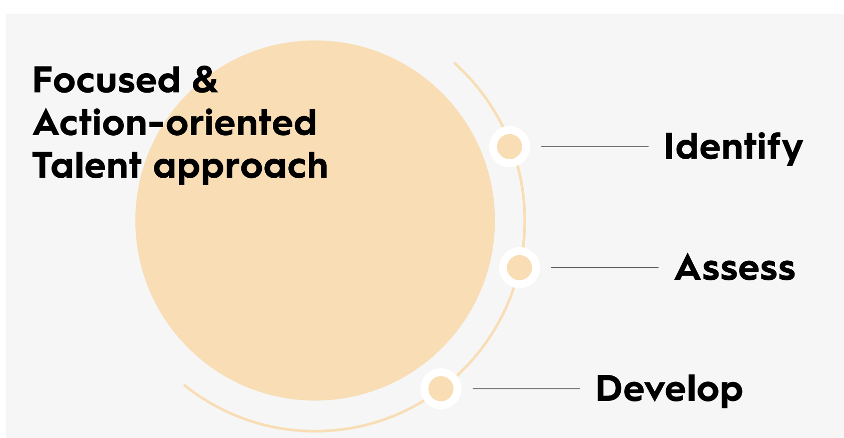
Keeping with our increasing reliance on technology for better efficiencies, we have digitised our hiring process with the launch of a Recruitment Management platform for all India-based positions. The platform has increased the efficacy of our hiring process, improved recruitment analytics and reporting, and further streamlined the entire talent acquisition process.

Cipla's Integrated Talent Management framework

In FY 2020-21, we adopted an organisation-wide Integrated Talent Management approach that offers enhanced functionalities to identify and nurture talent, and plan succession. We rolled out a digital portal to bring accessibility, transparency and uniformity in our talent management framework.

The initiative has enabled transparent tracking of progress on critical roles and succession pipeline in real-time.

Cipla's three-tiered Talent Review Boards (TRBs) have been key in curating focused discussions and implementing 200+ talent actions at Business Unit, Functional and Organisational & Executive levels. The integrated approach has led to clear visibility and building of a defined roadmap to plan succession for identified roles, as well as for career planning of key talent, making Cipla future-ready. This approach drives talent ownership amongst managers across levels, and drives rigour in implementation of talent actions with participation from business leaders as well as Human Resource partners.



Hiring and Onboarding

Cipla lays equal emphasis on expertise of potential hires and alignment of their aspirations and values with Cipla's Credo, Cipla's Leadership Essentials (CLE), and the purpose of 'Caring for Life'.

CLE is the Cipla framework to build, shape and manage the leadership pipeline across tiers. Psychometric assessments aligned to CLE help us assess the talent-index fitment of potential hires.

The Company delivers a seamless and consistent onboarding experience for new hires through Esproute. A digital platform, Esproute offers curated modules that espouse our core values to different operational imperatives, providing an immersive assimilation experience to new hires. In FY 2020-21, Esproute was piloted for more than 1,000 new hires in the Sales function. As an outcome, 73% of participants scored 80% or more in the knowledge and skill assessment that was conducted 29 days after they joined Cipla.

Cipla Leadership Essentials

- Inspirational
- Talent Mindset
- Achievement Orientation
- Systems Thinking
- Innovation & Change
- Enterprise First Mindset

ALIVE
ASPIRE • LEARN • INNOVATE • VOICE • ENGAGE

ALIVE Campus Programme

ALIVE (Aspire, Learn, Innovate, Voice and Engage) is our umbrella programme to hire new talent from premier campuses across the country. It uses gamification and domain-linked assessments to recruit talent for functions such as Sales, Operations, Research & Development(R&D) and Corporate functions.

Cipla Accelerate Programme aims to attract professionals from leading engineering colleges with diverse industry experience that strengthens our capabilities to usher in Pharma 4.0. The talent sourced through the programme also helps us acquire cutting-edge skills in areas of automation, Industrial Internet of Things (IIoT) and touchless factories which will dominate the future of pharmaceutical manufacturing.

Total New Joinees (FY 2020-21)[5]

Headcount (India & Overseas) FY 2020-21	<30 Years Male (Nos)	<30 Years Female (Nos)	30-50 Years Male (Nos)	30-50 Years Female (Nos)	>50 Years Male (Nos)	>50 Years Female (Nos)	Total
Senior Management	0	0	4	1	3	0	8
Middle Management	53	18	162	43	11	1	288
Junior Management	2645	292	535	80	15	8	3575
Total	**2698**	**310**	**701**	**124**	**29**	**9**	**3871**
Indian subsidiaries	171	55	90	11	1	0	328
Grand Total	**2869**	**365**	**791**	**135**	**30**	**9**	**4199**

Succession Planning Framework[6]

The succession planning process at Cipla is led and governed by the Apex Talent Review Board and the Nomination and Remuneration Committee (NRC) of the Board. The programme is executed through Talent Review Boards (TRBs), which discuss and design talent opportunities and mobility for mid- to senior-level employees.

Nomination and Remuneration Committee

Apex Talent Review Board - Management Council and Business Council

Functional / BU Talent Review Boards

The talent assessment process introduced in FY 2019-20 for the Sales function - iGrow - was key to the identification and assessment of 66 high potential performers, and led to structured career planning with creation

[5]GRI 401-1 I
[6]GRI 103-1, GRI 103-2, GRI 103-3

of individual development plans for them. Similar assessment and development programmes were also launched in other functions such as Operations, Supply Chain and expanded further to International Sales.

Capabilities

Learning and Development

Cipla has a holistic learning and development framework to enhance leadership and functional skill-sets needed to achieve our goal of long-term and sustainable growth.

Cipla University (CU) drives our learning initiatives. It has a network of academies dedicated to functional areas like Human Resources, Finance, Supply Chain, IPD, Sales & Marketing and leadership skills. CU aligns individual self-development goals with the Company's future outlook to create customised learning paths for each employee[7].

Our functional academies focus on growing functional capabilities such as launch excellence, complex drug development, sterile capability, continuous improvement, customer centricity, regulatory awareness, go-to-market capability, and Leadership. Academy caters to enterprise-level requirement of building future leaders in Cipla. It offers multiple programmes targeted to leadership levels and with its strong blended learning approach, drives a continuous journey of developing leaders of tomorrow in Cipla. Under Policy and Compliance training, we educate our employees on the policies, procedures and actions required to prevent both problems at the workplace and violations of the law. This encompasses Business Ethics, Pharmacovigilance, COC, POSH, First Aid Training etc[7]

We also conduct a well-structured virtual induction programme for orientation and training of all employees under the MiCipla umbrella. Apart from Organisation-wide induction we also conduct functional induction for new joiners.

Digital Learning

In the reporting year, we digitised our Learning Management System (LMS) to expand the access of training modules remotely and flexibly.

CLAP
CIPLA LEADERSHIP ASCENT PROGRAM

Cipla Leadership Ascent Programme (CLAP) is an advanced programme for senior leaders conducted by Cornell University, one of the world's leading institution for management studies. CLAP is a 9 month immersive programme involving world class faculty and interaction with key business leaders from around the world.

28 senior leaders completed **10 months** immersive learning with Cornell University, delivering 6 high impact projects for Cipla global as part of their learning journey.

Digital Leadership Programme

Exponential Leadership: Digital Tech & Value Creation Programme led by reputed university INSEAD covered 120+ senior leaders strengthening digital capability and foundation at Cipla.

LEADX2.0

LeadX is an In-house programme targeted towards capability building for tenured people Managers.

70 participants have been promoted in the last three years.

ACE
Accelerated Capability Enhancement

Launched in FY 2020-21, Accelerated Capability Enhancement is a programme for high performers, which is delivered in partnership with Singapore Management University and the Indian School of Business, for providing distinctive leadership edge.

Category-wise Average training hours[8]

Category	Average hours
Senior Management	26.60
Middle Management	68.18
Junior Management (including Non-management, subsidiaries, contract)	33.43

Gender-wise Average training hours[8]

Gender	Average hours
Male	40.91
Female	22.19

14,13,298^ *
Overall training hours

37.98#^
Overall Average training hours

[7]GRI 404-2, Information in line with BRR Principle 3, Question 8
[8]GRI 404-1
*Learning hours of training has reduced due to reduction in duration of programmes from classroom to virtual. Eg; Trainings that used to be of 8hrs for 3 days each is now reduced to 3 hours for 3 days each in the virtual environment. A separate section on Occupational Health and Safety (OHS) hours is given on page 97
#Average training hours reduced despite increase in participants, due to reduction in training duration.
^Basis total training hours after including LMS, OHS and contractual training training hours

Culture

Creating an enriching employee experience

The Company delivers a differentiated employee value proposition derived from our values and led by the five principles of:

1 Openness & Transparency

2 Accountability & Ownership

3 Results & Impact Orientation

4 Managing with Respect

5 Engaging with Empathy

Principle 1

Openness & Transparency

Our global quarterly Townhalls are held virtually to facilitate an open interaction of all employees with the Management Council members. Critical business updates and outlook are shared with Ciplaites around the globe. In addition, Reflections, a two-way engagement platform, allows our management and senior leadership to discuss business and growth strategies and ideate opportunities for leveraging the same.

one Cipla TOWNHALL

Our employees have easy access to communication channels to express themselves transparently without fear. **#WeAreListening** is a platform that lets employees raise their concerns freely and anonymously. The Cipla leadership closely monitors the redressal of the concerns raised on the platform. **Chai pe Charcha** and **Meet Your Leader** are other initiatives through which employees can engage with skip-level leaders, share employment experiences and ideas, to improve operational efficiency.

Principle 2

Accountability and Ownership

iCare
My Wellbeing - My Responsibility

Programmes like iCare: 'My Well-being is My Responsibility' encourage our employees to focus on their holistic well-being. We hosted 11 virtual work-life sessions under this programme during the course of the reporting year. Towards increased accountability and ownership, Cipla's global recognition and appreciation framework 'Applause' ensures exclusivity in recognition, while enabling an inclusive culture of appreciation.

Principle 3

Result & Impact Orientation: Awards and Recognition[9]

All our employees receive regular performance reviews and feedback as defined by our performance management process, MiDNA, which is based on the 3P philosophy of Position, Performance and Proficiency. In addition, we recognise deserving employees who help us deliver breakthrough results with the Achievers' Award, Spotlight Award and the Cipla MD & GCEO's Outstanding Leadership Award.

[9] GRI 404-3

Principle 4

Managing with Respect[10]

Our commitment to Inclusion and Diversity (I&D) stems from our inherent purpose of 'Caring for Life'. We truly believe that diversity in all its forms – gender, age, nationality, culture, abilities and sexual orientation – is a source of innovation that energises us all.

Cipla I&D Council consists of senior leadership and management representatives and is chaired by the Executive Vice-Chairperson and the Global Chief People Officer. It meets every quarter to identify action areas and design execution pathways to improve our I&D performance. One key goal for the #EqualCipla journey is to take our gender diversity to 20% by FY 2023-24. We have partnered with the 'Cohesion Collective' in South Africa to implement interventions to improve race and ethnic diversity. These include strengthening gender-neutral policies and extending coverage of the Company's health insurance to partners of employees and their parents. In addition, we released the Cipla Inclusion & Diversity Handbook that articulates our commitment and details the role of employees and leaders to help us strengthen our diversity foundations. We extended our Group Mediclaim Policy to cover LGBTQ and live-in-partners under the #EqualCipla initiative.

Principle 5

Engage With Empathy

The Cipla Work Life Assistance Programme (WLAP), a 24x7 professional and confidential counselling service, helps employees and their immediate family members to cope with mental stress and challenges arising from work or life. Managed by 1to1 Help, our partner, WLAP saw a four times increase in requests for support in FY 2020-21. We also run financial prudence programmes to guide our employees on matters of taxation, savings and investments. Our virtual volunteering platform Cipla for Change allows our employees to drive positive change in society.

Notwithstanding the limitations of the pandemic, **nearly 3,500 employees volunteered 5,300+ hours** to community initiatives related to the environment, education and caring for elders.

Employee Benefits[11]

As a responsible employer, we actively work towards the well-being of our employees. Our approach to employee welfare extends beyond industry benchmarked monetary benefits to offer a broad portfolio of benefits. It also includes innovative initiatives to build collective empathy and care.

Caring for Life Financial Assistance Policy is a new initiative where employees extend financial support to family of deceased employees by contributing ₹ 100 each.

We encourage employees to avail at least 14 days or half of their privilege leave in a calendar year through our Time Away from Work policy to support them towards a healthy work-life balance and feeling rejuvenated.

[10] GRI 103-1, 103-2, 103-3
[11] GRI 401-2

Employee Care during COVID-19

- COVID-19 Criticare Centres: **Oxygen beds**
- Ambulance Service across **17 states, 28 locations**
- **Quarantine Facilities** and Isolation Centres
- **Tele-consultation** with medical professionals
- **Vaccination** support
- **Mediclaim** cover for COVID-19
- **Safety kits**

Cipla Employee Benefits

- Maternity leave up to **6 months**
- **Sabbatical**
- **Medical** and **Accident** Leave
- **Two weeks** Paternity Leave
- **Day-Care Centre** and Creche
- **Adoption** Leave
- **Parental Mediclaim**
- **Education Merit** Awards

MATERNITY LEAVE

Availed by 116 employees in FY 2020-21

PATERNITY LEAVE

Availed by 1,292 employees in FY 2020-21

99% Return to Work Rate:[12]
129 (out of 134) female employees and 1,291 (out of 1,301) male employees returned to work after their parental leave ended

Retention Rate of 86%:[12]
120 (out of 149) female employees and 1,571 (out of 1,820) male employees have been with Cipla for over a year since returning to work from Maternity/Paternity Leave

[12] GRI 401-3

Compliance[13]

Cipla's Corporate Responsibility Policy and Code of Conduct reinforce our OneCipla Credo, sustain our ethical, fair and responsible behaviour and enable a culture of compliance. In addition to our employees, they also apply to our contractors, consultants, trainees and service providers to ensure broader compliance standards.

The Cipla Code of Conduct lays out the mechanism for employees to raise concerns on any discrimination relevant to and not limited to gender, race, religion, age, marital status, disability, unfair treatment and working conditions. It also encourages the raising of complaints and reporting of non-compliances, which are directly overseen by the Audit Committee of the Board. Employees are protected from retribution at all times. To ensure the employee's well-being, privacy and anonymity are maintained, and a speedy resolution of the complaint is facilitated.

Human Rights[14]

Cipla is committed to a workplace that is free of any kind of harassment based on race, religion, colour, age, sex, pregnancy, sexual orientation, national origin, disability or any other classification as mandated by local laws. We have a zero-tolerance approach to human rights abuses and have instituted robust mechanisms for their escalation and remediation. This year we developed and released our Human Rights Policy that applies to all our stakeholders, including employees (permanent / contractual), consultants, trainees, subsidiaries and business partners (suppliers, contractors, healthcare partners, joint venture partners, channel partners)[15]. The policy is available on our website at https://www.cipla.com/sites/default/files/Human-Rights-Policy-Cipla.pdf

Two incidents related to discrimination were reported from our operations in the United States during the reporting year and both have been resolved. In India, eight cases related to sexual harassment were reported and appropriate action was taken to resolve them.[16] We had zero instances of child labour and forced labour during the year.[17]

We recognise applicable trade unions (GIWUSA & CEPPWAWU)[18], the Labour Relations Act and the Republic's Constitution in SAGA. Our employees in the USA are covered by the US National Labor Relations Act (NLRA). We have three associations in India, at Patalganga, Kurkumbh and Bengaluru, with worker representation of 8.1%, 3.9% and 6%, respectively. In India, 5% of our permanent employees and workers are members of associations and unions that the Board recognises. In SAGA operations, Cipla Medpro Manufacturing (CMM) has about 38% of the employees as members of GIWUSA. About 95% of the employees are part of the Bargaining Council in Mirren. Overall, 15% of the employees are members of unions and associations in SAGA[18].

Creating a safe and secure working environment[19]

Cipla is committed to providing a safe and healthy workplace for employees (permanent and contractual) and partners including, contractors, consultants and visitors on site, and the communities around us.

Governance Oversight for Safety

Along with policies and standards to aim for zero-incident operations, Cipla has instituted a robust governance mechanism to enhance safety and mitigate risks. Safety committees are formed at different levels for guidance, discussions, resolutions and escalation of safety-related issues.

Safety Committee meetings

	Management	Non-management	Frequency of meetings
Plant Level	613	324	Monthly/ Quarterly
Department Level	646	156	
Company/ business Unit/ regional level	116	40	

[13]Information in line with BRR Principle 1, Question 1
[14] GRI 102-41, GRI 103-1, GRI 103-2, GRI 103-3, GRI 406-1, GRI 407-1, GRI 408-1, GRI 409-1
[15]Information in line with BRR Principle 5, Question 1
[16]Information in line with BRR Principle 1, Question 2
[17]Information in line with BRR Principle 3, Question 7. Information in line with BRR Principle 5, Question 2
[18]GIWUSA - General Industrial Workers Union of South Africa, CEPPWAWU - Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union I Information in line with BRR Principle 3, Question 5 and 6
[19]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

Safety Management Systems

Cipla has deployed a comprehensive Occupational Health and Safety (OHS) framework covering all manufacturing sites and employees. We have received OHSAS 1800/ISO 45001 certification for our manufacturing and IPD sites in India. As part of the certification, regular OHS management and improvement plans are drawn and executed. Our sites are audited and certified through third-party agencies. We follow a PDCA (Plan, Do, Check, Act) cycle for periodic evaluation and continual improvement.

Safety audits as per the Factories Act are conducted at stipulated intervals at Kurkumbh, Goa, Patalganga, Kundaim, Baddi, Virgonagar, Satara MS, Satara MT, South Africa and Sikkim. Need-based external specialist audits are conducted for specific areas, including process and electrical safety, fire, water demand assessment, ergonomic studies and on-site emergency preparedness.

We have revised our operating procedures to better understand and implement our EHS system covering essentials, personal safety, vehicle safety, process safety management, health and environment. A Behaviour Observation System has also been implemented at our manufacturing sites. More than 1,03,621 observations were made, and appropriate behaviour correction were implemented to strengthen the safety system further. Cipla also generates an EHS report for products that highlights the safety aspects and environmental footprint emanating from the manufacturing outputs.

Process Safety

The Company has a structured process for Hazard Identification and Risk Assessment (HIRA). A dedicated team of process safety engineers routinely conducts HIRA of all new and existing processes. Additionally, an internationally renowned process safety consultant undertakes process safety gap assessment to identify and close gaps, and mitigate risks through appropriate control strategies. In the reporting year, a total of 103 hazard studies were conducted across Cipla sites. We deployed a solution that provides a common platform for comprehensive process hazard assessment and defines controls to harmonise the risk assessment process.

HAZOP

- Hazard operability - A detailed, systematic study of the design and outline operating and maintenance procedures to identify the consequences of deviation from design intent
- Consideration of potential exposure of employees to harmful effects during routine operations including maintenance, decontamination, etc.

CHAMP

- Cipla Hazard Assessment and Management Programme - conducted based on location by identifying the existence of a hazard
- Cause of hazards listed and prioritised on a consequence and severity matrix
- Control and recovery measures defined for prevention

The Company has fully-equipped healthcare facilities at all its sites. **All employees and contractors undergo pre-employment and periodic medical assessments to monitor their health.** Employee health-related information is kept confidential and securely maintained. We have appointed an Industrial Hygienist and Occupational Health Specialist to lead Occupational and Individual Health initiatives for our employees.

Commercial Operations Safety

In the reporting year, the EHS processes and systems were extended to cover commercial operations in India and strengthen the safety of our warehouses and road safety during transportation of our products. We run sensitisation and capability building drives to deepen capabilities for safer operations. We focus on road safety, defensive driving, vehicle safety, warehouse safety, office safety as well as electrical safety.

Our driver-focused road safety initiatives include practical road safety training programmes. Demonstration drives for safe driving have been conducted at our depots and commercial centres of north, east & south regions. We conduct specialised trainings to enhance awareness of the issue and mitigation of risks amongst our employees and their families.

MySetu Digital Incident Tracking System

Employees report safety events including near misses and observations like unsafe acts and conditions

MySetu triggers Incident Investigation and Root Cause Analysis

Recommends Corrective and Preventive Actions (CAPA) based on findings

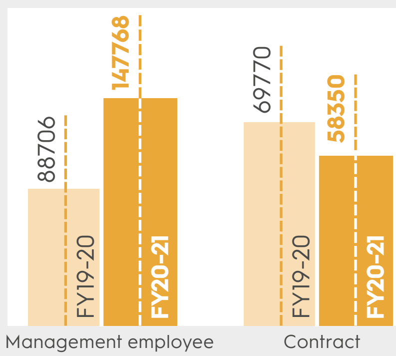
Hierarchy of controls applied to CAPA to prioritise findings

Email alert at every stage to relevant stakeholders across Cipla

Safety training[20]

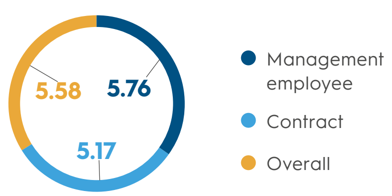
The safety training needs of our employees and contractors are assessed based on the nature of their job and workplace-specific hazards. They undergo regular EHS training by external and in-house experts. In addition, mock drills are conducted at regular intervals to test the effectiveness of the emergency management system across the Company. We implemented 180 emergency mock drills across our operating sites during the reporting year.

Total Person-hours Training



OHS Average training hours

Category Average hours



Safety performance[21]

We had zero fatalities or cases of ill health caused by work-related hazards at our manufacturing sites.

By Employee Category	FY 2019-20 Employee	FY 2019-20 Contract	FY 2020-21 Employee	FY 2020-21 Contract
LTI	12	5	8	1
LTIFR (per million man-hours)	0.38	0.22	0.29	0.05
Fatalities	0	0	0	0

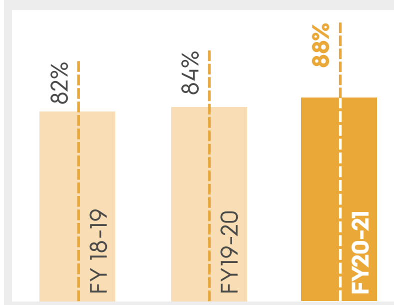
Audits

77 Internal

23 External

Cipla's Global Engagement Survey by Mercer showed that more than 94% associates feel proud to work for Cipla, which is 11% higher than all global industries and 4% higher than all Indian industries.

MiVoice Survey Results



Despite the challenges of COVID-19, we continued to grow our business and could attract the talent we needed. **Our total voluntary attrition rate stood at 9.59% in the reporting year compared to 14.98 % in FY 2019-20.**

[20]GRI 403-5, Information in line with BRR Principle 3, Question 8
[21]GRI 403-9

Relationship Capital

Pledged support to

Terra Carta

Signed agreement to manufacture & distribute

Remdesivir

700,000+

engagements with HCPs

57%

procurement through local suppliers

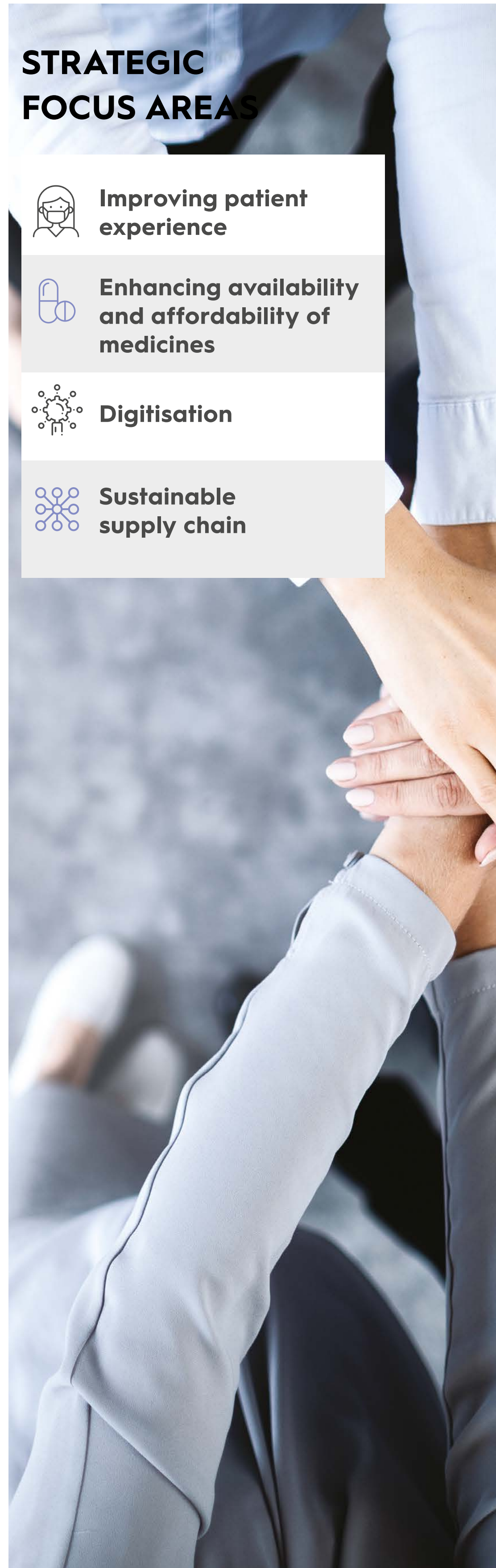
3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS



STRATEGIC FOCUS AREAS

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

Cipla's legacy over the past 80+ years includes establishing a strong and connected ecosystem of stakeholders working together to enable affordable and accessible medicines for our patients. Our business strategy is guided by our focus on nurturing these relationships and creating shared value. Our relationship building was further enhanced during FY 2020-21 as we worked on partnerships and alliances to quickly bring critical COVID-19 medicines to market. We constantly endeavour to deepen our engagement across our value chain partnerships through our Environment, Social and Governance initiatives as outlined in the Capital.

Our key stakeholders Include:

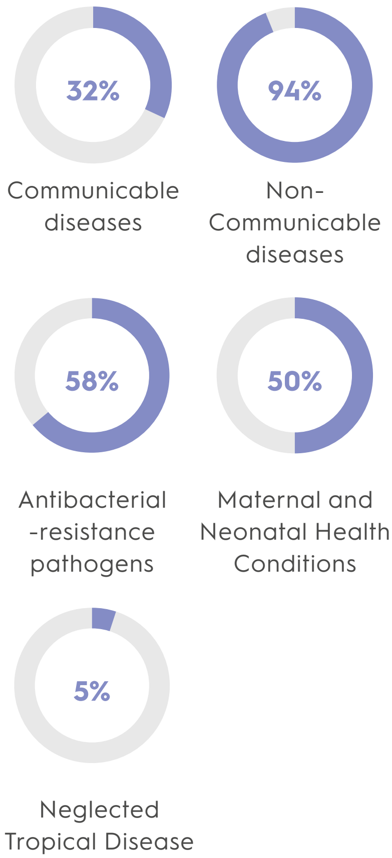
- **Patients**
- **Healthcare Professionals (HCPs)**
- **Shareholders and Investors**
- **Customers**
- **Institutional partners**
- **Channel partners**
- **Governments and Regulators**
- **Suppliers and vendors**

Augmenting accessibility and availability of medicines[1]

With over two billion people estimated to lack regular access to essential medicines, healthcare access cannot currently be described as equitable. Recognising that only a small number of patients in some low and middle-income countries can afford medicines, Cipla works to improve access, availability and affordability for life-saving medicines. Currently, we provide access to drugs for ~**45%** of diseases on the World Health Organisation (WHO) Essential Medicine List (EML), including five of the seven antibacterial-resistant pathogens prioritised by India's National Antibacterial Surveillance Network.

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

% of Drugs available with Cipla for diseases mentioned on WHO EML



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 medicines for HIV/AIDS. Twenty years ago, in 2001, we had launched a paradigm-changing triple antiretroviral therapy(ART) for HIV/AIDS for patients in Africa. Our philosophy of 'Caring for Life' continues to underscore our activities even today and has been demonstrated during the COVID-19 pandemic.

COVID-19 medicines

As the corona virus spread across the world, we stepped up our collaboration activities to establish new partnerships that would strengthen access to promising treatments and save lives. Despite the challenges and constraints, we brought affordable medicines that met critical patient needs to market by building partnerships with global and domestic players.

Cipremi

Cipla signed a non-exclusive licensing agreement with Gilead Sciences Inc. to manufacture and distribute remdesivir (Branded as Cipremi), which has been used to treat patients affected by COVID-19. The drug received an Emergency Use Authorisation from the United States Food and Drug Administration (USFDA). As part of overall risk management, we trained healthcare workers on administering the medicine, secured patient consent documents, conducted post-marketing surveillance and recently concluded a Phase IV clinical trial on patients in India.

Ciplenza

Cipla launched favipiravir in the country under the brand name Ciplenza. An off-patent and oral antiviral drug, it aids the clinical recovery of COVID-19 patients with mild-to-moderate symptoms. Ciplenza was supplied through hospital channels and open market channels to ensure fair and equitable distribution, focusing on regions with a high burden of COVID-19 cases. Details on the partnership for Ciplenza have been elaborated in the Intellectual Capital Section.

Tocilizumab

Actemra ("Tocilizumab") is a monoclonal antibody that reduces inflammation by blocking the interleukin-6 receptor. Actemra does not directly target COVID-19 infection but is administered to adult patients as it reduces the length of hospital stay.

Antigen test kits

Cipla collaborated with various institutions to bring critical rapid antibody testing kits to patients in India. These include ELIFast, Covi-G and Cipla's CIPtest rapid antigen test kits. CIPtest directly detects the presence or absence of the coronavirus antigen in patients, generating results within 15-20 minutes. The kits are used at the Indian Council for Medical Research (ICMR) authorised labs. Cipla's expansive distribution network ensured the equitable supply of these kits across the country through channels approved by the ICMR.

Other medicines

Albuterol

Cipla received final approval from the USFDA for Albuterol Sulfate inhalation aerosol and actuation to treat acute bronchospasm episodes and prevent asthmatic symptoms. This is Cipla's first device-based inhalation product for the US market and the first AB-rated generic therapeutic equivalent version of Merck Sharp & Dohme Corp's Proventil® HFA Inhalation Aerosol.

Nasal sprays

Cipla received final approval from the USFDA for dihydroergotamine mesylate and sumatriptan nasal spray, an AB-rated generic therapeutic nasal spray, for acute migraine treatment with or without aura.

Icatibant injectable

Cipla received final approval for Icatibant injectable, the AB-rated generic version of Shire's Firazyr®, from the USFDA. Icatibant injection is used to treat acute attacks of hereditary angio-oedema in adults of 18 years of age and older.

Stempeucel®

Stempeutics Research Private Limited, our associate company, received approval from the DCGI to launch Stempeucel®. The medicine is used to treat Critical Limb Ischaemia (CLI) caused by Buerger's disease and atherosclerotic peripheral arterial disease. Stempeucel® is the first allogeneic cell therapy product to be approved for commercial use in India and the first stem cell product to be approved globally for CLI treatment.

Dimethyl Fumarate DR Capsules

Cipla received final approval from the USFDA for dimethyl fumarate, an AB-rated generic capsule, to treat relapsing multiple sclerosis forms in adults. Cipla will provide co-pay assistance for this drug to help more patients benefit from this treatment.

Partnerships and acquisitions

We continually broaden our product portfolio of vital and affordable medicines through strategic partnerships. **While our focus is on chronic ailments such as non-communicable diseases, asthma and chronic obstructive pulmonary disease (COPD), the intent is to build stronger channels that help us support the community at large.**

Agreement with Roche

Cipla entered into an agreement with Roche for marketing and distribution of its trademark oncology drugs Trastuzumab (Herclon), Bevacizumab (Avastin) and Rituximab (Ristova) to address the unmet needs of cancer patients.

Partnership with Boehringer Ingelheim

Cipla entered into a strategic partnership with Boehringer Ingelheim to co-market three oral anti-diabetic drugs – Oboravo® (Empagliflozin), Oboravo Met® (Empagliflozin + Metformin) and Tiptengio® (Empagliflozin + Linagliptin). Empagliflozin is approved for glucose control in patients with type-2 diabetes; it is also approved for reducing the risk of cardiovascular death in patients with type-2 diabetes and established cardiovascular diseases.

Partnership with Alvotech

We expanded our partnership with Alvotech for the commercialisation and distribution of its patented biosimilars – Aflibercept (Eylea®), Ustekimumab (Stelara), Denosumab (Prolia, Xgeva®) and Golimumab (Simponi®) in Australia and New Zealand. These drugs cover therapeutic categories of immunology, osteoporosis, oncology and ophthalmology.

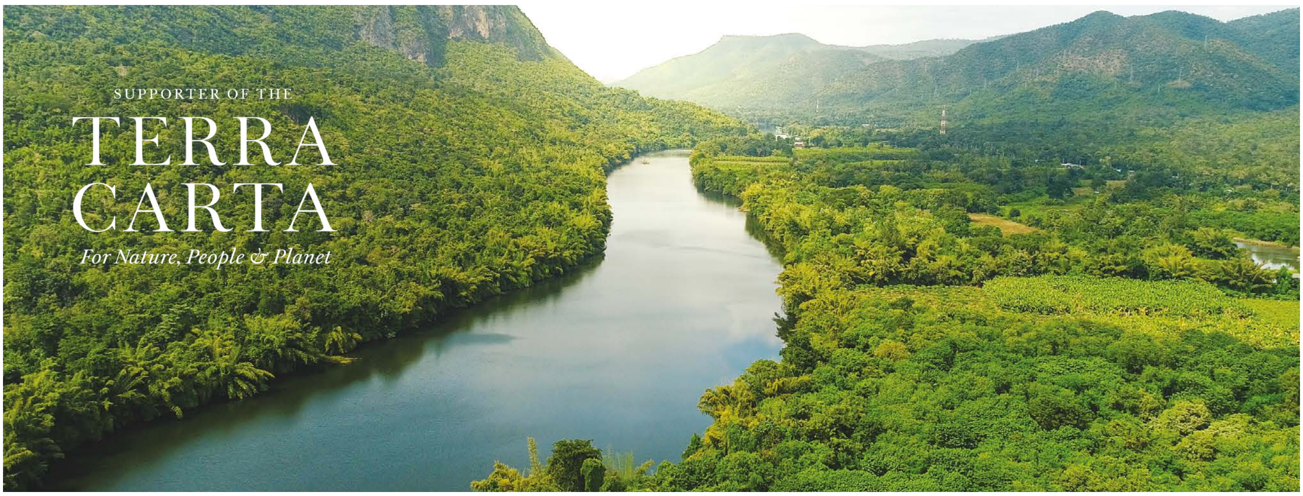
GoApptiv investment

During the year, Cipla acquired a 21.8% stake in GoApptiv Private Limited, which offers digital solutions for integrated brand and sales management, patient support and healthcare data analytics. This partnership will widen the reach of Cipla's key brands in Tier 3 towns in India.

Partnership for a sustainable future

Terra Carta

A key element of Cipla's strategy is to be future-ready and integrate sustainability principles across all our activities. We are committed to realising global goals of sustainability, working alongside other sectors and business leaders. Cipla has pledged support to 'Terra Carta', a landmark charter that puts sustainability at the heart of the private sector. The charter, a part of HRH The Prince of Wales' Sustainable Markets Initiative, was launched in Davos in 2020. Its founding partners include Bank of America, HSBC, British Petroleum and NatWest, amongst others. Cipla is one of five Indian companies and the only Indian pharmaceutical company to sign the charter. This provides Cipla opportunities to drive the Environment, Social and Governance (ESG) discourse across the pharmaceutical sector globally and at the regional level.



Alliances for policy advocacy[2]

Cipla engages with the government, industry associations and advocacy platforms on various regulatory and policy issues to ensure compliance with local regulations, in keeping with the highest governance practices.

We share our learnings and insights directly with the government as well as industry associations on issues relating to quality, accessibility and affordability in healthcare. Our senior leaders speak at noteworthy pharmaceutical forums organised by various industry associations to share Cipla's perspectives and thought leadership. We partner with central and state government bodies across India to drive awareness campaigns for Tuberculosis, COPD, AIDS, Cancer and Diabetes.

We maintain a regular dialogue with our key stakeholders to gain an all-round perspective regarding the impact of policy developments on our business and to align our strategy as needed.

Government engagement: We engage with the Prime Minister's Office, Ministry of Health and Family Welfare, Ministry of Chemicals & Fertilisers – Department of Pharmaceuticals, National Pharmaceutical Pricing Authority (NPPA), CDSCO, Ministry of Finance, Ministry of Environment Forest and Climate Change, Ministry of Commerce & Industry, Ministry of External Affairs and NITI Aayog. At the state level, we engage with relevant ministries and their offices, Food and Drug Administration, Pollution Control Boards and State Industrial Development Corporations on regulatory and policy issues to ensure compliance with regulatory requirements.

Industry associations:

Cipla is an active member of several industry associations, including:

- Confederation of Indian Industry (CII)
- Indian Pharmaceutical Association (IPA)
- Federation of Pharma Entrepreneurs (FOPE)
- Pharmaceutical Export Promotion Council (PHARMEXCIL)

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

Enhancing patient experiences[3]

Care is at the core of everything we do at Cipla. The strong relationship we build with our patients deepens our understanding of individual and market needs and helps us cater to the requirements of this key stakeholder segment.

Can-Helper (Helpline for cancer)

We launched Can-Helper, a first-of-its-kind toll-free helpline for cancer patients and their families in Mumbai and Pune. The helpline makes it easier for patients and caregivers to seek counselling and support in handling fear, anxiety and stress. This service, operated by experienced counsellors, is available on toll free number 09511948920 every day from 10 am to 6 pm, in English, Hindi and Marathi.

Berok Zindagi

Cipla continued with the efforts of creating awareness on asthma and its right treatment through one of the biggest mass-media initiatives - Berok Zindagi. It reached out to more than 21 crores people in FY 2020-21. This initiative received tremendous support from key opinion leaders and recognition at major industry forums. The Campaign won 9 awards this year and the details of latest awards received for this campaign are mentioned on page 24.

This year, the campaign featured both asthamatic and non-asthamatic celebrities to establish inhalers as the right treatment for asthma and promoted the core message of **'Asthma ke liye #InhalersHainSahi'**.

The campaign was planned in seven languages to ensure regional connect.

Digital media

Keeping in mind the increased digital adoption among users, this year the campaign was run with a digital focus. Along with the celebrities, the campaign also included doctors giving their perspectives and patients narrating their stories to establish inhalers as the right treatment for Asthma. Multiple films were launched to address different aspects of asthma ranging from inhaler related myths to social acceptance of inhalers. This included a comprehensive guide on asthma management consisting of 26 films through each letter A to Z.

Social media movement promoting #SayYesToInhalers led to more than 8000 posts supporting the movement. #InhalersHainSahi was also amongst the top 3 on Twitter Trend.

Radio

In order to further widen our reach, we also used Radio to communicate the message of #InhalersHainSahi. This initiative was supported by 180 doctors across 90 cities.

Public relations

Public Relations activity was completed across 38 cities with 230 coverages by leading media houses. This helped reach out to 4.4 Cr people via release dissemination/authored article, TV interviews and virtual press conference.

On-ground reach

Cipla's on-ground teams took the campaign to more than

100,000

clinics,

170,000

chemists and

20,000

stockists.

More than 200 e-RTDs (Round Table Discussions) were conducted, which saw participation by 2,500+ doctors to discuss asthma management and its treatment. Programs like Berok Zindagi patient camp and Breathefree patient connect were initiated at housing societies and schools connecting to 50,000+ patients.

Breathefree

One of Cipla's most extensive patient support initiatives, 'Breathefree' aims to improve understanding of respiratory disorders and its available treatments amongst the patients. In FY 2020-21, more than **5,500 doctors and 600 Breathefree Educators counselled 700,000 patients** on better disease management at the Breathfree clinics. The initiative continued unabated during the pandemic, while following stringent safety measures.

This year we launched the Breathefree Digital Educator, India's first digital education platform to help patients learn the correct way to use inhalers. 3,500+ doctors recommended and more than 11,000 patients signed up on the platform. We also partnered

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

with CREST Private Limited to conduct 5 CORD (Certificate course on Obstructive aiRway Diseases) programmes to train 150+ Breathefree Educators on spirometers, inhaler devices, obstructive airway diseases and counselling skills.

Some of our patient testimonials are provided below:

On the advice of a Doctor, I started using an inhaler when I was 10 years old to manage my asthma in a better way. As I grew older, I realised how much an inhaler actually helps someone with asthma. Because of my inhaler, today, I can outlast most people in a gym. In fact, I am even looking to begin a career in the fitness line!

Roshni Chatterjee

If you're an asthmatic, I want to tell you that with the right treatment, asthma cannot stop you from doing anything you want to do. So trust your doctor when he says, "Asthma ke liye, inhalers hain sahi!"

Labhdi Shah

Digital Breathefree campaign in Nepal

Cipla launched a dedicated Breathefree website in Nepal that includes a live chat feature on the portal for patients to reach out for their respiratory issues. During COVID-19, the website live chat feature helped patients to address their respiratory problems basis the guidance received from the doctors in Breathefree clinics. The website enabled large scale respiratory diseases awareness through digital marketing.

The Breathefree website campaign in Nepal answered around **5,000 patient queries**, directed more than **300 new patients** to Breathefree clinics in three months, and reached more than **100,000 people in Nepal.**

Combating Anti-Microbial Resistance (AMR)

AMR has emerged as one of the principal public health problems of the 21st century. It threatens effective treatment of an increasing range of infections caused by bacteria, parasites, viruses and fungi that are no longer susceptible to the common medicines used to treat them.

Cipla takes proactive efforts to be a part of providing the solution to AMR. We sponsor and conduct medical education outreach initiatives for healthcare providers through medical symposia and virtual programmes to ensure the appropriate use of antibiotics for infection prevention and control.

A self-assessment by 80% of our domestic suppliers of antibiotic APIs and formulation was completed during the year. An external expert agency conducted an assessment of our manufacturing sites for combating AMR and the gaps identified are being addressed on priority. A third-party assessment of suppliers is also under progress.

Our annual progress regarding AMR management is shared with the International AMR Alliance and the ATMF for inclusion in their biennial report.

We are proud to be recognised as a leader among our generic peers in the AMR Benchmark. The independent report from the AMF evaluated 30 pharmaceutical companies on their efforts to bring AMR under control. Our performance has been recognised in the four core categories of R&D, Responsible Manufacturing, Appropriate Access and Stewardship. Cipla's performance was commendable in all the evaluation areas, with a performance score of 70%, the highest among generic medicine manufacturing companies.

Interactions with HCPs

FY 2020-21 was an exceptional year, where Cipla reimagined HCPs outreach on account of the pandemic. We played a key role in personnel safety by facilitating and distributing the Association of Physicians of India Protocols for Clinic Sanitisation, Opening of Clinics and Safety of Health Care Workers and Patients. We facilitated a Telemedicine Platform through which patients could remotely reach out to their doctors for health consultation. We also supported distribution of safety equipment for doctors and patients.

Because of the pandemic, Cipla switched to digital mode for our Continuing Medical Education (eCME) Programmes, achieving **750,000+ doctor touchpoints through 5,000+ webinars. We engaged with HCPs individually through 500,000+ emailers and 270 training sessions. These intensive efforts have led to Cipla being ranked as number #1 Company as per the survey conducted by Technology Healthcare Big Data Analytics (THB) (1100+ HCPs, March-April, 2021) for providing support to HCPs during the pandemic.**

Maximising shareholder value

Addressing investor interests and concerns are of paramount importance to Cipla. The trust and support of our investor community is critical to our ability to create value and deliver on commitments. We engage with our investors regularly through earnings calls, presentations, meetings and conferences. In addition, the Cipla's Investor Grievance Redressal Policy allows the investors to raise issues, if any.

Last year, we shared the FY 2019-20 Annual Report on email with shareholders who had opted for email communication. Majority of our communication with our shareholders was paperless, thus helping to reduce our environmental footprint while meeting regulatory requirements.

Cipla has received membership to the FTSE4Good Index Series for the third time in a row, a testimony to our robust Environmental, Social and Governance (ESG) practices. (FTSE4 Good is a global sustainable investment index series that measures the performance of companies with strong ESG practices.)

We received the Golden Peacock Global Award 2020 for 'Excellence in Corporate Governance' and we qualified for the 'Leadership Category' of the S&P BSE 100 companies for the second year in a row. Cipla has also been awarded as the Most Outstanding Company in India – Healthcare Sector -2020, at the Asiamoney Asia's Outstanding Companies Poll, for the second year in a row.

Customer satisfaction[4]

At Cipla, we prioritise patient centricity and have feedback processes in place so as to continually track and improve customer satisfaction levels. In FY 2020-21, we enhanced our CQA system to improve responsiveness to customer complaints on product quality. Our advanced and secure complaint tracking system facilitates investigations of complaints through a fair and transparent process. The system responds to all complaints and helps avoid recurrence of issues.

During FY 2020-21, we received 3,142 customer complaints, of which 2,553 were resolved, and 589 complaints are under investigation. We also received 25 complaints from regulatory bodies in the same period[5].

There were no significant cases filed or pending against the company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour for the reporting period[6]. We had no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products.

We take steps to educate customers, especially from the vulnerable and marginalised segments, on the safe and responsible use of our products. Our product labelling follows all applicable regulatory norms and contains additional information basis specific product and packaging requirements[7]. We had no instances of non-compliance with regulations concerning product labelling[8]. Cipla is a part of the pilot project being run by the WHO to test electronic product labelling using QR codes. This project can lead to the elimination of physical leaflets from all WHO products, thus reducing both costs and environmental footprint.

[4]GRI 416-1, GRI 416-2, GRI 417-1, GRI 417-2, Information in line with BRR Principle 9, Question 4, GRI 417-3
[5]Information in line with BRR Principle 9, Question 1
[6]Information in line with BRR Principle 9, Question 3
[7]Information in line with BRR Principle 9, Question 2
[8]GRI 417-3

Building a sustainable supply chain[9]

A sustainable and seamless supply chain is critical for the timely availability of our medicines. We are grateful for the support of our suppliers and partners that enabled us to run our manufacturing operations with minimal disruptions despite the restrictions imposed by COVID-19. Their partnership helped us reach critical medicines to public health centres, hospitals, patients and others on time.

As of FY 2020-21, we have more than **7,600 upstream and downstream suppliers**, of which **487 suppliers** have been identified as critical suppliers. We spend **57% of our our total procurement budget on local sourcing**, which reflects as **677 local-based** suppliers for our manufacturing facilities globally[10].

Supplier Code of Conduct[11]

Sustainability parameters are integrated into our overall supply chain through various measures, including a comprehensive Sustainability Policy and Code of Conduct applicable for all our suppliers. During the reporting period, 169 vendors (including 146 critical vendors) confirmed alignment to the Cipla's Supplier Code of Conduct. During the year, we also initiated a desk-based assessment of 31 critical vendors and all the vendors scored above the internal threshold for supplier ESG assessment.

Ensuring quality within supply chain management[12]

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 APIs, excipients and packaging, as per Good Manufacturing Practices (GMP) regulations. We also conduct site audits for our contract manufacturing organisations (CMOs) and principal to principal (PTP) contract vendors. We ensure timely closure of audit observations along with monitoring the closure of Corrective Action Preventive Actions (CAPA). During FY 2020-21, 218 vendor audits and 57 CMO Audits were conducted against parameters such as GMP, facility compliance, quality management system controls and documentation.

In FY 2019-20, we had initiated a vendor engagement programme to identify and close gaps at supplier facilities related to cGMP practices, regulatory compliances and audit readiness. These engagements help ensure business continuity and reduce the risk of vendor disqualification based on audits. The programme encourages our suppliers to improve their facilities and resolve product-related challenges. During FY 2020-21, against our target to support 25 vendors in achieving minimum 80% compliance, we achieved 100% compliance for 26 vendors. For FY 2021-22, we have set a compliance target of 85% compliance for 20 vendors. Over and above this we also target to support 10 vendors in improving their on-time and in-full (OTIF) scores as well as quality scores by 5%.

These regular engagements reiterate our support for suppliers, deepen our relationships and help us keep our supply chain running without disruptions.

Innovation and technology in SCM

At Cipla, we focus on consistently improving our supply chain responsiveness, competitiveness and customer service through innovation and technology-led advances.

[9]GRI 103-1, GRI 103-2, Information in line with BRR Principle 2, Question 3, GRI 103-3
[10]GRI 204-1. Information in line with BRR Principle 2, Question 4. We define local as 'local to the country of operation (India, South Africa, USA and Uganda)'
[11]GRI 103-1, GRI 103-2, GRI 103-3, GRI 407-1,GRI 408-1, GRI 409-1, GRI 412-1
[12]GRI 102-9 and GRI 102-10

Some of these initiatives include

Material Availability Dashboard

A common access tool for procurement, planning and manufacturing teams. The dashboard identifies material availability risks ahead of time and recommends mitigation actions. As a result, our material availability in **FY 2020-21 improved to ~90% from earlier levels of 70-80%.**

Ariba

A cloud-based network with a suite of services to digitalise, simplify and add visibility to the overall source-to-pay process. It facilitates price discovery and savings by connecting buyers to suppliers. **Over 80% of our suppliers are connected through Ariba and more than 100,000** Purchase Orders have been routed through the system since its launch.

Supplier Scorecard

A performance monitoring tool that evaluates all supplier transactions on quality, delivery and cost-related parameters. Within evaluation metrics, quality parameters have a 40% weightage and include audits, documentation, CAPA and rejections. Delivery parameters have a 40% weightage and include on-time and complete delivery. Cost parameters have a 20% weightage and include increase / decrease in prices by the supplier over a particular period. This scorecard helps our procurement teams transparently allocate business to suppliers directly proportionate to their ratings. In addition, we conduct a root-cause analysis of suppliers with low scores and help them improve their scores. **The Company evaluates over 1,000 suppliers annually and works with top 25 critical vendors as part of our strategic relationship management.**

CMO Field Force Automation

An indigenous field force automation software that provides a daily view of production and dispatch data of contract manufacturers. Developed by Cipla, this software helps in developing monthly production schedules and planning field visits by site representatives.

Integrated Business Planning (IBP)

A cloud based platform that is integrated with the Company's core SAP system and provides end-to-end visibility of the supply chain planning process. The platform's advanced functionalities like simulations, scenario-based planning and optimised demand and supply views have helped our experts free up time to focus on critical analysis and execution. This has led to more effective demand and supply planning and ensures reliable supply commitments.

Blockchain-enabled tracking system

We are developing a Blockchain ledger based work flow management for track and trace involving Cipla depots, Stockists and hospitals. The pilot is being executed on in-licensed portfolio in India starting with Actemra and it shall be expanded to complete in-licensed portfolio in future.

Efficacious de-risking of supply chain

A seamless and uninterrupted supply chain is critical and we continuously work to de-risk our supply chain. In FY 2019-20, we rolled out a Continuous Improvement Programme to procure raw materials more cost-effectively to bring down API manufacturing costs without impacting quality. The team uses measures like comparing and qualifying raw materials based on price and quality, and evaluating 'make versus buy' options for inputs.

We follow an alternate vendor development ("AVD") strategy for sourcing APIs to derive greater cost efficiencies without impacting quality. All vendors are evaluated against a comprehensive framework. As part of the vendor performance evaluation, we calculate a risk priority number covering parameters such as compliance, adherence to code of conduct, regulatory enforcement, quality, dosage forms and even geographic and climatic parameters. Performance is evaluated on a digitised scorecard using Cipla SAP and QA systems. Finally, a built-in RCI mechanism identifies gaps and recommends relevant improvements for vendors to avoid any possible impact on the supply chain.

We completed 58 AVD processes aimed at de-risking and serviceability in FY 2020-21 as compared to 56 AVDs in the previous year.

API ~32 projects completed

Excipients ~4 projects completed

Intermediate ~15 Drug Master Filings amendments filed

PM 7 projects completed with AVD qualification

Social Capital[1]

We strive to make a difference

Cipla's patient-focused purpose of 'Caring for Life' also reflects in the Company's community-centred approach towards creating social change. Our work in the community is carried out through Cipla Foundation, the Corporate Social Responsibility (CSR) arm of the Company. We follow a collaborative approach in our outcome-oriented social change initiatives that aim to fulfil our vision of building an equitable world. While our long-term goal remains to support Agenda 2030, as laid out by the United Nation's Sustainable Development Goals, we also address immediate challenges.

Strong Governance, Robust Systems[2]

At Cipla, our CSR programmes are in line with the CSR Policy of the Company, which is updated to include best-in-class governance mechanisms and statutory amendments. The CSR Policy is available on website of the Company. The Company has met the CSR expenditure as per statutory requirements and the details of CSR expenses and respective projects supported are given under CSR Report – Annexure to the Board's Report at page 160.

[1]GRI 103-1, GRI 413-1, GRI 413-2 | Information in line with BRR Principle 4, Question 2 & 3 and Principle 8, Question 1
[2]GRI 103-2, GRI 103-3

The Foundation works with credible institutions, non-governmental organisations (NGOs), government agencies, domain experts, visionaries and other philanthropic foundations (as permissible under the CSR Rules) to enhance the outreach of our CSR initiatives[3]. The Foundation maintains the highest standards of compliance and due diligence, with robust auditing and monitoring mechanisms to govern our engagements with partners and stakeholders.

CSR Governance

Cipla Board

- Approves CSR Policy, Annual Action plan
- Reviews & ensures fund utilisation as per approved plan
- Monitors project along with CSR Committee

Quarterly update to Board

CSR Committee

- Recommends CSR Policy
- Recommends Annual Action plan & modifications, if any
- Monitors project implementation through transparent monitoring & management mechanism[4]

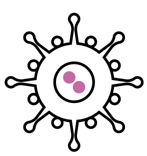
Periodic update to CSR Committee

Cipla Foundation

- Identifies CSR projects as per CSR Policy and proposes to the Committee
- Implements & monitors project as per board approval
- Maintains robust mechanisms to ensure compliance with approved proposal, CSR policy & applicable laws

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

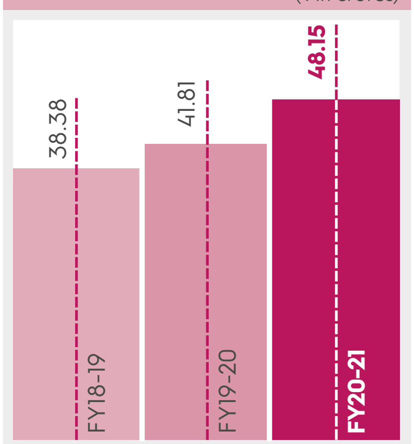
Cipla Foundation works across four key CSR focus areas – health, education, skilling, and environmental sustainability & disaster response – in India and South Africa. In addition to the contribution towards these four key thematic areas, Cipla Foundation has also undertaken initiatives to serve the community at large in response to the COVID-19 pandemic.



COVID-19

CSR Spend[5]

(₹ in crores)



This includes global spend of Cipla (subsidiaries + South Africa)

Partnerships for COVID-19 Pandemic Response

India's first-of-its-kind large-scale initiative, Project Ummeed, is a public-private COVID-19 testing initiative by Citibank and Cipla Foundation, in association with the National Health Mission, the Maharashtra state government and state municipal corporations. Under the project, free-of-cost RT-PCR COVID-19 tests were supported for patients with financial difficulties across Maharashtra - one of the worst-hit states during the pandemic. **More than 1,15,000 tests have been conducted across 26 government and civic hospitals in 17 municipal corporations during FY 2020-21 as against the one lac tests targeted.**

Through **Project SAANS**, we partnered with the Council of Scientific & Industrial Research – Indian Institute of Chemical Technology (CSIR – IICT) to develop the SAANS Face Mask – a high quality, affordable, scientifically tested and re-usable face mask.

Under the guidance of IICT, the first batch of 1,00,000 face masks were distributed free-of-cost in rural areas of Telangana to vulnerable groups, including frontline COVID-19 warriors, migrant workers, children and the elderly, in 57 villages across 26 districts.

Cipla actively contributed to the fight against COVID-19, in India as well as South Africa. The Company provided urgently needed safety and hygiene kits, face masks, sanitisers, dry rations and food packets to vulnerable groups. This included frontline workers, healthcare staff and patients, truck drivers, waste pickers handling disposed COVID-19 gear in Mumbai's dumping grounds and pre-school children in high-risk communities in India and South Africa.

During FY 2020-21, we distributed

1,20,000+

protective gear kits and

50,000+

meals to front line workers.

[5]Information in line with BRR Principle 8 Question 4.

Strengthening COVID-19 care facilities

To strengthen public healthcare facilities, we collaborated with 26 healthcare institutions across India to support them in diverse ways – from setting up dedicated facilities to providing specialised equipment. At JJ Hospital, Mumbai, we supported the setting up of a 24/7 RT-PCR COVID-19 Testing Laboratory. **The facility has completed 8,900+ tests during FY 2020-21 against targeted 4,000 tests. We also provided an X-ray machine for early COVID-19 diagnosis at the hospital.**

Additionally, we strengthened infrastructure at COVID-19 Care Centres by providing 19 Oxygen Concentrators and High Flow Nasal Oxygen Canulas across four locations in Bengaluru, Indore, Kurkumbh and Patalganga. We also provided a Centrifuge machine at Baddi to enhance COVID-19 testing.

In South Africa, we repurposed 10 containers to serve as COVID-19 screening units which served more than 120 patients a day. We also provided four testing and screening units at Hermanus and Grabouw in Overberg District to strengthen the local Department of Health and partnered with the city of Cape Town to support treatment of over 2,000 COVID-19 patients.

Responding to the call for disaster mitigation, Cipla also contributed towards the PM CARES Fund and State Disaster Management Authorities which further supported the nation's response to the COVID-19 crisis.

On account of the COVID-19 pandemic and the resultant lockdown implemented by government, some of the regular projects carried out by Cipla Foundation had been impacted, especially those which required physical presence in the community or face-to-face interactions. This is reflected in the project outcome numbers related to such projects vis-à-vis the performance indicators for FY 2019-20.

HEALTH

The Foundation works in the area of health with a three-pronged approach of strengthening access to quality health services, promoting training to build a cadre of skilled healthcare professionals, and supporting evidence-based research for positive health outcomes. The key programmes and projects undertaken are summarised below:

1

Creating Access to Palliative Care Services

We believe that palliative care is care that is responsive to the needs of patients. It focuses not just on the illness (chronic or life threatening) but on how the illness is impacting the physical, social and emotional well-being of patients as well as that of the family.

Sadly, only 4% of patients in India with serious illnesses get access to pain relief*. Others end up living in physical pain & emotional distress, with a severely compromised quality of life. Access to palliative care can address this effectively. We have been committed to increasing access for palliative care services through our work at the Cipla Palliative Care & Training Centre in Pune and by supporting palliative care organisations across the country. During the year, we partnered with over 15 palliative care providers in India to support with direct services as well as to train healthcare professionals in palliative care.

Cipla Palliative Care & Training Centre, Pune (CPC)

Started in 1997, the Centre provides free-of-cost palliative care to cancer patients in advanced stages of their illness. The professional multi-disciplinary team at CPC offers holistic responsive care through in-patient, out-patient and homecare services as well as with tele-consultations. The Centre also trains healthcare professionals in palliative care so that more and more patients and caregivers can get the support they need.

Scan the code or visit https://www.youtube.com/watch?v=sbnue8_rhYE&ab_channel=Cipla to watch a short film on CPC, Pune

Even as COVID-19 took centre stage during the year, it was important to ensure that the needs of cancer patients were not overlooked. Guided by stringent safety protocols and in adherence with lockdown restrictions, CPC remained open and continued to admit and care for patients and their families.

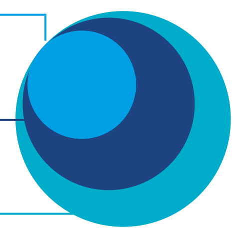
After a brief pause of few weeks in April 2020, our home care services resumed to serve critical patients in their homes with follow-ups done through audio and video calls. The concerted efforts of the palliative care team ensured that despite the restrictions due to the pandemic, there was a notable rise of almost 20% in the number of patients who were served in FY 2020-21 compared to the previous year.

Total patients served/ consultations

FY 2018-19
4,700+

FY 2019-20
6,000+

FY 2020-21
7,000+



In March 2021, in partnership with King George V Memorial Trust, we set up Mumbai's first inclusive supportive care centre, **'Sukoon Nilaya'**, a 16-bedded palliative care facility that offers free-of-cost out-patient services and in-patient admissions to adult patients with cancer, as well as to patients with chronic renal, cardiac, respiratory and neurological conditions.

* Source: Alleviating the access abyss in palliative care and pain relief—an imperative of universal health coverage: the Lancet Commission report, 2017

Palliative Care Training

The large unmet demand for palliative care cannot be served by palliative care experts alone. Our training programmes are evidence-based and rooted in practice to enable health care providers to include palliative care into their practice. These include:

- **Integrated Module of Palliative Care in Cancer Treatment (IMPACT) in association with the SAARC Federation of Oncologists**
- **Certificate in Essentials of Palliative Care course designed by Indian Association of Palliative Care**
- **Certificate course in End-of-Life Nursing Education Consortium (ELNEC)**
- **Certificate Course in Palliative Medicine / Nursing in association with the Indo American Cancer Association**
- **Certificate course in Education in Palliative and End-of-Life Care (EPEC)**
- **Basic certificate course in Pain and Palliative Care for Pediatricians in association with the Indian Academy of Pediatrics**
- **Foundation course in palliative care for nursing students in association with Bharati Vidyapeeth College of Nursing, Pune**

In FY 2020-21, **1,600+** healthcare professionals were trained across 15 hospitals and medical colleges, as compared to **3,500+** in FY 2019-20.

In a first-of-its-kind initiative, we served

3,900

children and their caregivers at the pediatric isolation ward for COVID-19 patients at B J Wadia Hospital for Children in Mumbai -the largest charitable hospital for pediatric care in Maharashtra.

Can-Helper

In association with Tata Memorial Hospital, we set up Can-Helper – India's first-of-its-kind toll-free helpline to support patients and their families to cope with anxiety and stress related to cancer in times of COVID-19.

2

Respiratory Care

Pulmonary Rehabilitation Programme: Responding to the cases of compromised lung health due to COVID-19 infections, we pivoted our respiratory initiatives to support affected patients. We supported the setting up of a pulmonary rehabilitation centre at Bharti Medical College Hospital and at Yeshwantrao Chavan Memorial Hospital in Pune.

3

Improving Access to Healthcare – Doorstep Health

Mobile Healthcare Units (MHU), managed by HelpAge India, in partnership with Cipla Foundation, have delivered free-of-cost primary health care services to communities around Cipla facilities in Baddi, Bengaluru, Patalganga, Indore and Kurkumbh units.

MHUs have conducted 74,000+ free-of-cost health check-ups in FY 2020-21 as against 1,05,000+ check-ups in the previous year.

Cipla's Owethu Model of community health services and Sha'p Left Nurse Surgeries programme for primary healthcare in South Africa continued to support the communities in which they are located.

33,000+ patients were served by this enterprise development nurse surgerymodel as compared to 42,000+ in FY 2019-20.

The Central Chronic Medicine Dispensing Distribution (CCMDD) programme, operated by Cipla Foundation South Africa, got a major boost in FY 2020-21 with funding from USAID (United States Agency for International Development). The initiative focuses on distributing medicines for chronic ailments to stable, government patients, helping increase reach, access and overall medicine compliance. Over

2,40,000+ medicine parcels were distributed in FY 2020-21, compared to just 43,000 in FY 2019-20.

Sha'p Left Hub in Bellville received the Pinnacle Award 2020 for the most inspiring innovation in urban spaces. Located in the heart of one of the busiest commuter nodes, the centre was built using three repurposed containers. The Hub offers primary health care, diagnostic testing, eye-care and a chronic medicine dispensary that remained open during COVID-19.

Thalassemia treatment and management

The Company had supported the setting up of India's first-of-its kind Comprehensive Thalassemia Care Paediatric Haematology – Oncology and BMT Centre in

Borivali, Mumbai. In FY 2020-21, we have supported 23 life-saving bone marrow transplant surgeries and 1,115 blood transfusions – which were done during COVID-19 under stringent safety protocols.

Miles for Smiles

About one in every 1,000 babies is born with a cleft lip or cleft palate in Africa, which if left untreated, can even be fatal. Through innovative fund-raising initiatives such as the Cape Town Cycle Tour, Miles for Masks, Youth Day Run and the Ironman Challenge, Cipla Foundation South Africa continued to shine a spotlight on this neglected condition.

4

Capacity Building and Training of Healthcare Workers

Project PRAKASH (Programmed Approach to Knowledge and Sensitisation on Hepatitis) is a collaborative project with the Institute of Liver and Biliary Science (ILBS), India. It aims to build capacity amongst primary care physicians and paramedical professionals to diagnose and manage Hepatitis, an inflammation of the liver that affects an estimated 40 million Indians. The course curriculum is endorsed by WHO and the programme skills healthcare professionals through trainings and web-based sessions to meet the global mandate of Hepatitis Elimination by 2030.

Project ECHO (Extension for Community Healthcare Outcomes) is a web-based platform for medical education that uses a hub-and-spoke model to impart specialised training for practitioners. During the pandemic, we supported setting up of ECHO platforms at various health institutions that connected doctors and healthcare workers to an online COVID-19 management knowledge network. This was facilitated by AIIMS (All India Institute of Medical Sciences) and ICMR. **Over 3,33,000 healthcare professionals and workers have availed 1,400+ training sessions on ECHO in FY 2020-21.**

EDUCATION

The Company aligns with the Sustainable Development Goal of Quality Education by supporting schools and academic institutions for higher learning in remote regions and communities near Cipla manufacturing units.

Supporting Digital and Online Learning

With physical learning becoming a challenge in the pandemic, we adapted to virtual learning and leveraged technology-based solutions to ensure that learning could continue through lockdowns.

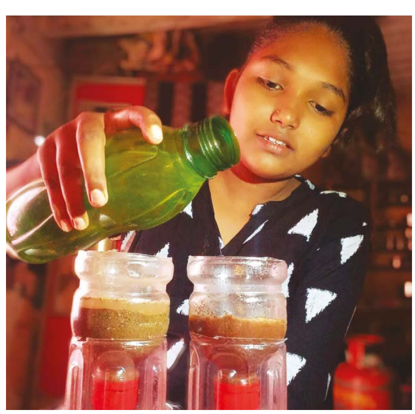
D-LEAD (Digital Learning Excellence and Development) – As schools and colleges closed due to COVID-19, our digital learning initiative unlocked opportunities for virtual learning for students in government and government-aided schools near Cipla manufacturing units.

As a part of this project, digital tablets with pre-loaded state-board curriculum content in regional languages for Class 9 and 10, were distributed to

1,600+ children across 30 schools near Cipla facilities.

E-Learning at Anganwadis – The Integrated Child Development Scheme (ICDS) aims to strengthen Anganwadis, the early childhood care and education centres. We have supported 75 Anganwadis across Goa with digital learning content, along with a television and 15 digital tablets at each location. In addition, we also conducted capacity building programmes for teachers.

Mobile Science Labs (MSL)– This unique interactive learning programme, run in partnership with the Agastya International Foundation, takes 100+ science models to students in government-run and aided schools. Trained instructors conduct hands-on grade relevant science sessions for students, as well as train teachers to make low-cost models and run experiential sessions for their students. During pandemic the six MSLs continued reaching out to **nearly 68,000 students digitally through video calls and live online sessions, covering 113 schools across 8 districts.**



The number of student interactions

FY 2018-19
60,000+
exposures

FY 2019-20
97,000+
exposures

FY 2020-21
2,95,000+
exposures

Early Childhood Development (ECD) Centres

Cipla supports ECDs in India (Balvatika) and South Africa (Ajuga), through dedicated centres near our manufacturing units for children in the age group of 2-6 years. The centres cater to the nutrition, education and safety of children in the critical formative years of their lives.

The Balvatika project In Baddi was modified into a peer-led programme with sessions in courtyards or open spaces around slum settlements. For this, 11 peer leaders were identified, trained and assigned up to 10 children each from their neighbourhoods. All COVID-19 related precautions were strictly followed by the staff and children, with regular virtual and occasional physical monitoring. Over 150 children were a part of the peer-led education programme in FY 2020-21.

The Ajuga pre-school programme supported by Cipla Foundation South Africa stayed focused on supporting children and teachers with meals, masks and sanitisers. In partnership with UNICEF, daily e-learning materials were distributed to ECD staff to share with parents via WhatsApp.

Teaching staff was provided with food vouchers and over 30,000 meals were provided to families, in partnership with the Pebbles Project.

Infrastructure Support to Enhance Learning

New Aanganwadi centres– To provide better infrastructure and facilities for women and children in the cluster, two Anganwadis were constructed in Kallibillod village, Madhya Pradesh under 'Project Bhavan'.

School infrastructure strengthening – To reduce inequities in learning environments, we supported infrastructure upgradation in government and aided schools near Cipla manufacturing locations by setting up of sanitation blocks, computer labs and libraries. Additionally, we have provided e-learning equipment, desks, benches and grade-relevant books to enhance learning outcomes. In FY 2020-21, our infrastructure support benefitted 2,500+ students.

Merit Award Scholarships – Each year, we felicitate government school students who secure top ranks in Class 10 and 12 board exams with financial awards. 287 students were felicitated in online events this year.

SKILLING[6]

Skilling remains a key focus for the Foundation as it furthers our role in supporting the Government's National Skill Development Mission and contributes to the Sustainable Development Goal of poverty alleviation. During the pandemic, we continued to promote skill building programmes through virtual and online sessions.

Creating Employment through Transfer of Know-how

Cipla transferred the SAANS Mask technology to non-profit organisations (NGOs) and self-help groups (SHGs) along with training in mask production. This not only scaled the technology and provided high quality masks to the community, but also generated livelihoods during a financially challenging COVID-19 year.

90,000+

masks have been manufactured by NGOs and SHGs.

Professional Skill Development

Our transformational B.Sc. graduate programme, designed in partnership with Baddi University of Himachal Pradesh, empowers

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

financially disadvantaged meritorious youth with a three-year Bachelor of Pharmaceutical Science degree programme. Students receive formal education at Baddi University and on-the-job training at Cipla's Baddi manufacturing unit.

The first batch graduated in 2018 continued to remain productively employed in the pandemic. The second and third batch is underway, with sessions continuing online during COVID-19 to ensure that students keep building their skills and knowledge.

Short-term Vocational Skilling

In collaboration with Ambuja Cement Foundation's Skill & Entrepreneurship Development Institute (SEDI) in Baddi and Indian Technical Institute (ITI) in Sikkim, we support short-term vocational skilling in electrical training, plumbing and industrial sewing for local youth, to make them more employable and professionally productive. Wherever feasible, training continued in an online format during COVID-19. 265 individuals were trained in FY 2020-21, of which 49% have been gainfully employed.

Project EyeWay: To support persons with disabilities, we have come together with the Score Foundation to set up the EyeWay helpdesk at the Victoria Memorial School for Blind, Mumbai. The helpdesk is a one-stop information repository that aims to increase access to resources, information and counselling for people with visual impairments. This service was even more critically needed in COVID-19.

2,700 +

individuals with visual impairment connected with the EyeWay helpdesk in FY 2020-21, as against **2,300+** in FY 2019-20.

ENVIRONMENTAL SUSTAINABILITY & DISASTER RESPONSE

We support communities through long-term natural sustainability initiatives as well as with immediate relief in times of a natural disaster.

During the year, we also stood by communities hit by floods and cyclones in West Bengal, Odisha, Assam and Bihar by providing essential supplies including tarpaulin sheets, drinking water, hygiene items, dry food items, ration packets, cooked meals and more.

We reached out to

10,000+

individuals through our disaster response efforts in FY 2020-21.

Cipla Foundation's initiatives reflect our passion to maximise social change and create collective impact. We will continue to come together with like-minded partners, leverage shared resources and nurture innovative solutions to empower communities.

Natural Capital

15%

Share of renewable energy in the energy mix

100%

equivalent post-consumer plastic waste recycled

32%

of water recycled & reused

8%

reduction in absolute GHG emissions

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

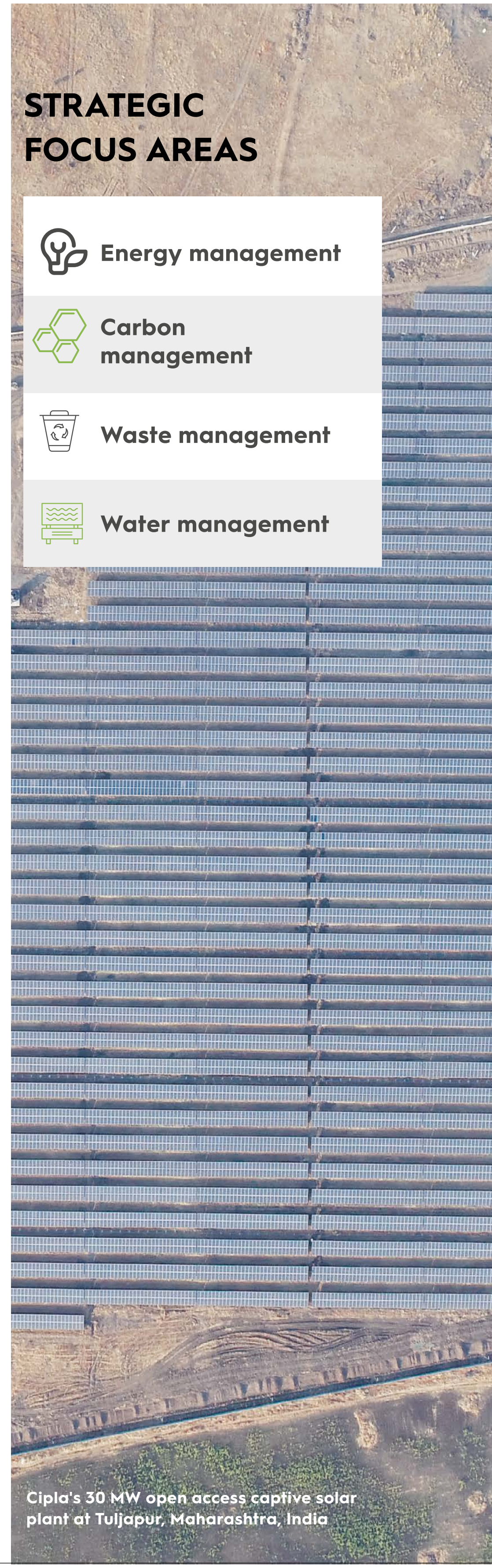
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

STRATEGIC FOCUS AREAS

- Energy management
- Carbon management
- Waste management
- Water management



Cipla's 30 MW open access captive solar plant at Tuljapur, Maharashtra, India

In a resource-scarce world that is increasingly vulnerable to climate change, sustainability has not only emerged as the way forward, but also as an integral business imperative. We, at Cipla, are committed to using a science-based approach to innovate and sustainably achieve our business performance goals. In keeping with our ethos to preserve the planet, we are committed to solving the natural capital challenges faced by the world.

Cipla's sustainability initiatives are aligned with sustainability megatrends like climate change, circular economy and water stewardship. Our vision is to bring our partners, customers and suppliers together to create smarter solutions to augment our purpose of 'Caring for Life' to people, nature and planet We consistently strive to ensure responsible management of our environmental footprint and conservation of natural capital around us.

Natural Capital Management[1]

As global warming is causing long-lasting changes to our ecosystems, climate-related disasters in the past four years alone have killed 1.3 million people and left 4.4 billion injured[2]. By 2030, an estimated ~300 million people globally would be affected by the aggravated burden of respiratory issues triggered by climate change*. Apart from respiratory diseases, climate change impacts a wide range of health outcomes such as cardiovascular illnesses, water borne diseases and infectious and communicable diseases.

Climate change also poses a business risk to our operations and physical assets.

Yet, it also presents an opportunity for the pharmaceuticals sector to rise responsibly to the health challenge by making drugs that are affordable and accessible.

[1]GRI 103-1, GRI 103-2, GRI 103-3
[2]https://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-13-climate-action.html
*https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health

The commitment is ingrained in our Environment, Health and Safety (EHS) policy, which acts as an overarching guidance for our stakeholders. All our subsidiaries and joint venture partners have either adopted this policy as it is, or have aligned their internal systems and processes to it.[4] The governance and execution of the EHS management system, along with the mitigation plan for critical EHS risks, is overseen by the Investment & Risk Management Committee. Details of EHS risks and risk mitigation plan is given on Page 59 of the report.[5]

All our manufacturing sites across India are certified for the Environment Management System (EnMS) and Occupational Health & Safety Management System (OHSMS) on ISO 14001 and OHSAS 18001/ ISO 45001, respectively. An established auditing process helps ensure consistent improvement in the defined areas. This year, our facilities have gone through 23 external and 77 internal audits, with no major non-compliance/ observation being reported.

We do not have any open show-cause or legal notices, and the environmental regulators levied no penalties. Our efforts at building and further enhancing employee capacity on EHS through training programmes are detailed in the Human Capital section of the report on page 97. All Cipla sites (India) are assessed on water stress risk in line with guidance from Central Ground Water Authority (CGWA) and Science Based Targets Initiative model for GHG emissions reduction goals. The analysis is being used to plan for investments in to achieve our carbon and water neutrality target. All our sites have a business continuity and disaster recovery plan, to minimise disruptions. These plans are being optimised to incorporate climate change.

Cipla's robust digital data management system strengthens our environmental performance monitoring and analytics. Resource consumption and waste generation data is entered on the platform, and findings from the detailed analysis dove-tail into our 2025 goals of becoming[3]

- **Carbon Neutral**
- **Water Neutral**
- **Zero Waste to Landfill**
- **AMR Stewardship**
- **Green Chemistry and Making it Right**
- **Ensuring the wellbeing of our employees and partners**

Energy Management[6]

Energy management is critical to the natural capital agenda at Cipla. Energy consumption is one of the largest sources of GHG emissions, while energy costs have a direct impact on the cost of operations. Our energy management strategy involves

1. **Improving energy efficiency across our operations through awareness and monitoring**
2. **Adopting new technology**
3. **Implementing measures to retire inefficient software and equipment**
4. **Enhancing the proportion of renewable sources in the total energy consumption mix.**

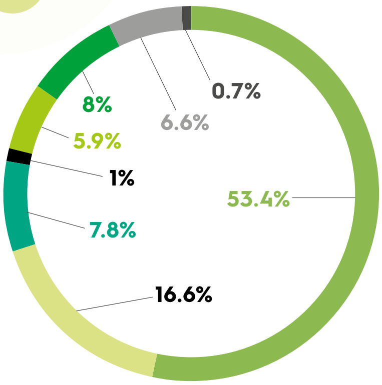
Details of energy conservation initiatives such as adoption of new technology and retiral measures are included in Annexure III to Director's report on page 167 of this report. Energy management and energy intensity is a key metric for performance measurement across teams at site level as well as at EHS leadership level.

Our API sites (Virgonagar, Bommasandra, Patalganga, Kurkumbh) and Formulations sites in Goa and Indore are certified with the ISO 50001 Energy Management System standards.

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 recertification is carried out once every three years.

[3]Information in line with BRR Principle 6, Question 2
[4]Information in line with BRR Principle 6, Question 1
[5]Information in line with BRR Principle 6, Question 3
[6] GRI 302-1, GRI 307 I Information in line with BRR Principle 6, Question 5

Energy Consumption by Source (FY 2020-21)



Electricity from DISCOM (GJ)
9,94,969

Furnace Oil (GJ)
3,10,172

High-Speed Diesel (GJ)
1,45,577

GAS-US (GJ)
19,782

GAS-IND (GJ)
1,10,286

Briquette (GJ)
1,48,331

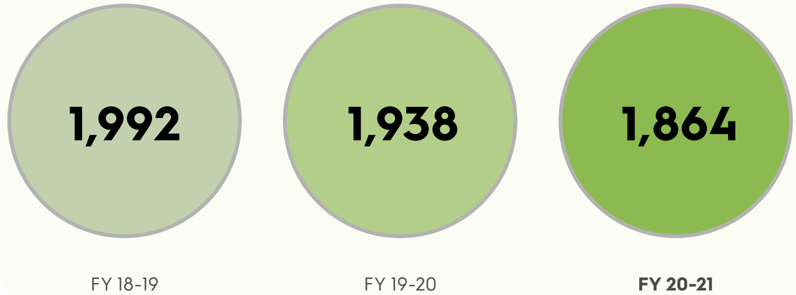
Solar (GJ)
1,22,805

Wind (GJ)
12,425

Cipla's efforts on energy management have resulted in a gradual decline in our total energy consumption over the years, as well increased the percentage of renewable energy consumption.

Total Energy Consumption

(in TJ)



Energy Savings[7]

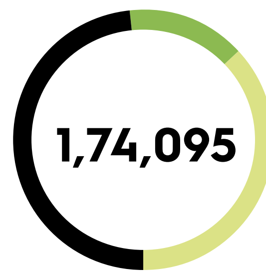
In FY 2020-21, we undertook several initiatives to reduce our energy footprint with active participation of cross-functional teams across locations. Some of the key energy-saving initiatives are outlined below:

LED Initiative to replace conventional lights with LED lights

Replacement of old inefficient chillers

Installation of steam-operated condensate recovery pumps

Energy Reduction in GJ



Fuel HSD
83,259

Electricity
25,507

Furnace Oil
65,329

We have also made capital expenditure in energy conservation initiatives such as adopting new technologies, retrofitting existing assets (VFD in drives, EC in AHU, among others), and optimising process area equipment. Through these investments and technological enhancements in processes and utilities, energy consumption has reduced by 2% over the previous year[8].

Compared to FY 2019-20, Cipla reduced its energy consumption by around 4% in FY 2020-21.

[7]GRI 302-4, Information in line with BRR Principle 6, Question 5
[8]https://cea.nic.in/wp-content/uploads/pdm/2020/12/growth_2020.pdf DISCOM = Distribution Company

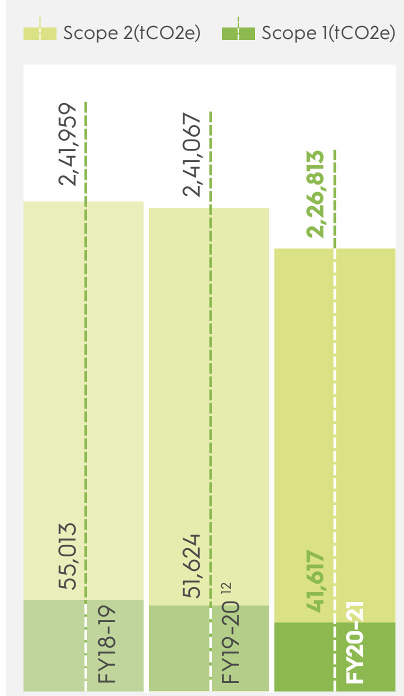
Greenhouse Gas emissions[9]

In line with our 'Carbon Neutral by 2025' goal, we continuously work towards improving energy efficiency across operational locations and enhance the proportion of renewable energy sources (solar, wind power and biofuels) in the total energy mix.

We have reduced our Scope 1 emissions, caused by diesel, natural gas and furnace oil (residual fuel oil) consumption by using alternative fuels and enhancing energy efficiency. During the year, we have sourced total 37,564 MWh of energy through renewable sources through various initiatives like solar/wind open access (third party/captive), onsite roof top/ ground mounted solar project, leading to 30,802 tons of GHG emissions reduction (scope 2 emission). Over last 3 Years we have added 45 MW of solar portfolio through various Renewable energy initiative on site Roof top /ground mounted, Third party / Captive open access solar projects. Cipla's captive solar project with 30MW installed capacity in Tuljapur, Maharashtra, was commissioned in Dec'20. It is estimated to supply 42700 MWh at consumer end and avoid GHG emissions to the tune of 35,000 tonnes annually over its project life of 25 years – an amount equal to carbon emissions absorbed by about 150,000 trees over one year.

The chart shows our Scope 1 and 2 emissions for four years[11]. Over the years, our absolute emissions have steadily declined.

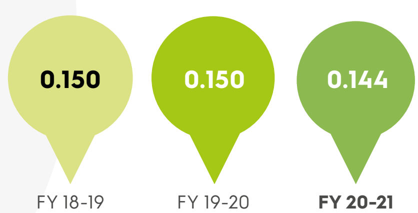
Emissions in tCO2e[10,11]



The intensity of our emissions has also declined, as outlined in the table below[13].

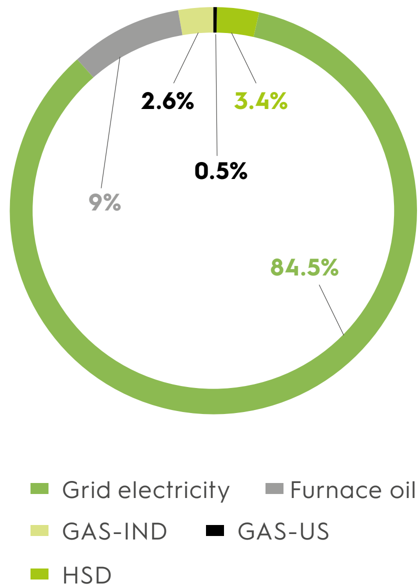
Emissions intensity

(Unit: tCO2e/GJ of energy consumed)



Emission by Source

(Unit: tCO2e)



With electricity accounting for a major share in the current emissions inventory, **Cipla is working to improve the renewable energy mix, towards our decarbonisation goals.**

9 GRI 305-1, GRI 305-2, GRI 305-4, Information in line with BRR Principle 6, Question 5, 6 and 7. Biogenic emissions are excluded from GHG emissions inventory disclosure in line categorisation by GHG Protocol.

10 https://www.eea.europa.eu/articles/forests-health-and-climate-change/key-facts/trees-help-tackle-climate-change

11 References for emission factors: The Intergovernmental Panel on Climate Change (IPCC) AR 4 emission factors for fuels [Global warming potential (GWP), as per AR 5], CEA (Central Electricity Authority) emission factors for grid electricity in India. Country-specific emission factors for electricity consumption in other countries have been used

12 In FY20-21 Integrated Report, there was an error in Scope 2 emissions reported. 1214 tCO2e from Mirren were missed from the overall emissions. This has been corrected to 2,41,067 tCO2e.

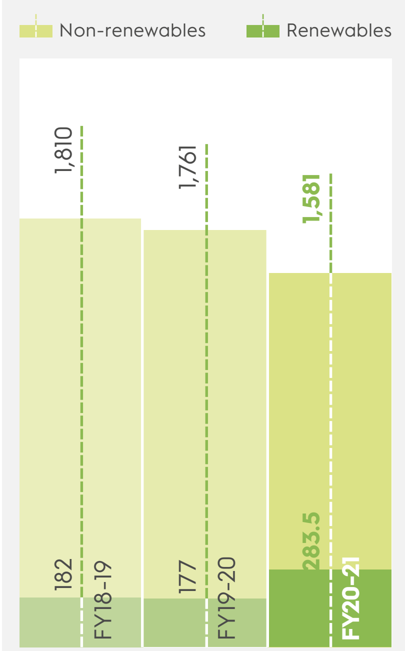
13 GRI 305-4

Renewable energy[14]

Cipla follows a two-pronged approach to enhance the share of renewable energy in the energy mix, increasing the use of renewable power and using alternative fuels for our processes.

Our total renewable energy share stands at 15% in FY 2020-21, as compared to a share of 9% in FY 2019-20.

Emissions Consumption (TJ)



In this reporting year, the sharp rise in the share of renewable energy – from 9% in FY 2019-20 to 15% in FY 2020-21 – was enabled through a series of focused sustainability initiatives:

- Alternate fuel use increased by 59% compared to FY 2019-20
- Continued efforts to increase the proportion on renewable power for our Bangalore units (Virgonagar, Bommasandra) through third-party open access route (solar/wind) and the resultant achievement of 94% power consumption from green sources.

The total DISCOM consumption was 23,867 MWh, out of which solar and wind open access sourcing was of 22,388 MWh.

- Commissioning of on-site solar roof-top plant under RESCO model with a total 3,575 kWp capacity.

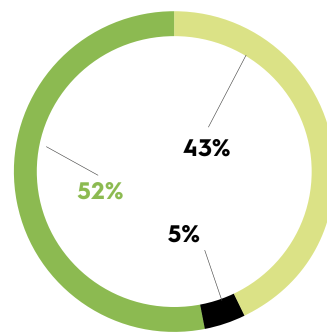
2,477 kWp for Goa manufacturing units in June 2020 and 1,098 kWp for Sikkim units in January 2021.

- The captive solar plant at Tuljapur, Maharashtra, setup in partnership with AMP energy was commissioned in December 2020. This will support the Company's green energy requirements for manufacturing units at Kurkumbh and Patalganga. In Q4 FY21, 53% of the power needs for these units were met through renewable energy.

9,950 MWh of solar open access sourcing out of total DISCOM consumption of 18,674 MWh.

The chart below showcases the source-wise breakdown of renewable energy for FY 2020-21.

Renewable energy share by source (FY 20-21)



Solar (GJ)
1,19,393

Wind (GJ)
12,080

Briquette (GJ)
1,48,331

Cipla's
30 MW captive
solar project in Tuljapur, Maharashtra.

This is one of the largest captive solar open access project in the state set up by a corporate entity.

[14]Information in line with BRR Principle 6, Question 5

Biomass Briquettes: Converting agricultural waste to fuel[15]

Agricultural waste in India is usually set afire, causing pollution, increasing emissions, and impacting air quality and health. Cipla replaced the existing furnace oil-based boiler systems with either biomass-based boilers or natural gas-based boilers to generate steam in the facilities. The biomass comprises agro-waste from mustard husk, sawdust, paddy straw, cotton stalk, cane trash and soya husk as briquettes.

The repurposing of agro-waste into fuel briquettes not only has a positive environmental impact in terms of lower footprint than conventional fossil fuel, but also a social impact. It helps the farmers earn extra income through the sale of residue, while creating new unskilled and semi-skilled jobs. In FY 2020-21, 8% of total energy consumption was met through biomass briquettes, which is equivalent to averting 11,481 tCO2e of emissions vis-à-vis usage of furnace oil.

Water management[16]

Water is a critical resource essential for the sustenance of life and health. Its management and conservation is a crucial aspect of Natural Capital management at Cipla. We have set a target to become water neutral by 2025. Our approach to water neutrality rests on three pillars, i.e., to reduce the usage of blue water, enhance the use of rainwater and treated water, and support our communities through water conservation programmes.

Across our facilities, we have implemented the **5R approach (reduce, recover, recycle, reuse and recharge)** for responsible use of water.

5R

Reduce
Use of low loss aerators, pressure reduction orifices and reduction practices in manufacturing process

Recover
RO reject water used in utilities such as cooling towers

Recycle
Waste water generated is treated in ETP and 32% of this water is reused

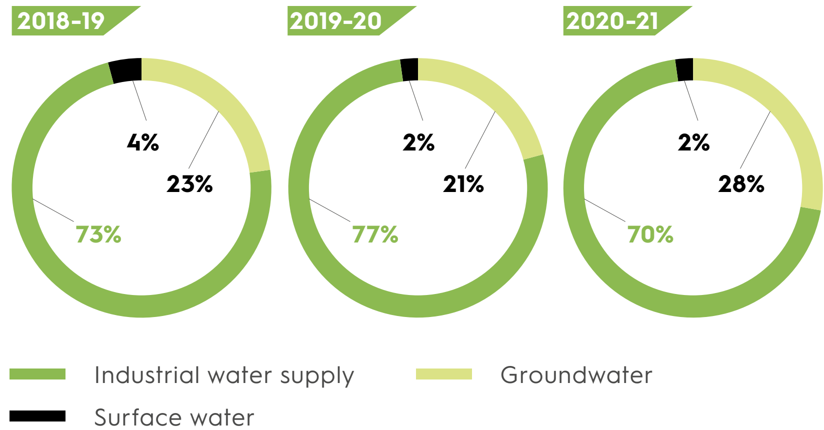
Reuse
Reuse of domestic effluents for scrubber, watering vacuum pump and gardening

Recharge
Installation of rainwater harvesting system and recharging groundwater sources

[15]Information in line with BRR Principle 6, Question 5
[16] GRI 103-1, GRI 103-2, GRI 103-3, GRI 303-1, GRI 303-3

During the reporting period, our total water withdrawal was 19,98,811.63 KL. Rainwater harvesting systems have been installed in our manufacturing facilities at Kurkumbh, Indore, Baddi, Bommasandra, Goa and Kundaim. **The combined annual rainwater harvesting potential of these sites is 76,368 cubic metres.**[17] **We supplement our efforts with water conservation measures such as deploying aerators, reusing STP and RO reject water, and making our water treatment plants more efficient.** Reject water is used to develop green belts around our facilities. All our manufacturing facilities utilise the treated wastewater within the premises, with only Patalganga and Baddi discharging the wastewater through Common Effluent Treatment Plants (CETP). We track water withdrawal by sources across our facilities.[18]

Water Withdrawal by Source



Wastewater management[19]

Responsible wastewater management is critical for the safety of local ecosystems, the health of our neighbourhoods and the protection of our farm lands for food security. Cipla has undertaken Zero Liquid Discharge (ZLD) projects as part of our wastewater management initiatives. We are strengthening the efficiency of our ETPs to reach levels where we can convert our existing Effluent Treatment Plants (ETP) to ZLD.

Towards this, in FY 2020-21, we recycled 83% of the wastewater generated and reduced the discharged wastewater to 1,19,715 KL – a sharp drop of 57% compared to the previous year. The discharge from Patalganga, Baddi, Vikhroli and other overseas sites goes to Common Effluent Treatment Plants (CETPs) and Publicly Owned Treatment Works (POTW), adhering to discharge limits.

In FY 2020-21

32% or **634,557 KL**

of water drawn for our operations was recycled, which is equivalent to the annual per capita consumption of 12,877 urban Indians.[20]

[17] Based on CGWA guidance on rainwater harvesting methodology
[18] GRI 303-1. Data excludes information from corporate offices in Mumbai, depots and subsidiary Jay Precision.
[19] GRI 303-2
[20] https://pib.gov.in/PressReleasePage.aspx?PRID=1604871

Waste management[21]

According to the WHO, 15% of the total waste generated by healthcare activities is considered hazardous material[22] and requires safe handling. Cipla has consistently scaled up our waste management practices by reducing generation quantities and directing waste to authorised Treatment, Storage and Disposal Facilities (TSDF). We are increasing the share of recycling and co-processing to bring down the quantity of waste disposed to landfills.

Our waste streams, which include hazardous waste, non-hazardous waste, e-waste, biomedical waste and others, are inventoried periodically and are disposed of in compliance with applicable government regulations. We also conscientiously work towards decreasing waste generation, finding solutions for recycling and reprocessing of waste and diverting waste from landfills. At our formulation sites, the primary waste consists of packaging waste, rejected materials and shelf-life expired products. These are sent to either TSDF or subjected to thermal destruction in incinerators, while some of it is sent for co-processing. Cipla has extended efforts towards co-processing of waste to Alternative Fuels and Materials (AFR). During the past year, 558 MT of waste was co-processed and diverted from incineration or landfills. Solvent recovery systems are installed to reduce the waste generated in the API plants. **Every third manufacturing unit today has achieved Zero Waste to Landfill status.**

The summary of waste generated from our operations in FY 2020-21 is provided below[23]:

Hazardous waste

1,415 MT
Secured landfilling (SLF)

3,891 MT
Incineration (solid)

267 KL
Incineration (liquid)

16,698 KL
Reprocessing/ recycling (spent solvent)

63 KL
Reprocessing/ recycling used oil

29 MT
Reprocessing / recycling used battery

28 MT
Reprocessing / recycling e-waste

558 MT
Co-processing

Non-Hazardous waste

15,104 MT
All scrap (PVC, shoes cover, box paper, MS , GI parts, etc.)

1,79,318 Nos
Scrap (plastic drum, fibre drum and can, MS drum and EC/FD, etc.)

No spills were reported this year and we recycled/reprocessed **99% of liquid waste and 75% of solid waste[21] through authorised partners.** Initiatives to reduce waste generation included composting from canteen and garden waste, reducing the use of paper through e-logs, and usage of solvent recovery systems. Led by the principles of green chemistry, Cipla is recycling and reusing solvents through solvent recovery systems. About 10% of the recycled material is used in cartons and shippers, with the specifications including factors like recyclability, product to packaging ratio, single material use and the nature of the material itself.

[21] GRI 103-1, GRI 103-2, GRI 103-3, GRI 306-1, 306-2, 306-3, 306-4, 306-5 (Quantities shown in terms of weight and number) I Information in line with BRR Principle 2, Question 5
[22] https://www.who.int/news-room/fact-sheets/detail/health-care-waste
[23] Information in line with BRR Principle 2, Question 5

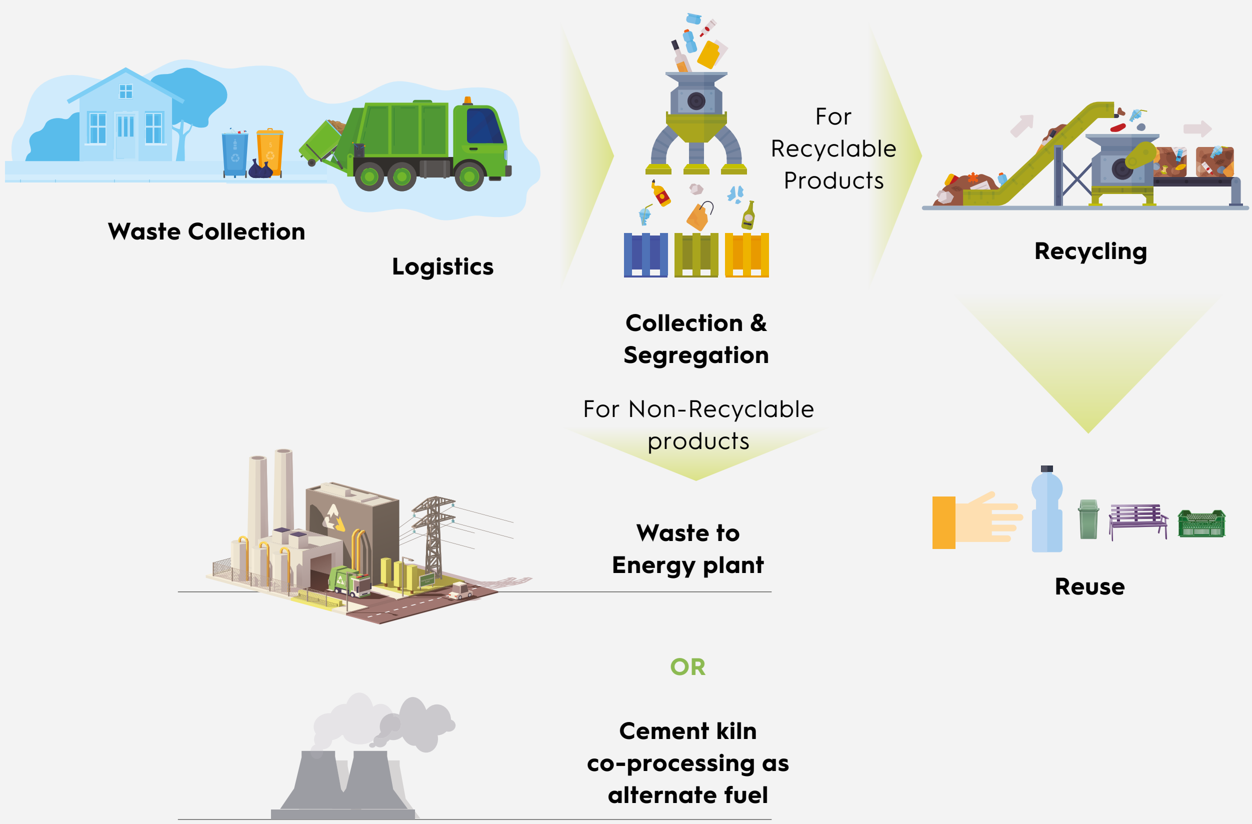
Waste to Value: Plastic Waste Management

The pharmaceutical sector delivers treatments that allow people to live longer, healthier and more productive lives; and one of the unintended results of medicine production, is the waste that is generated that can find its way back into the environment. We remain committed to sustainable management of our post-consumer plastic waste through various stakeholder partnerships and mechanisms for converting waste to value.

The first approach for waste reduction is at the source, whereby initiatives are being taken to reduce tertiary and secondary packaging waste. Secondly, managing post-consumer primary waste, i.e. waste generated by the consumer at the end of product use, is a logistical challenge for emerging markets like India.

Quantifying the amount of post-consumer packaging waste that needs to be diverted away from the landfill was the first task for Cipla. This quantification needs to be done in compliance with India's Plastic Waste Management Rules, 2016 that lays down the Extended Producer's Responsibility (EPR). Through our partnership with a dedicated agency, the entire process is managed with an ecosystem of waste collectors, aggregators, traders and societies, and collection managers working on ground-level with rag pickers to ensure best returns on the waste collected by them. Every rag picker goes through a detailed training programme where they learn to get the best output from scrap and ensure proper segregation of waste as per its nature.

Collected recyclable and non-recyclable plastic waste material is further processed at our partner's various re-processing facilities across India. Any non-recyclable waste is sent for environmentally sound end-of-life disposal such as co-processing in cement kiln as alternate fuel or sent to waste-to-energy plants.

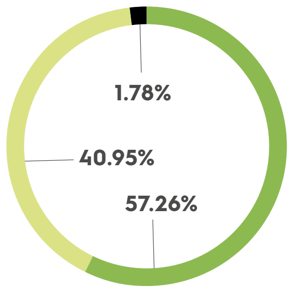


In FY 2020-21, Cipla collected plastic waste equivalent to 100% of the post-consumer plastic waste generated, which is 12,282 MT. Of this, 7,033 MT was recycled and converted to various items of value such as pavement blocks, benches, pellets and so forth, 219 MT was co-processed as alternate fuel and 5,030 MT sent to waste-to-energy plants. This has in turn helped create ~5,000 indirect jobs in the unorganised waste value chain and averted 43,846 tCO2e of GHG emissions.

Plastic waste collected and responsibly channelised

Yet another initiative to recycle post-consumer waste is the inhaler take-back programme initiated by Cipla Sri Lanka. Similar programmes for other regions with waste management partners are being explored.

Post Consumer Waste Recycling (MT)[24]



Recyled
7033 MT

Co-processing as alternate fuel
219 MT

Waste to Energy
5030 MT

Total waste collected & disposed
12282 MT

Diverted **12,282 MT** **from landfills**	**Created** **5000+** **Direct/Indirect jobs**
Reduced **43,846 MT** **of CO_2 Emission**	**Conducted** **25+** **Training and Awareness Campaigns**

Inhaler Recycling Programme

Sri Lanka is the 26th largest sea polluter in the world. Four-fifths of the plastic waste generated in the country is dumped in the surrounding ocean, inflicting much damage on the delicate marine ecosystem. In a bid to bring about a behavioural change among asthmatic patients as well to create awareness about responsible waste management practices, Cipla Sri Lanka, in partnership with the Sri Lanka College of Pulmonologists, launched a dedicated campaign. The Go Green campaign was launched on World Environment Day 2020, to create awareness on the proper disposal of inhalers, with recycling bins being installed at convenient locations for appropriate disposal and recycling of the canisters.

Cipla Sri Lanka and Sri Lanka College of Pulmonologists, conducted awareness programme on inhaler recycling

Ten such bins, with a capacity of holding up to two months' worth of discarded inhalers, were installed in chest clinics across the island nation. #Breathefree counsellors engaged visiting patients on the initiative. As an added incentive, patients who discarded the used inhalers in the earmarked bins were given a discount of 5% on their next purchase. Between June and November 2020, more than 1,000 inhalers were collected through this pilot initiative.

Inhaler Recycling Bin

Scan the QR Code to know more about this initiative.

[24]Information in line with Principle 2, Question 5

Management Discussion and Analysis[1]

Globally, the past 15 months were an unprecedented period with economies combating the extreme volatility, uncertainty and complexity presented by the COVID-19 pandemic. Governments and central banks initiated massive fiscal and liquidity measures to shore up countries' and economies' finances battered by widespread lockdowns imposed to contain the pandemic. The pandemic tested the resilience and agility of businesses to adapt to evolving consumer demand patterns, while tackling several challenges in the supply chain.

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

Globally, the healthcare systems have led the relentless fight against the pandemic, in-terms of diagnosis, repurposing medications and developing vaccines in record timelines. The healthcare fraternity ingeniously accelerated the efficient adoption of digital technologies to exchange data insights and consistently evolve the patient care continuum to provide targeted outcomes.

Even as vaccination coverage is being ramped up globally through a determined effort by government and private institutions, uncertainties continue to loom due to the emergence of new strains extending the tenure of the pandemic and delaying the return to complete normalcy.

In this backdrop, while new demand patterns are evolving across geographies, we continue to operate in an environment of uncertainty which limits the ability of the Company to make accurate projections about the business trajectory for the upcoming years. Meanwhile, we continue to collaborate with partners in the value chain, as we navigate the course into the new normal.

Long-term pandemic preparedness will remain a key agenda for the Company. We have fortified our businesses through several re-imagination initiatives across our procurement, manufacturing and distribution operations. Our business and cost re-imagination initiatives, supply consistency and operational excellence during the course of the year have translated into improved business health metrics. We continue to support the Government by ramping up supplies of our COVID-19 portfolio with enhanced capacities and by leveraging new collaborations to service the surging demand for COVID-19 drugs. To ensure a safe operating environment for our colleagues, we have enhanced the safety protocols across our network and initiated measures like deploying a 24x7 ambulance, providing consultation and setting up quarantine facilities.

During the year, Cipla witnessed continued growth across all markets. **The Company established a new threshold in operating profitability in FY 2020-21, and going forward, Cipla will focus its efforts on sustaining the structural improvement in the years to come.** We continue to track the progress of our strategic goals and are firmly on track to achieve our aspirations.

Overview

For over 85 years, Cipla has provided access to life-saving medicines in our relentless pursuit to improve health outcomes and positively impact the lives of patients in over 80 countries globally.

Backed by strong R&D capabilities, Cipla continues to serve patients as the custodian of respiratory health and complex generic medicines, through the Company's deep portfolio of innovative drug device combinations, complex formulations and broad-spectrum capabilities in injectables and oral solids, amongst others. Cipla enjoys a formidable presence in branded as well as unbranded generic market franchises, with leadership positions in India, South Africa, priority territories in Emerging markets, Europe and US, across major therapies and product categories. The Company is strategically poised to build a global consumer wellness franchise with market leadership in select categories, by unlocking consumer potential of our brands in India and leveraging our dominant presence in the South African OTC market.

Cipla's global efforts in combating COVID-19 and delivering on our promise of 'Caring for life'

In FY 2020-21, Cipla contributed significantly to the global efforts in combating COVID-19 and delivered on our promise of 'Caring for life'. The Company supported government and frontline workers across geographies and we offered our comprehensive product portfolio for diagnosis and treatment under partnerships. Keeping with our commitment to the community, Cipla is continuously investing to enhance the product portfolio and manufacturing infrastructure to ensure uninterrupted supplies and digital engagement to deliver superior value to physicians, patients and all other stakeholders.

Patients

3 lac+

severe COVID-19 patients served during the pandemic

₹ 25 crores

Caring For Life Fund

Post-recovery support to mild to moderate COVID-19 patients

Physicians

4,500+

virtual conferences & webinars engaging 2 lac+ physicians

Teleconsultation support to

~11,000

physicians

Developing knowledge building partnerships with leading universities for physicians

Employees

Stringent safety protocols for front-line employees; complete work from home for others

24*7

ambulance, consultations & quarantine facilities in India

Webinars on prevention & precaution globally

Comprehensive COVID-19 Portfolio

Cipremi®
Remdesivir

Ciplenza®
Favipiravir

Actemra®
Tocilizumab

CIPHANDS®
Sanitiser range

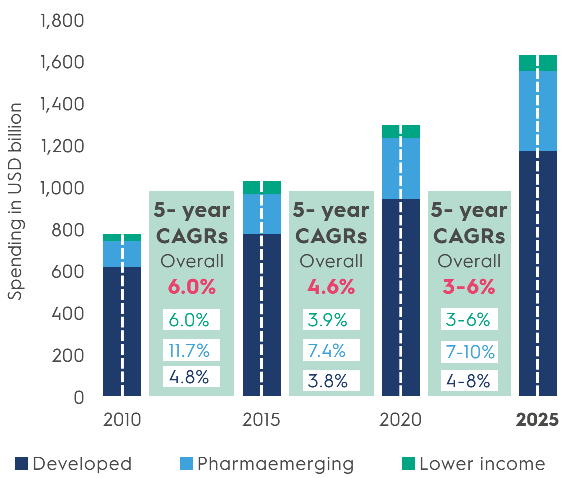
ELIfast®
COVID-19 antibody detection for India

CIPtest®
Rapid Antigen Detection Test for COVID-19 diagnosis for India

Covi-G®
COVID-19 rapid antibody detection for Emerging markets and Europe

Global pharmaceutical industry structure and key developments

Global Medicine Market size and Growth 2010-2025E



Source: IQVIA Market Prognosis, September 2020; IQVIA Institute, March 2021

As per a recent IQVIA[2] report, the global medicine market is projected to grow at 3-6% annually, and exceed USD 1.6 trillion by 2025. This excludes the USD 157 billion projected to be spent on vaccines.

The usage of medicine was disrupted globally in 2020, with variable timing and impact across developed as well as emerging countries. This was largely attributable to the short-term stock piling of chronic medicines including over the counter products and higher fill rates after the onset of the pandemic and the resultant economic impact of quarantines and lockdowns. The simultaneous re-purposing of drugs and vaccines led to shifts in demand for existing therapies and changes in patient behaviours. While the short-term impact from COVID-19 in 2020 and 2021 has been significant, the long-term impact on growth trends is expected to be limited. This would be subject to the success of phased rollout of vaccines and booster shots against new strains, with vaccination rates of 70% or higher globally by end of 2022 enabling the targeted herd immunity levels. It is estimated that 40% of the global population will achieve 'herd immunity' by the end of 2021 itself.

Long term budget pressures are expected to increase the reliance on cost containment initiatives and lead to proliferation in the use of generic medicines. In developed countries, the adoption of new treatments, offset by patent life cycles and access to generics and biosimilars, are expected to continue as the main factors influencing medicine spend and growth. Medicine spending for developed nations is expected to be in the range of 2%-5% over the next five years. New brands are projected to sustain the historically high period of spending on novel medicines through 2025, while maintaining the absolute spending levels of the past five years. Growth in emerging countries will be led by China, which is expected to accelerate post-pandemic, driven by greater uptake and use of new original medicines. Meanwhile, medicine spending for developed countries is projected to grow in the range of 7%-10% over the next five years. Immunology, oncology and neurology are expected to be the largest contributors to medicine spending over the next five years, with the continued flow of new medicines expected to offset the impact due to loss of exclusivity.

In FY 2020-21, Cipla contributed significantly for combating the COVID-19 pandemic across geographies. The Company leveraged existing relationships and forged new partnerships with global innovators for channeling our COVID-19 portfolio (Remdesivir – Gilead, Tocilizumab – Roche) as well as co-developed organic products (Favipiravir) with local institutions for treatment of moderate, severe and hospitalised patients. The Company also forayed into diagnostics with rapid antigen-antibody tests (ELIfast, CIPtest & Covi-G), launched under partnerships.

[2]Global medicine spending and usage trends (April 2021)

Despite the challenges imposed by the pandemic, Cipla continued to focus on tapping in-licensing opportunities in biosimilars, oncology and metabolic aliments in line with the global medicine usage trends. The Company entered into partnership with Alvotech for marketing and distribution of oncology products in South Africa and biosimilars in Australia & New Zealand markets. With the aim to further improve the access of innovative medicines in India, we expanded our partnership with Roche for distributing oncology products, and with Boehringer Ingelheim for co-marketing anti-diabetic products in India. Strengthening our decade long commitment to rare respiratory diseases, Cipla also launched Nintedanib for the treatment of IPF in India.

The Company will continue to expand its portfolio and deepen partnerships with global innovators to allow greater access to cost-effective medicines and treatment options that will positively impact healthcare outcomes.

Expected trends for global pharmaceutical markets

The pandemic has been a catalyst for positive change that is likely to shape the course of health and science ecosystems across the world in the coming decade

Digital ecosystems

- Digitalised clinical trials in product development
- Personalised remote healthcare delivery such as tele-medicine and tele-health for patients
- Virtual engagement with healthcare professionals and key opinion leaders
- Artificial intelligence, machine learning and natural language processing (NLP) to augment clinical research, genomic studies and generation of real-world evidence and associated modalities

Accelerated drug discovery & approvals

- Novel pathways of research & development and accelerated developmental timelines for future drug discoveries on life-threatening ailments
- Collaborations with public stakeholders and competitors on funding and research for mutually beneficial outcomes
- Collaborations with regulatory agencies on guidance standards to fast- track product approvals and facilitate remote facility inspections

Healthcare budgets & pricing actions

- Re-calibration of healthcare budgets to boost healthcare infrastructure for creating ICU capacities, testing capabilities and associated infrastructure
- Continued focus on policy options to negotiate the pricing of prescription drugs to reduce cost and increase access for patients

Promoting diversity & addressing inequalities

- Inclusive clinical research and promoting diversity in recruitment of medical teams

Evolving regulatory framework across key markets[3]

In 2020, the regulatory authorities across the globe collaborated their efforts to contain the spread of the pandemic by fast-tracking approvals of repurposed drugs, diagnostic tests and vaccines developed by indigenous and foreign players. While inspections for facilities were deferred for safety reasons in several countries, regulatory approvals for non-COVID-19 indications continued to receive high priority to ensure timely approvals and commercialisation by pharmaceutical companies.

India

Learning from the challenges during the peak phases of the pandemic, the Indian regulatory authorities announced several landmark reforms to boost India's exports, as well as reduce dependency on API and key starting raw material imports. The regulatory authorities also sharpened their focus on other aspects of the healthcare value chain to ensure continuity of supply for medicines, affordability and long-term preparedness for combatting future pandemics.

- The NPPA brought more drugs under NLEM during the year. The Government of India's Ministry of Health, along with the NPPA, is in discussions to update the NLEM in 2021 and revise the price capping.
- Consistent expansion of Jan Aushadhi stores offering generic medicines at affordable prices continue to offer price competition to pharmaceutical companies. There are ~7,500 Jan Aushadhi stores in India till date.
- During the year, the government achieved the targeted 70,000 Ayushman Bharat Health and Wellness Centres thereby expanding access to COVID-19 and non-COVID-19 screenings for chronic conditions and tele-consultations. The National Health Authority also extended the insurance scheme to cover free COVID-19 care for registered citizens.
- E-pharmacies have significantly improved their presence in the healthcare ecosystem during the pandemic by enhancing their product portfolio to include wellness products, while servicing more pin codes and offering diagnostics and tele-consultation services. Consolidation of major e-pharmacies and entry of large horizontals will have potential pricing implications for pharmaceutical companies over the long term.
- In FY 2020-21, the Union Government announced performance linked Incentive (PLI) scheme for formulations, drugs, APIs, intermediates and key starting materials across multiple therapies. This is a step in the right direction to boost manufacturing of complex/innovative products and enhance Indian pharma's self-sufficiency for APIs.

The United States of America

The US pharmaceutical market continues to be the largest pharmaceutical market in the world, given the country's increasing demand for affordable medications for chronic ailments and that a significant number of USFDA approved manufacturing facilities are outside the US.

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

- The pandemic has led USFDA to explore alternative methods to conduct inspection of overseas mission-critical facilities such as inspection reports from foreign regulators, records requests and product sampling, to complement the agency's oversight activities and ensure timely inspection to avoid backlogs and drug shortages.
- The USFDA initiated rolling reviews of the information to accelerate emergency use authorisation (EUA) approvals in place of full dossier of information for a new drug application, such as vaccines. The USFDA has also issued new COVID-19 specific guidance on product development which will encourage collaborative efforts in clinical development between regulators and industry for new, critical life-saving drugs and complex generics.
- The US Department of Health & Human Services and USFDA took actions to provide safe, effective and more affordable drugs to US patients in fulfillment of the US Government's executive orders on drug pricing and onshoring the production of essential drugs and critical inputs. While the rule-making procedure has been temporarily paused for the executive price orders, similar efforts will continue to increase price competition in the prescription drug market and further reduce cost of medicines, as foreign manufacturers evaluate the economic feasibility of shifting supply chains for local manufacturing to service US patients.

South Africa

- In 2020, the country's apex regulatory body - The South African Health Products Regulatory Authority (SAHPRA) - continued to progress on its 2020–2024 strategic goals that aim to address the backlog of regulatory applications for new chemical entities and generic drugs, the need for dedicated human resources, migration to electronic submissions, improved governance, and an ecosystem that allows regular and transparent communication between all stakeholders. During the year, SAHPRA highlighted the major reasons for delay in clearing backlogs and encouraged cooperation from applicants to follow the newly issued regulatory guidelines under the Backlog Clearance Programme (BCP; launched in 2019) to improve quality gaps in applications, which will translate into lesser queries, improved communication and faster clearances.
- The agency is also scheduled to launch an online OTC directory which shall assist the patients and healthcare professionals with a detailed guide on all registered OTC products available in South Africa.

Europe

- The UK Medicines & Healthcare Products Regulatory Agency (MHRA) issued multiple post-Brexit regulatory guidelines on drugs, medical devices, clinical trials and licensing of drugs and biologics. Further, the UKMHRA cited that Great Britain will adopt decisions taken by the European Commission on the approval of new marketing authorisations in the 'community marketing authorisation' procedure.
- In Germany, driven by the COVID-19 pandemic, the government is pushing for a digital transformation of the healthcare sector by establishing a dedicated fund under the Hospital Future Act. Recently published laws such as the Digital Care Act will enable physicians to hold online video consultations, reimburse patients for using prescribed digital health apps and provide access to secure health data network for treatment to all stakeholders.
- In Spain, new measures were directed towards significantly boosting the healthcare spend for 2021 in comparison to 2020, to leverage the pandemic as an opportunity to improve the healthcare model and enhance the national health system. These initiatives included funding for COVID-19 vaccines, modernising and updating primary care infrastructure, increased public health programme budgets for chronic diseases such as HIV, AIDS, tuberculosis, hepatitis, cancer and other rare diseases.

Emerging Markets

Healthcare spends for securing supply of vaccines and providing hospital care are expected to remain elevated in 2021 across emerging markets, even as countries maintain efforts to contain the COVID-19 pandemic.

However, underlying fundamentals such as aging population, rising income, rapid urbanisation, steady increase in non-communicable diseases like heart disease, cancer and diabetes and shift in mindset from illness to wellness amongst patients, will continue to fuel growth in demand for high quality, on-demand insights, diagnosis and treatment options.

Cipla is committed to further developing its **quality management, monitoring and evaluation system to ensure full compliance with regulatory requirements, data integrity and governance, with manufacturing processes** that produce high-quality products that are exported to leading markets across the world.

Financial performance

In FY 2020-21, Cipla reported a solid 12% YoY growth in overall revenue, driven by respiratory unlocking in the US, diversified growth across geographies, focused portfolio execution on COVID-19 products backed by solid supply consistency to service demand across businesses.

There was an accelerated improvement in all business and financial health metrics with consolidated PAT and Return on Invested Capital (RoIC) at a multi-year high of ₹ 2,405 crores and 20.2%, respectively.

Cipla is committed to **deepening our presence in branded markets, portfolio expansion, strengthening manufacturing capabilities and supply consistency, operational excellence, digital transformation and developing the talent pipeline** to sustain the robust performance and create value for all shareholders.

Growth in key markets

- **One-India:** FY 2020-21 witnessed strong progress on the One-India strategy with 15% YoY growth, led by strong synergies in distribution and portfolio management. Amid the pandemic, the growth in the branded prescription business was driven by COVID-19 portfolio and traction in chronic therapies, even as acute demand was subdued. The solid performance in trade generics was driven by high order flow and strong demand across regions. The consumer business witnessed sharp revenue growth supported by traction in organic brands and brands that transitioned from the trade generics business. After crossing the USD 1 billion aspiration for the One India business in FY 2020-21, Cipla is committed to consistently deliver market beating growth.
- **North America:** The US markets reported revenue of USD 551 million, led by the continued ramp-up in Albuterol share and consistent launches from complex generic pipeline. During the year, gAdvair was filed with the USFDA and is currently under active review with the agency. Cipla also settled an on-going litigation to launch the generic version of complex asset Revlimid® in FY 2020-21 which improves medium-term earnings visibility

and significantly enhances complex product portfolio for the US market. The approval from USFDA is awaited.

- **South Africa, Sub-Saharan Africa and Cipla Global Access:** The South Africa business continued strong performance in FY 2020-21. The private business outperformed the market with an 11% YoY growth in local currency. The tender business also witnessed solid traction and grew by 7% YoY in local currency. Cipla continued to expand its product portfolio through partnerships for oncology products and biosimilar candidates in immunology and oncology space. Furthermore, the Sub-Saharan Africa business grew by 13% YoY in USD terms, driven by strong commercial execution. The Cipla Global Access businesses grew by 38% YoY in USD terms on the back of higher orders.
- **Emerging Markets & Europe:** In EMEU, the momentum continued in focused DTM and B2B businesses with 21% YoY growth in Emerging Markets and 17% YoY growth in Europe in USD terms. Cipla inked partnerships to expand its biosimilar portfolio in Australia, New Zealand and select emerging markets.
- **API:** The API business grew by 2% and continued to deliver high margins, while maintaining a robust order book and high visibility of seedings & lock-ins.

Key financial highlights

In FY 2020-21, the Company reported

₹ 19,160
Revenues (in crores)

₹ 4,303
EBITDA (in crores)

22.5%
EBITDA margin

The Company reported the highest-ever consolidated

PAT (in crores)
₹ 2,405 and

PAT margin
12.6%

The diluted Earnings Per Share (EPS) for the year stood at ₹ 29.79 (FY 2019-20: ₹19.16). During the year, the Company set up a strong governance protocol for liquidity and working capital management to build adequate cash balances for operational purposes during the pandemic. The focused cost discipline and re-imagination efforts led to improved free cash flow generation of ₹ 2,856 crores (FY 2019-20: ₹ 1,955 crores), which in turn resulted in a net cash positive position of ₹ 1,921 crores (FY 2019-20: Net debt ₹ 807 crore), significantly strengthening the Company's Balance Sheet. Furthermore, the business delivered historically the highest RoIC of 20.2% (FY 2019-20: 12.5%) for the year. In FY 2020-21, the Company's net debt to equity stood at -0.10 (FY 2019-20: 0.05).

In FY 2020-21

₹ 2,856
Free cash flow (in crores)

20.2%
RoIC

Operating Profitability: In terms of quality of earnings, in FY 2020-21, the Company reported 350bps+ YoY improvement in EBITDA margin to 22.5%. The historically high margins are attributable to strong cost optimisation initiatives, which along with higher mix of digital engagements, led to strong improvement in efficiency and productivity.

Balance Sheet health: The Company continues to deploy capital into value-accretive opportunities across geographies. In FY 2020-21, the focused discipline on optimising operating expenses, working capital and capital expenditure led to improved free cash flow generation of ₹ 2,856 crores (FY 2019-20: ₹ 1,955 crores) and net cash positive position of ₹ 1,921 crores (FY 2019-20: Net debt ₹ 807 crore); significantly strengthening the Company's balance sheet. In FY 2020-21, the Company prepaid USD 137 million term debt for InvaGen acquisition during the year. The expenditure on tangible assets for the year was ₹ 630 crores (FY 2019-20: ₹ 573 crores), spent on routine as well as growth investments largely in India and China, with modest additions in USA and SAGA. The capital expenditure for the year in intangible assets (net of sales) was ₹ 189 crores (FY 2019-20: ₹ 427 crores), largely spent on brands acquired and in-licensed in India.

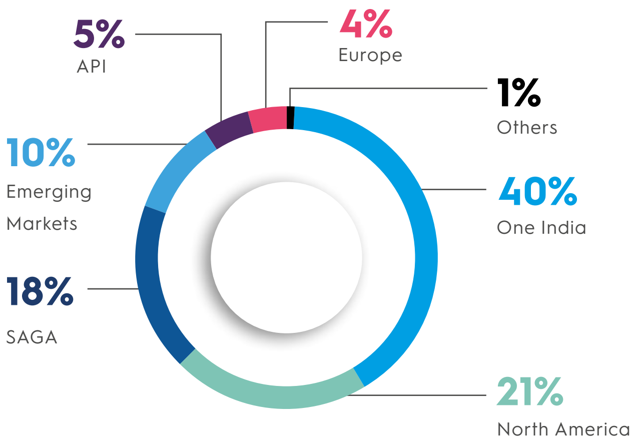
Strong free cash flow generation enabled the Company to maintain healthy debt protection metrics with debt-to-equity ratio improving to 0.09 (FY 2019-20: 0.18), net cash-to-equity improving to 0.10 (FY 2019-20: net debt-to-equity 0.05) and the net debt-to-EBITDA improving to -0.45 (FY 2019-20: 0.25). Growth in earnings led to 400bps+ expansion in the return on net-worth to 14.1% (FY 2020-21: 10.1%).

FY 2020-21 financials: The Company's consolidated income from operations during FY 2020-21 grew by 12% to ₹ 19,160 crores.

EBITDA for the year was ₹ 4,303 crores or 22.5% of revenue. Profit after tax for the year stood at ₹ 2,405 crores or 12.6% of revenue.

Total income from operations: Revenue growth in FY 2020-21 was driven by respiratory unlocking in the US, diversified growth across geographies and focused portfolio execution on COVID-19 products, while ensuring supply consistency to service demand across India, South Africa, Emerging Markets, Europe and North America operations. The Company's consolidated income from operations grew by 12% to ₹ 19,160 crores (FY 2019-20: ₹ 17,132 crores). Despite the pandemic, the Company demonstrated resilient operations across geographies by maintaining strategic inventory of critical raw materials, robust supply of essential medicines and prioritising critical launches in generics and consumer business.

Revenue split[4] by business in FY 2020-21



Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA): In FY 2020-21, the Company reported EBITDA of ₹ 4,303 crores (FY 2019-20: ₹ 3,230 crores), with an EBITDA margin of 22.5% to revenue (FY 2019-20: 18.9%). Cost re-imagination initiatives, higher share of digital engagements and lower on-ground activity led to cost savings, which drove the 350bps+ YoY expansion in operating profitability for FY 2020-21.

Employee expenses: Cipla's employee expenses for the year stood at ₹ 3,252 crores, an increase of 7% over FY 2019-20. The increase was largely due to annual increments and performance-linked components.

Other expenses: In FY 2020-21, the other expenses which included R&D, quality, sales & marketing, regulatory, manufacturing, etc. stood at ₹ 4,303 crores, declining by 12% over FY 2019-20. The other expenses accounted for 22.5% of the revenue (FY 2019-20: 28.6%). The YoY decline was largely driven by cost optimisation initiatives and lower on-ground activity in the pandemic-imposed lockdown period during the year. The Company intends to preserve a good share of the structural improvements in FY 2021-22 and continue to invest in growth opportunities across businesses.

R&D investments[5]:

Total R&D investments stood at **₹ 924 crores or 4.8%** of revenue.

[4] One India includes Rx + Gx+ CHL; SAGA includes South Africa, Sub-Saharan Africa and CGA; Figures have been rounded-off.
[5] GRI 103-1, GRI 103-2, GRI 103-3

The Y-o-Y moderation in R&D as a % of revenue was on account of higher revenue and lower R&D spends led by completion of large-scale gAdvair trials in FY 2019-20 as well as lower clinical trials and other developmental activities in wake of the pandemic and impact of the lockdown in FY 2020-21. However, the absolute trajectory of the spends and product filings remains intact, with all priority assets progressing well and other portfolio development efforts remaining on course.

ANDA Portfolio & Pipeline (As on 31st March, 2021)

Total ANDAs 249

166	19	64
Approved ANDAs	Tentatively Approved ANDAs	Under-approval ANDAs

FY 2020-21

7	8	9
ANDA Approvals	ANDA filed	ANDA launched

NDA Portfolio & Pipeline (As on 31st March, 2021)

Total NDA 4

3	-	1
Approved NDA	Tentatively Approved NDA	Under-approval NDA

FY 2020-21

-	1	-
NDA Approvals	NDA filed	NDA launched

Note: Cumulative 253 ANDA + NDAs Includes under approval, tentatively approved, approved ANDAs/NDAs/PEPFAR ANDAs for Cipla/InvaGen/Partner

Depreciation and amortisation: During FY 2020-21, depreciation and amortisation expenses (including the impact of change in lease accounting) stood at ₹ 1,068 crores (FY 2019-20: ₹ 1,175 crores).

Finance costs: During FY 2020-21, finance expenses stood at ₹ 161 crores (FY 2019-20: ₹ 197 crores). The YoY decline was primarily due to prepayment of USD 137 million term debt for InvaGen acquisition during the year.

Income tax: The effective tax rate stood at 27% for FY 2020-21.

Profit after tax: The profit after tax (PAT) for the year was ₹ 2,405 crores or 12.6% of revenue (FY 2019-20: 9.0%). Robust growth in operating profitability, lower depreciation and lower interest expenses on reducing debt drove PAT to a historic high in FY 2020-21.

Debt-Equity: Strong free cash-flow generation enabled the Company to maintain a healthy debt-to-equity ratio, improving it to 0.09 (FY 2019-20: 0.18). The Company prepaid USD 137 million term debt for InvaGen acquisition during the year. As of 31st March, 2021, the Company's long-term debt stands at USD 138 million towards the InvaGen acquisition and ZAR 720 million for operational requirements atCipla Medpro South Africa (Pty) Limited.

Interest Coverage Ratio: Reduced interest expenses on account of debt repayments and growth in operating profitability improved the interest coverage ratio to 26.8 in FY 2020-21 (FY 2019-20: 16.4)

Debtors' turnover ratio: Prudent and timely collections improved the debtors' turnover ratio to 5.6 in FY 2020-21 (FY 2019-20: 4.4).

Return on Net-worth: Growth in earnings drove the 400bps+ expansion in the return on net-worth to 14.1% (FY 2020-21: 10.1%).

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. Further, there have been no significant changes in other key financial ratios requiring disclosure and explanation as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

One-India

Cipla's One-India business comprises of branded prescription drugs, trade generics and consumer health products. Keeping with our commitment to provide high quality medicines and consumer products to our patients in India, over the years Cipla has rapidly expanded the breadth and depth of the product portfolio. This was achieved through organic launches and brand acquisitions as well as by leveraging partnerships with large multi-national pharmaceutical companies for channeling innovative life-saving medications. Cipla's therapy shaping campaigns are targeted to improve medicine uptake and positively impact the life of patients and the communities we engage with.

In 2020, Cipla contributed significantly to the global cause of combating COVID-19 and delivered on our promise of 'Caring for life'. The Company supported the Government and frontline workers across geographies and offered a comprehensive product portfolio for diagnosis and treatment under partnerships for treatment of moderate to severe patients, besides offering test kits for rapid and scalable testing and improved diagnosis.

Comprehensive portfolio offerings to combat COVID-19		
Brand	**Molecule**	**Therapy area**
Ciplenza®	Favipiravir	Mild to moderate symptoms
Cipremi®	Remdesivir	Moderate to severe symptoms
ELIFast®	SARS CoV-2-IgG antibody detection ELISA	Anti-body detection kit
CIPtest®	SARS CoV-2 IgG ELISA	Rapid antigen test kit

In FY 2021-22, Cipla has further expanded its COVID-19 portfolio with novel formulations under partnership with global pharmaceutical companies and is working on the logistics to ensure their availability in the coming weeks and months.

Increasing treatment options with new collaborations for innovative COVID-19 medicines		
Partner	**Molecule**	**Therapy area**
Merck & Co., Inc.	Molnupiravir*	Non-hospitalised patients with confirmed COVID-19
Roche	Casirivimab and Imdevimab	Mild to moderate COVID-19 in high-risk patients
Eli Lilly & Company	Baricitinib	Combination with Remdesivir for the treatment of COVID-19 in hospitalised adults

*in Phase 3 clinical trials

India: Branded prescription business

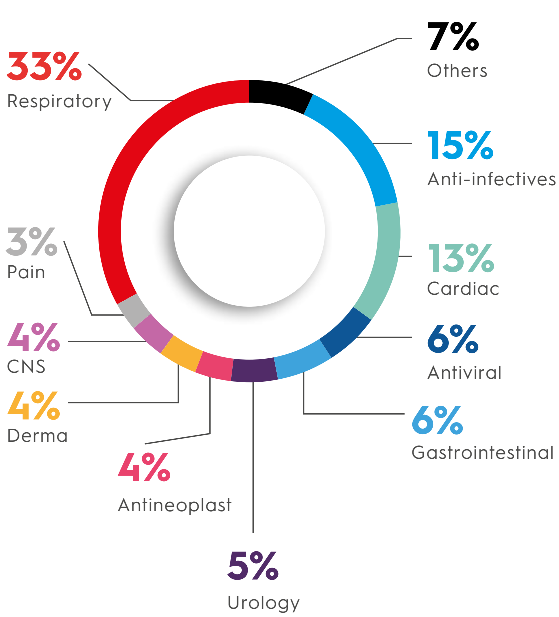
In FY 2020-21, the branded prescription business delivered market beating growth of **14%** and scaled to ₹ **6,030 crores**.

The revenue growth was supported by the COVID-19 portfolio which offset the low-to-moderate growth in some of the core therapies due to subdued acute demand and lower patient footfalls in light of the pandemic restrictions. Cipla continued to maintain stable ranks and comfortable market shares across leading therapies with strong focus on field force productivity with prudent additions. In emerging therapies like dermatology, ophthalmology and oncology, Cipla outperformed the market and also increased market shares.

Therapy	Market Rank	Market Share	Cipla Growth	Market Growth
Overall	3	5.3%	7%	4%
Chronic	2	8.1%	12%	8%
Respiratory	1	24.6%	4%	-8%
Cardiac	4	5.4%	10%	13%
Urology	1	14.8%	7%	4%

Source: IQVIA MAT March 2021

Therapy-wise share split of India Branded prescription business



Source: IQVIA MAT March 2021

Cipla's solid marketing and distribution strengths in India enable broader access to transformative treatments for our partners. During the year, the business strengthened existing partnerships with MNCs as well as entered into new partnerships for innovative life-saving oncology and anti-diabetic medications. These collaborations represent Cipla's unwavering commitment to address the unmet needs of patients and ensure better medical outcomes through an enhanced portfolio of offerings in these therapeutic areas.

Partner	Brand	Molecule	Type of Partnership	Therapy area
Roche Pharma	Herclon®	Trastuzumab	Marketing & distribution	Oncology
	Avastin®	Bevacizumab		
	Rituximab®	Rituximab		
Boehringer Ingelheim	Oboravo®	Empagliflozin	Co-marketing	Oral anti-diabetes
	Oboravo Met®	Empagliflozin + Metformin		
	Tiptengio®	Empagliflozin + Linagliptin		

Cipla's biggest patient awareness initiative, #BerokZindagi, was launched on digital platforms to provide seamless support to patients and healthcare professionals.

#BerokZindagi

20 crores
viewers through Digital, Radio & Print

9
Awards won in FY 2020-21

3,000
Key Opinion Leaders Engaged

50,000
Patient Activations

Over the past ten years, Cipla has played a pivotal role in creating awareness on the diagnosis and treatment of IPF amongst the medical fraternity. Continuing with our legacy of providing medical outcomes for rare diseases, Cipla launched generic Nintedanib for the treatment of IPF in India.

Outlook FY 2021-22

Cipla will continue to galvanise the fight against COVID-19 pandemic by ramping up portfolio supply to increase availability and maximise reach. In FY 2021-22, Cipla will continue to monitor growth in core therapies, maintain market-beating growth focus on partnerships in chronic portfolio, and further strengthen engagements with HCPs and patients by incubating and leveraging the digital ecosystem.

India Trade Generics Business

In FY 2020-21, the trade generics business continued to maintain its leadership position as India's largest trade generics business serving patients in tier-3 and tier-4 towns, with a cumulative reach of ~15,000+ pin codes in India through a robust supply chain that includes ~5,500 stockists. The trade generics business caters to over 26 categories under acute and chronic therapies that include 150+ brands and 11+ dosage forms.

In-line with the One-India strategy to drive portfolio synergies, during the year three brands with higher consumerisation potential were transferred to Cipla Health Limited (CHL), Cipla's consumer health business. Over the past two years, six brands with high consumer appeal have been transferred. Adjusted for these transfers, the business delivered a revenue growth of 18% led by strong growth in flagship brands on healthy order flow throughout the year. In FY 2020-21, the business focus continued on establishing sustainable growth post distribution reconfiguration in FY 2019-20 with simplification of commercialisation, customer centricity, new business opportunities and capability building.

During the year, the business efforts were invested in strengthening Omnigel brand's market position. This included strong on-ground execution, digital engagements reaching out to over two lac retailers and focused TVC campaigns. This ensured that the brand grew by 37% YoY and secured #1 position in the pain category. Under new initiatives, business launched new website "Cipla Generics" for awareness and provide patients with easy access to information. The Company also designed a CRM model with the objective to extend reach and further strengthen channel partnership.

Omnigel

37%
YoY Growth

#1
Pain relief category

Outlook FY 2021-22

Cipla's trade generics business operates in a dynamic regulatory environment with uncertainty governing rationalisation of trade margins and proliferation of national as well as regional competition. Over the next year, the trade generics business intends to re-define leadership by creating distinctiveness in the market through the following initiatives:

- Making big brands bigger, strengthening current portfolio position in the market
- Ensuring best-in-class customer experience with enhanced CRM initiative
- Enhancing product offerings by introducing newer categories like ophthalmology, while strengthening cardio-diabetic and wellness category
- Investing in digital initiatives to enhance connect with channel and customers

Consumer Business

In India, Cipla's consumer health business is housed under CHL. The franchise has a well-entrenched consumer reach of ~225k+ chemists, 40k+ groceries, 700+ modern trade outlets as well as a solid presence on nine leading e-commerce platforms to capitalise on the tailwinds in online retail. In FY 2020-21, the Company's anchor brands Nicotex and Cofsils continued to maintain strong market position in their respective categories and reported strong revenue growth, driven by high consumer recall.

Cipla launched CIPHANDS hand sanitiser during the onset of the pandemic and continued to build the portfolio into a complete hygiene product range comprising of sanitisers, surface disinfectants, sprays, antiseptic liquids, germ protection wipes, germ protection hand wash and germ protection soaps. This demonstrated the business' ability to launch and scale-up brands in a short time span.

Anchor Brands

#1
Nicotex
Nicotine replacement therapy

#2
Cofsils
Cough lozenges category

Note: Market share as on March 2021
Source: Nielson

During the year, the Company also successfully transferred additional brands with high consumer potential in select categories to CHL from trade generics business. The brands Clocip®, Naselin® and Cipladine® were transferred in FY 2020-21, taking the overall number of brands transferred to six, including Prolyte ORS® and Maxirich®, and Mamaxpert® which were transferred in FY 2019-20. These brands have registered healthy traction post transition, led by focused execution on channel and consumer campaigns.

Transitioned Brands

13%	**35%**
Prolyte ORS®	**Maxirich®**
Oral rehydration	Vitamins
65%	**10%**
Naselin®	**Mamaxpert®**
Nasal Decongestant	Women's Health

in-line with the One-India strategy, the Company has also announced the transfer of the consumer business undertaking to CHL. The consumer business undertaking includes brands with high consumerisation potential across five categories from branded prescription and trade generics businesses, with annual revenue of over ₹ 225 crores.

Outlook FY 2021-22

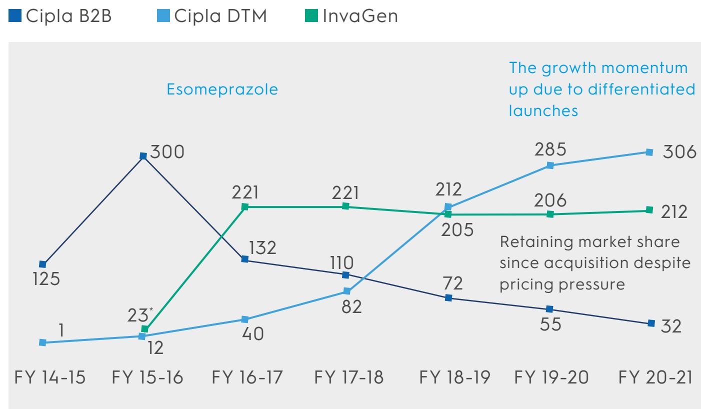
From a long-term perspective, Cipla intends to build a formidable wellness franchise with profitable growth across anchor and transitioned brands to establish a deeper connect with consumers and patients. Cipla will focus on brand-building in organic brands, leveraging consumer potential from brands in trade generics and prescription, foraying into new categories, while exploring inorganic route in pursuit of our mission of

'Improving Consumer's Lives, Everyday".

North America

Despite being an unprecedented year fraught with challenges induced by the pandemic, the North America business reported revenues of USD 551 million in FY 2020-21 - at par with last year that included base of an IP-enabled opportunity in Cinacalcet. North America contributed 21% to the Company's total revenue in FY 2020-21.

Business-wise sales ramp-up (USD million)



*InvaGen consolidated for 2 months in FY 2015-16 post-closing

On the back of new launches and focus on expansion of respiratory footprint, Cipla's Direct-to-Market portfolio delivered commendable performance in FY 2020-21, maintaining the Company's position among top ten TRx generic players in the US. This was a result of a well-designed strategy synergising on-shore and off-share manufacturing capabilities and optimally balancing capital allocation across organic and inorganic initiatives. The launch of limited competition complex generics also aided the Company's performance during the year. Synergies from the acquisition have helped the DTM segment grow from USD 231 million in FY 2017-18 to USD 390 million in FY 2020-21. Driven by focused efforts on portfolio expansion during the year, Cipla's institutional business under Exelan Pharmaceuticals scaled-up to over USD 100 million. With focused investments in complex generics and consistent efforts to increase market share, the Company continues to expand its footprint in the US.

Respiratory franchise in the US

Keeping with Cipla's pursuit to be the 'Lung Leaders' of the world, the Company has time and again proven its unmatched ability to deliver complex respiratory products to the market. The launch of MDI Albuterol HFA in April 2020 is a testimony to Cipla's robust research and development capabilities in the inhalation segment. 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. In addition, the Albuterol MDI is only the second ANDA for any MDI to be approved by the USFDA. Supported by strong ramp-up in albuterol, the Company's respiratory portfolio has crossed USD 100 million in the current financial year.

Albuterol HFA market segment	TRx Market Rank	TRx Market Share
gProventil	1	87%
Generic market (AG +Gx)	3	16.5%
Total Market (Brand+Ag+Gx)	3	13.2%

Source: IQVIA weekly TRx ending 23rd April, 2021

As a custodian of human lungs, Cipla is committed to its vision of expanding our global respiratory franchise in the US on the back of strong respiratory drug-device developmental capabilities.

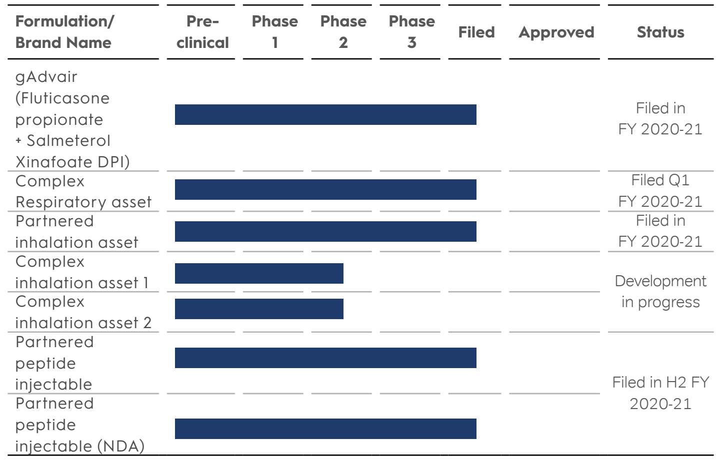
Currently, the Company is working towards developing respiratory products under various categories like ICS+LABA, LABA, LAMA and LAMA+LABA.

In Q1 FY 2020-21, Cipla's generic fluticasone propionate and salmeterol inhalation powder (gAdvair) was filed with the USFDA. The file on gAdvair is currently under active review by the USFDA.

Another milestone was added to the Company's achievements with filing of complex respiratory asset in Q1 FY 2020-21. Under nasal spray category, Cipla got approval from USFDA for two generic products: Sumatriptan Nasal Spray and Dihydroergotamine Mesylate capsule, which are targeted for migraine under the CNS category. These approvals have proven Cipla's capability in handling different dosage forms and complex drug-device combination products.

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.

Unlocking of Respiratory & peptide injectable franchise in the US:



FY 2020-21: Pipeline Portfolio Update

During FY 2020-21, the Company continued its R&D investments for the US market, which has resulted in pipeline expansion to include multiple differentiated assets.

During the year, Cipla filed seven new ANDAs and received seven approvals.

As of 31st March 2021, as many as 62 of Cipla's ANDAs are under approval or are tentatively approved. This represents a strong pipeline for the US generics business, which will further drive growth in this geography.

ANDAs Under Approval (UA) / Tentative Approval (TA)

63
Total UA/TA March 2020

7
Filed in FY 2020-21

7
Final Approvals (FA+TA to FA) in FY 2020-21

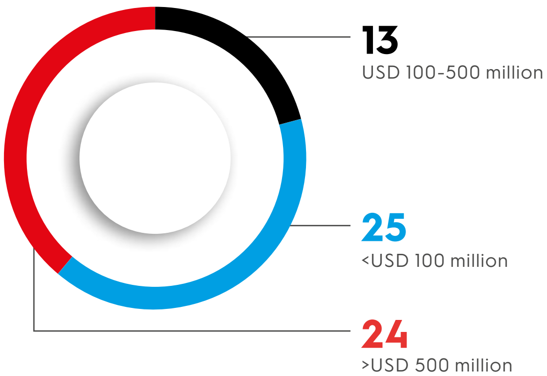
1
Transfer

62*
Total UA/TA March 2021

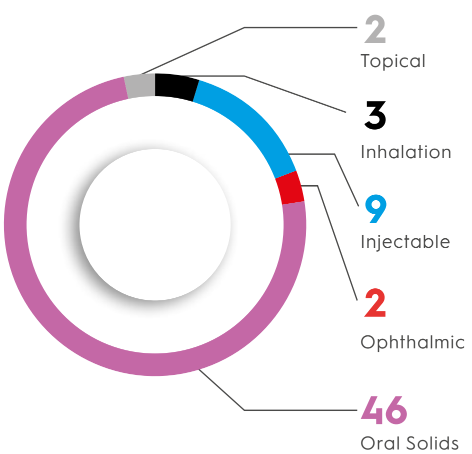
*Includes only Cipla and InvaGen

Break-up of 62 UA/TA ANDAs

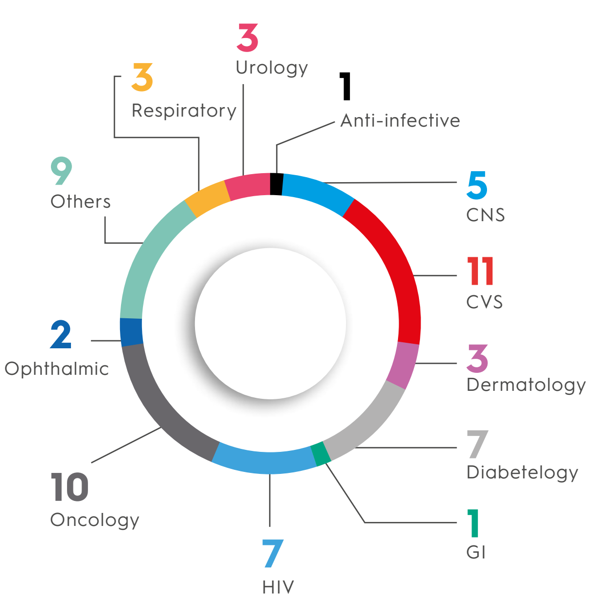
Market size split



Dosage form split



Therapy split



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

In FY 2020-21, the SAGA region contributed 18% to overall revenue. In FY 2020-21, the region continued strong execution across businesses registering a growth of 7% on a YoY basis in USD terms. Cipla remains committed to providing access to world class medicines at affordable prices to patients in the African subcontinent. Over the years, Cipla has consistently strengthened its relationship with regulators, customers, partners and the larger community to create a long-term sustainable business.

Cipla is the 3rd largest pharmaceutical corporation in South Africa with strong presence in the private and tender businesses. Overall, the South Africa business grew at 10% in local currency terms with a strong growth of 11% in the private market and 7% in the tender market. In line with FY 2019-20, the private business contributed 68%, while the tender business contributed 32% to the overall South Africa business in FY 2020-21. Backed by strong launches and growth in base portfolio, the South Africa business surpassed ZAR 5 billion in FY 2020-21. Cipla launched 30 products across multiple categories and completed 116 dossier submissions during the year. This is likely to further accelerate South Africa business growth in the years to come.

Key launches in FY 2020-21 in South Africa

Brand / International nonproprietary name	Molecule	Therapy area
Paranvir 400	Darunavir	Anti-retroviral
Tetanus Vaccine	Tetanus Toxoid absorbed on aluminium phosphate	Vaccine
Tarito	Atazanavir + Ritonavir	Anti-retroviral
Attentra	Atomoxetine	CNS
Abiraterone	Abiraterone	Oncology
Trastuzumab 440	Trastuzumab	Oncology
Actapen 500	Cilastatin sodium + Imipenem	Antibiotic
Lenalidomide	Lenalidomide	Oncology
Meropenem Watson	Meropenem	Antibiotic

Market conditions in South Africa in FY 2020-21 were challenging due to restrictions around COVID-19, which led to market stagnation. While Cipla continued to outperform the private market & OTC market in the first half of FY 2020-21, the overall growth was in line with the market in the second half of FY 2020-21. Cipla maintained overall market position in secondary terms.

Market Segment	Market Rank	Market Share	Cipla Growth	Market Growth
South Africa Private	3	7.0%	-0.9%	-4.0%
South Africa OTC	3	7.0%	1.2%	-1.3%

Source: IQVIA MAT March 2021

From a therapeutic area (TA) perspective, Cipla outperformed the market in ARVs and Oncology therapies, while gaining market shares; growth in other therapies was consistent with the market in secondary terms. Cipla maintained leading positions in six therapeutic areas and retained the number 2 or 3 position in five other therapies out of a total 14 therapeutic areas offered in the South Africa private market.

Therapy	Market Rank	Market Share
ARVs	4	18.2%
Oncology	7	5.7%
Respiratory	3	12.2%
Cardiology	5	7.1%
CNS	4	10.4%
Alimentary tract & metabolism	5	4.9%
Systemic anti-infectives	4	7.8%

Source: IQVIA MAT March 2021

Top OTC brands in South Africa Private

Brand	YoY Revenue* Growth (%)	Therapy
Airmune®	139%	Vitamins
Actin®	37%	Anti-allergic
Asthavent®	11%	Respiratory
Acurate®	18%	Pain
Fexo®	12%	Anti-allergic

Note: *reported revenue growth in ZAR terms

Continuing the strategy on expansion of product portfolio with innovative life-saving medications, Cipla entered into a strategic partnership with Alvogen for four oncology products and Alvotech for five biosimilars in the immunology and oncology space. This partnership is expected to significantly enhance Cipla's presence in the oncology segment. Cipla also launched its first biosimilar Trastuzumab (Trastuzumab 440), the largest product for the treatment of HER2 positive breast cancer globally.

Cipla also supported the fight against COVID-19 pandemic by supplying Remdesivir to select geographies under the in-licensing agreement; the contribution to overall business was marginal.

Mirren

Acquired in 2018, Mirren continues to be a strategic asset for Cipla as a key driver for its wellness business, while promoting the South African government's policy for local manufacturing in the pharmaceutical industry. Mirren continues to enhance its product manufacturing basket through various technology transfers, including an immune portfolio to complement its existing cold and flu portfolio. Mirren successfully completed productivity improvements through the introduction of a 3-shift process and is committed to creating improved efficiencies, capacity upgrades and expansions.

BrandMed

In 2019, Cipla Medpro South Africa (Pty) Limited acquired a 30% stake in BrandMed, a company with a vision to achieve better patient outcomes for non-communicable diseases (NCDs) through digital monitoring of a patient's healthcare journey. The COVID-19 pandemic has evidenced the importance of digital healthcare solutions, bringing BrandMed solutions into sharp focus. In FY 2020-21, the Company focused on developing a proof-of-concept by establishing a network of the marquee BrandMed SyntroP Centres of Excellence (COEs).
The strategic cross-collaboration between Cipla and BrandMed is focused on optimising BrandMed to drive increased commercial business acumen and accelerate its growth journey in FY 2021-22.

Cipla Global Access (CGA)

Since 2001, Cipla's pioneering efforts and long-standing partnerships with global funding organisations have been at the forefront of expanding access to affordable care for HIV/AIDS patients. In FY 2020-21, the CGA business delivered a stellar performance with a revenue growth of 38% on a YoY basis to USD 80 million, driven by strong growth in anti-malarial portfolio.

Sub-Saharan Africa (SSA)

Cipla's remains committed to expanding our portfolio in strategic DTM markets of Kenya, Tanzania and Uganda, by developing synergies with the South African business to drive profitable growth. A joint venture, Cipla Quality Chemical 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 as well as exports to other African countries.

In FY 2020-21, the Sub-Saharan Africa business grew by 13% to USD 74 million. During the year, the business focused on generating savings through manufacturing efficiency, market expansion, building strong brands and improving collections across operating geographies. During the year, the business expanded its presence to new markets of Malawi and Nigeria. The business now caters to 10 markets in the SSA region. Moreover, the route to market was changed in Mauritius, Madagascar, Zambia and Angola. The business model was changed in Tanzania to improve future performance.

From a portfolio perspective, the business received WHO prequalification within three weeks for Tenofovir-Lamivudine-Dolutegravir (TLD) demonstrating strong collaboration with regulatory authorities for faster access to new first line ARVs fixed combinations. The Company also completed the tech transfer for TLD (South Africa), TLD(WHO), Tenofovir-Lamivudine-Emtricitabine 400 & Hydroxychloroquine (NMS) and Tenofovir-Lamivudine (Mono-Layer) for WHO & NMS. Product registrations were harmonised across regulatory authorities through ZAZIBONA (9), ECOWAS (15) & WHO-CRP (8) during the year. These portfolio developments will drive strong revenue traction in FY 2021-22 and beyond.

Outlook FY 2021-22

In FY 2021-22, Cipla will continue to focus on maintaining strong market position in private and OTC markets, enhance private market presence via organic launches and deepen footprint via partnerships with innovators. The SSA business has embarked on a new strategy targeting 5% market share across five key primary care therapeutic areas over the next five years. Furthermore, there are 14 new launches in the pipeline from CQCIL that will constitute a strong visibility for FY 2021-22.

Emerging Markets & Europe (EMEU)

Overall, the EMEU business delivered strong profitable growth and improved health metrics, driven by strong governance on collections.

In FY 2020-21, the Emerging market operations contributed 10% to the Company's overall revenue. The business grew by a solid 21% in FY 2020-21 to revenue of ~USD 250 million. The revenue growth was driven by a robust DTM & B2B performance, backed by seamless supply chain operations. This enabled Cipla to emerge as the largest Indian exporter to the emerging markets in FY 2020-21 as per IntelliMax Finished Formulation Export Data. Cipla continued to be the largest player in Sri Lanka, Morocco and Nepal; maintained top-3 position in other focus markets in volume as well as value terms, as per IQVIA MAT September 2020. Cipla also supported the fight against COVID-19 pandemic in these markets by supplying Remdesivir to select geographies under the in-licensing agreement.

In FY 2020-21, the European operations contributed 5% to the Company's overall revenue. The business grew by a solid 17% in FY 2020-21 to revenue of USD 133 million. The revenue growth was driven by strong in-market performance of flagship products like Dymista and FPSM in key DTMs. The Company's Fluticasone Propionate Salmeterol (FPSM) pMDI market share is 20.8% and Beclomethasone is 14% in UK in March 2021. The business continued to demonstrate launch and commercial excellence during the year. New launches contributed ~3% of overall EMEU revenue while recording a 75% YoY growth, driven by strong coordination between supply chain and distribution.

During the year, the EMEU business made 177 dossier filings and created a solid pipeline for FY 2021-22 and beyond. Cipla forayed into new markets with first-time filings and tender bids across Mexico, Saudi Arabia, Indonesia and Argentina. On the back of digital augmentation, significant progress was made to increase physician coverage through the launch of healthcare superstars, a knowledge sharing platform for physicians across 30 countries. To de-risk the geo-political volatility associated with operations in the emerging markets and to boost revenue growth, several localisation deals were entered into in middle-eastern countries.

Key launches in FY 2020-21 across Europe and Emerging Markets

Product	Therapy	Geography
Ambrisentan	Cardiac	Australia
Posaconazole	Anti-fungal	United Kingdom
Abiraterone	Oncology	Malaysia
FPSM DPI Ciphaler	Respiratory	Colombia
Lenalidomide	CNS	Colombia
Foracort	Respiratory	Morocco

Cipla continued to forge strong partnerships with MNCs to enrich portfolio depth and breadth across strategic geographies.

Partner	Portfolio additions	Markets
Novartis	Innovative triple-combo inhaler	Australia
Ferring	Urology-Oncology portfolio	Australia

On the biosimilar front, critical filings were done under partnerships with global pharmaceutical companies, which will translate into portfolio and geographic diversification over the medium to long term. Cipla entered into partnership with Alvotech for marketing and distribution of four patented biosimilars in the fast growing markets of Australia and New Zealand.

Generic Name	Biologic Brand Name	Therapy
Aflibercept	Eylea®	Oncology
Ustekimumab	Stelara®	Dermatology
Denosumab	Prolia®, Xgeva®	Osteoporosis
Golimumab	Simponi®	Immunology

Cipla's growth plans in China continue to be on track with manpower additions and equipment being installed at the construction site during the year. A strong respiratory pipeline is under development for the market and the facility is nearly ready for inviting inspection for qualification purposes. Cipla also plans to enter two new front-end markets - Brazil and Spain - to serve unmet needs with its robust portfolio and on-ground capabilities.

Outlook FY 2021-22

In FY 2021-22, Cipla will continue to maintain supply consistency across key DTMs, track portfolio filings and execute new launches to drive growth and create a strong future pipeline for Emerging Markets and Europe.

Active Pharmaceutical Ingredients (API)

With an experience of over 50 years in manufacturing APIs, Cipla has produced more than 200 generics and complex APIs. Our APIs are supplied to 63 countries across the globe helping local pharmaceutical companies to serve the needs of their patients. The Company continues to be a preferred partner to many large generic pharmaceutical companies globally due to our prowess in niche molecules and our high-quality offerings. Cipla's dedicated 300+ strong team of scientists enable the Company to capably handle a wide range of chemistries and complex molecules. Cipla covers a vast array of therapies with over 1,280 Drug Master Files (DMFs) filed till date. Within FY 2020-21, Cipla made 31 DMF filings in various countries. The Company has a robust pipeline of over 75+ APIs across regulated markets in varying stages of development.

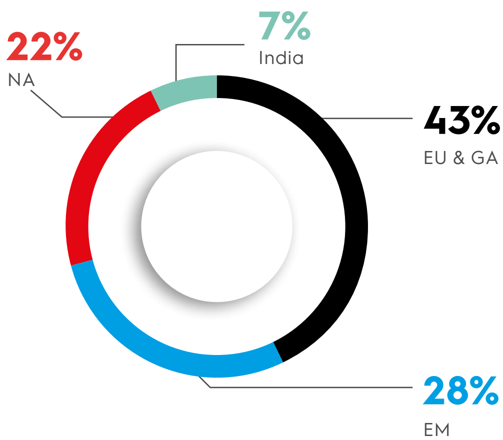
Cipla has four cGMP compliant sites, approved by the major international regulatory agencies, including the USFDA, EDQM (Europe), PMDA (Japan) WHO, TGA (Australia), and KFDA (Korea).

These sites include dedicated facilities for oncology, hormones and corticosteroid APIs. Cipla offers a total API manufacturing capacity of over 1,000 MT, with competency in handling 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 Cipla's plants have 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.

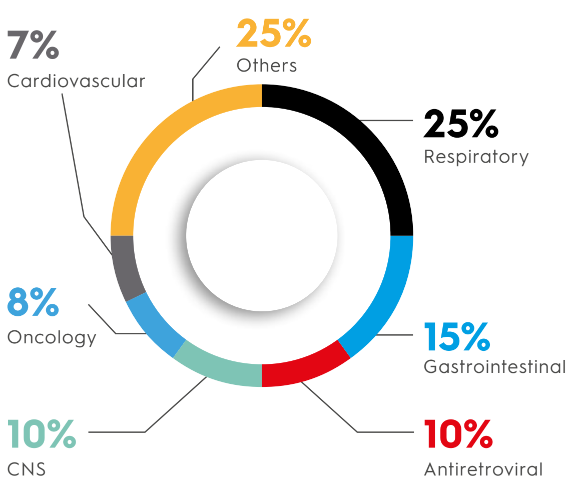
The API business reported revenue of USD 108 million, registering a growth of 2% in USD terms, by maintaining uninterrupted supplies to support customers with their critical launches, including ARV and respiratory products in the US.

In FY 2020-21, 43% of the revenue was contributed by Europe and Global Key Accounts (EU&GA), followed by 28% from Emerging Markets (EM), 22% from North America (NA) and balance from India. The key therapy segments that contributed to these were Respiratory (25%), Gastrointestinal (15%), Anti-retroviral (10%) and Central Nervous System (CNS) (10%). Successful delivery of differentiated product mix, improved traction in seeding and lock-ins, and products launched with key accounts were the key drivers for the API business.

Revenue split by geography



Revenue split by therapy



Cipla is exploring new partnerships with leading generic companies for our new products to expand our presence in markets such as Belarus, Japan, Korea and the Commonwealth of Independent States (CIS) countries. The Company aspires to be a preferred supplier to companies working on 505(b)(2) projects. Additionally, Cipla aims to support higher number of seeding and lock-ins that help in achieving sustainable growth, even as it expands the customer base across markets globally. The Company plans to enhance its API R&D and manufacturing capacities in therapeutic areas such as Respiratory, Gastrointestinal and Oncology, and conduct backward integration for manufacturing of Key Starting Material and critical API intermediates to have a tighter control on the supply chain.

The Company is focused on productivity and achieving cost optimisation through continuous process and yield improvements.

Outlook FY 2021-22

The API business will continue to work with a reimagined strategy to focus on its critical and high-demand APIs and to ensure uninterrupted supplies to key customers. With various customers shifting their dependency from China to India in wake of the COVID-19 disruptions, API business is expecting a growing trajectory in FY 2021-22. Cipla expects to continue growing in FY 2021-22, with a steady inflow of orders from customers across the globe.

FY 2021-22 Outlook: Developing re-imagined business models and investing for the future

The COVID-19 pandemic has significantly accelerated our business transformation and digital strategy to serve our stakeholders better in the new normal. In FY 2021-22, we will continue to focus on superior execution, core business growth across markets, productivity enhancement, continued cost discipline, prioritising critical launches and investments in value accretive opportunities to sustain the high-return trajectory amid a rapidly evolving post-pandemic environment.

Business Operations

- Maintaining an uninterrupted supply of COVID-19 and non-COVID-19 products
- De-risking manufacturing and superior internal coordination for maintaining optimum serviceability
- Strong cost-discipline and optimised spends, prudent management of working capital and liquidity
- Accelerating our digital transformation to capitalise on new growth opportunities across continents

One India

- Achieving market beating growth through core therapies and profitable consumer wellness portfolio
- Leveraging advanced analytics and digital technologies for engagement with physicians, patients and channel partners

North America

- Continued ramp-up in respiratory franchise to expand global lung leadership; track respiratory filings
- Maximising value opportunity in complex generics; prioritising critical launches in complex engine
- Evaluating partnership options for specialty assets

South Africa

- Continuing the growth momentum to outperform private market and sustain tender business traction
- Maintaining dominant position in the OTC space and augmenting franchises across categories

Europe & Emerging Markets

- Expand respiratory portfolio footprint across markets
- Focused on DTMs and new frontier markets (China & Brazil) for organic growth in Europe and Emerging Markets
- Expanding biosimilar partnerships in key markets

Talent Management

- Buildinging a sustainable talent pipeline for the Company's future plans over the next three to five years

Quality & compliance

- Comprehensively address observations at Goa plant
- Ensure operational excellence with the highest level of compliance and control at our facilities globally
- Embrace best-in-class globally benchmarked ESG practices

Potential developments and risks to the outlook

The Company continues to operate in a challenging and dynamic environment that is still rife with the uncertainties of the COVID-19 pandemic. The nature of the pharmaceutical business also exposes the Company to various competitive and regulatory risks (also refer ERM section on page 52 of this report) in the near term:

- Increasing pricing control in India and evolving channel landscape led by disruptive business models can potentially impact the branded generics business in India.
- Dependency on China for raw material and key starting material could impact the ability to maintain continuous supply in the event of disruptions.
- Consolidated customer base, high competition and regulatory requirements could impact product approvals, while continuing pricing pressure in the US.
- Increasing regulatory scrutiny could lead to delays in product approvals for the US markets, besides the 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 could have a negative impact.

Human resource management and industrial relations

At Cipla, we are totally committed to providing a safe, secure and healthy work environment to our employees. We continuously strive to exceed the industry as well as our own internal benchmarks in workforce productivity and performance. The professional objectives for employees and teams across levels are directly linked with the organisation's objectives and philosophy. This conveys and provides a sense of purpose and direction to all employees. The key areas for driving HR initiatives at Cipla include a strong emphasis on building a culture of inclusion and respect, ensuring a safe work environment, focusing on building capabilities & careers, and protecting human rights.

We are committed to nurturing a culture of Inclusion & Diversity, which stems naturally from our inherent purpose of caring for everyone in our communities. Cipla's initiatives in diversity and inclusion are covered in pages 86 and 93 of the human capital section.

The commitment to gender diversity reflects in nearly **30% representation of women on the Company's Board and more than, one-third of the Management Council comprises of women leaders.**

The Company continues to support capabilities of differently-abled employees. Cipla ensures strict adherence to its internal codes, and has a clearly defined zero-tolerance policy towards discrimination of any kind.

Cipla's structured talent management framework leads to cohesive talent actions across all levels, and ably supports the process of talent acquisition, onboarding, learning and development, performance management and succession planning. The Company's culture is centered on the five core pillars of Openness & Transparency, Accountability & Ownership, Result & Impact Orientation, Managing with Respect, and Engaging with Empathy. Periodic, regular performance conversations and real-time feedback form the backbone of the performance management process. Personnel capability building sessions are conducted regularly across levels, engaging talent across the board - right from trainees to senior leadership.

The Occupational Health and Safety (OHS) system at our manufacturing facilities has enabled Cipla's workers and employees to operate in a safe, audited and certified working environment. The technology-enabled incident tracking system, MySetu, acts as an effective interface for employees and workers in manufacturing facilities, while improving the awareness and reporting of workplace mishaps. This has helped in identification of associated risks and their timely mitigation. For more details on Cipla's approach towards Human Resources, refer to our Human Capital section on page 86.

Adherence to accounting standards

The Company continues to adhere 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 the key risks across all 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 COVID-19 pandemic continued to pose challenges to business as usual, and aggravated existing risks, thereby mandating rapid risk responses from business teams. Please refer to Page 52 for risk management framework and key risks including the mitigation measures.

The Company effectively laid down risk mitigation measures to:

- Address business continuity challenges
- Overcome growth hurdles
- Tackle geopolitical developments
- Secure enterprise-wide cybersecurity and
- Adhere with applicable laws & regulations

During the reporting period, the Company worked towards our purpose of 'Caring for Life' by expanding COVID-19 therapy and diagnostics portfolio, and striving to maintain seamless supply of critical life-saving medicines.

Internal control and its adequacy

Cipla has a robust and reliable system of internal controls commensurate with the nature of our business, and the scale and complexity of our operations. The Company has adopted policies and procedures covering all financial, operating and compliance functions. These controls have been designed to provide a reasonable assurance over:

- 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 the accounting records
- Timely preparation of reliable financial information

The current system of Internal Financial Controls (IFC) is aligned with the requirement of the Companies Act 2013, and is in line with globally accepted risk-based framework as issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

The Company has an Internal Audit function which functionally reports to the Chairperson of the Audit Committee, thereby maintaining its objectivity. The IA function is supported by a dedicated internal audit team and resources from external audit firms.

The annual internal audit plan is carved out from a comprehensively defined Audit Universe that encompasses all businesses, functions, risks, compliance requirements and maturity of controls. The internal audit plan is approved by the Audit Committee at the beginning of every year. Each quarter, the Audit Committee of the Board is presented with key control issues and the actions taken on issues 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 auditor 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 is pleased to submit its report on the performance of the Company along with the audited standalone as well as consolidated financial statements for the year ended 31st March, 2021.

Financial Summary and State of Affairs

₹ in Crore

Year ended 31st March, 2020		Particulars	Year ended 31st March, 2021	
Standalone	Consolidated		Standalone	Consolidated
12,659.15	17,131.99	Gross total revenue	13,900.58	19,159.59
2,964.31	2,178.18	Profit before tax and exceptional items	3,350.66	3,290.06
2,318.17	1,546.52	Profit for the year (after tax and attributable to shareholders)	2,468.28	2,404.87
(15.30)	(9.42)	Other comprehensive income for the year (not to be reclassified to P&L)	13.71	(37.46)
(49.13)	(119.98)	Other comprehensive income for the year (to be reclassified to P&L)	27.75	198.95
10,828.56	10,251.31	Surplus brought forward from last balance sheet	12,479.72	11,117.88
13,131.43	11,782.08	Profit available for appropriation	14,961.71	13,536.98
		Appropriations:		
(564.26)	(564.26)	Dividend	-	-
(87.45)	(99.94)	Tax on dividend	-	-
12,479.72	11,117.88	Surplus carried forward	14,961.71	13,536.98

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 as well as the consolidated financial statement have been prepared in accordance with the Indian Accounting Standards (Ind AS).

Share Capital

During the year under review, the Company issued and allotted 2,27,950 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 ₹ 1,61,24,70,658/- (divided into 80,62,35,329 equity shares of ₹ 2/- each) to ₹ 1,61,29,26,558/- (divided into 80,64,63,279 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

In line with the Dividend Distribution Policy of the Company, we recommend a final dividend of ₹ 5/- per equity share (i.e. 250% of face value) for the financial year ended 31st March, 2021. The dividend, if approved at the Annual General Meeting (AGM), will be paid to those members whose names appear in the Register of Members as on close of Tuesday, 10th August, 2021. The total dividend payout will be approximately ₹ 403.23 crores, 16.34 % of the standalone profit after tax of the Company. The Dividend Distribution Policy is uploaded on the website at https://www.cipla.com/sites/default/files/2019-01/Dividend%20Distribution%20Policy.pdf

Reserve

During the year, as per provisions under IndAS 102 – Share-based Payment, the Company has transferred an amount of ₹ 2.02 crores to the General Reserve from the Share Based Payment Reserve, due to lapse of vested options under the Cipla Employee Stock Scheme 2013 – A.

Nature of business

The Company is engaged in the business of development, manufacturing, sale and distribution of pharmaceutical generic medicines, branded generic medicines, specialty medicines, and OTC consumer wellness products. The Company also offers in-licensed patented medicines and in-licensed diagnostics kits for

COVID-19. 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Management Discussion and Analysis Report for the year under review, has been presented in a separate section on page 129, forming part of this report.

Corporate Social Responsibility (CSR)

A detailed report on Cipla's various CSR initiatives has been provided in the Social Capital section forming part of Integrated Report on page 108 and Annual Report on CSR initiatives, as required under Section 135 of the Companies Act, 2013 (Act) which is annexed as Annexure I to this report on page 160. Details of the CSR Committee composition, role and meetings, etc. have been provided in the Report on Corporate Governance on page 200.

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 176 of this report. Since the Company has adopted 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 (MCA), 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 183 of this report.

A certificate from M/s. BNP & Associates, Company Secretaries, Mumbai 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, 2021 and of the profit of the Company for the year ended 31st March, 2021;

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

Cipla Employee Stock Option Scheme 2013-A

The Company has an Employee Stock Option (ESOP) Scheme, namely "Employee Stock Option Scheme 2013-A" (ESOP Scheme) that acts as a retention tool and helps to promote a culture of ownership among employees of the Company and its subsidiary companies. There was no change in the ESOP scheme during the financial year under review and no employee was granted options equal to or exceeding 1% of the issued share capital of the Company.

Cipla Employee Stock Appreciation Rights Plan 2021

In order to align employee rewards with the Company's long-term growth and shareholder value creation and also to attract, retain and motivate the best available talent, pursuant to the shareholder's approval dated 25th March, 2021 the "Cipla Employee Stock Appreciation Rights Scheme 2021" (ESAR Scheme) for issue of stock appreciation rights was implemented by the Board during FY 2020-21. Under the Scheme, the ESAR grantees are entitled to receive appreciation in the value of vested ESARs in the form of equity shares. During the year, no ESARs were granted under the scheme.

The NRC administers the ESOP Scheme and the ESAR Scheme (collectively referred to as 'Schemes'). The Schemes are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SBEB Regulations). Details of the Schemes have also been provided in Note No. 42 of the standalone financial statement. The disclosure in compliance with SBEB Regulations, is available on the Company's website at https://www.cipla.com/investors/annual-reports.

In compliance with the requirements of the SBEB Regulations, a certificate from auditors, confirming implementation of the ESOP Scheme and the ESAR Scheme in accordance with the said regulations and shareholder's resolution, will be available for electronic inspection by the members during the AGM of the Company.

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 is provided in a separate exhibit forming part of this report and is 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.

Annual Return

The Annual Return as on 31st March, 2021 has been placed on the website of the Company and can be accessed at https://www.cipla.com/investors/annual-reports.

Vigil Mechanism

The Company 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 the Company, and any incident involving leak or suspected leak of unpublished price sensitive information (UPSI) or unethical use of UPSI in accordance with (or under) the 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 comprising 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 as members, investigates whistle-blower complaints. A report on the 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 update on the functioning of the Whistle-Blower Policy and compliance with the Code of Conduct has also been provided in the Report on Corporate Governance, on page 204.

Prevention of Sexual Harassment of Women at Workplace

The Company is committed to providing a safe and conducive work environment to all its employees and associates. The Company has 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.

The 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 fully compliant. The Audit Committee oversees compliance at regular intervals.

Details of complaints received/disposed during FY 2020-21 are provided in the Report on Corporate Governance on page 207.

Related Party Transactions

A detailed note on procedure adopted by the Company in dealing with contracts and arrangements with related parties has been provided in the Report on Corporate Governance on page 206.

All contracts, arrangements and transactions entered by the Company with related parties during FY 2020-21 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, disclosure on related party transactions as per IND AS-24 has been provided under Note No. 41 of the standalone financial statements on page 290 and Note No. 48 of the consolidated financial statements on page 409.

During the year, the Company amended the Policy on Dealing with Related Party Transactions ('RPT Policy') to simplify the process of transaction approval sought from the Audit Committee. The RPT Policy is available on the Company's website at https://www.cipla.com/sites/default/files/2020-06/Policy%20on%20dealing%20with%20Related%20Party%20Transactions.pdf

Internal Financial Control and its adequacy[6]

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 IFC is aligned with the statutory requirements and is in line with the globally accepted risk-based framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. The IFC are adequate and operating effectively.

Effectiveness of IFC is ensured through Management reviews, controlled self-assessment and independent testing by the Internal Auditor.

Risk Management

The Board of Directors 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 periodically at the Board level from time to time but at least once a year. 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 52 of this report.

Board Evaluation

In order to ensure that the Board and board committees are functioning effectively and to comply with statutory requirements, the annual performance evaluation of the Board, board committees and individual directors was conducted during the year. The evaluation was carried out based on the criteria and framework approved by the NRC. 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 189.

Subsidiaries, Associates and Joint Ventures

At the beginning of the year, the Company had 51 subsidiaries and 4 associates, as against 46 subsidiaries and 5 associates as on 31st March, 2021. During the year, the following companies were incorporated, acquired, liquidated or divested:

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

- o Incorporation of Cipla Therapeutics Inc., USA, to expand business in specialty segment in the US market.
- Acquisition of 21.85% stake in GoApptiv Private Limited to enable wider reach of key brands in the tier 3+ towns through GoApptiv's solutions for end-to-end brand marketing and channel engagement.
- Amalgamation of Cipla Pharma Lanka (Private) Limited with Breath Free Lanka (Private) Limited to eliminate duplication resulting in operational synergies and reduction of costs together with focused operational efforts, rationalisation, standardisation and simplification of business processes.
- Divestment of stake in the following subsidiaries:
  - o Anmaraté (Pty) Limited, South Africa by Cipla Medpro South Africa (Pty) Limited, South Africa (wholly owned subsidiary) as a part of over-all group simplification process.
  - o Quality Chemicals Limited, Uganda, for eliminating complexity and enhancing focus by exiting non-core business.
- Voluntary liquidation of following wholly-owned subsidiaries as a part of internal reorganisation:
  - o Cipla (Mauritius) Limited, Mauritius
  - o Cape to Cairo Exports (Pty) Limited, South Africa
  - o Cipla (UK) Limited, UK

Details of these subsidiaries and associates are set out on page 355 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 no. AOC-1 is given on page 417 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 on the Company's website https://www.cipla.com/investors/annual-reports.

Scheme of Arrangement

During the year, the Board of Directors had approved the Scheme of Arrangement ("Scheme") between the Company ("Demerged Company"), Cipla BioTec Limited ("Resulting Company 1") and Cipla Health Limited ("Resulting Company 2") and their respective shareholders for the transfer of India based US business undertaking ("Demerged Undertaking 1") of the Demerged Company into the Resulting Company 1 and transfer of consumer business undertaking ("Demerged Undertaking 2") of the Demerged Company to Resulting Company 2 by way of demerger. The Company has received all necessary approvals and is in the process of filing an application before the National Company Law Tribunal for approval of the Scheme.

The Scheme details, rationale and benefits, along with other documents, are available on the Company's website at https://www.cipla.com/investors/scheme-arrangement

Directors and Key Managerial Personnel

At the 84th AGM of the Company held on 27th August, 2020, the shareholders approved the (i) re-appointment of Ms Naina Lal Kidwai as Independent Director for a second term of five years effective 6th November, 2020, (ii) re-appointment of Ms Samina Hamied as Executive Vice-Chairperson for a period of five years effective 10th July, 2020, and (iii) re-appointment of Mr S Radhakrishnan as non-executive director liable to retire by rotation.

On the recommendation of the NRC, the Board recommends the following appointments / re-appointment: (i) re-appointment of Mr M K Hamied, who retires by rotation and being eligible has offered himself for re-appointment as director liable to retire by rotation (ii) re-appointment of Mr Umang Vohra as Managing Director and Global Chief Executive Officer for a period of five (5) years commencing from 1st April, 2021 till 31st March, 2026 (iii) appointment of Mr Robert Stewart as Independent Director of the Company for a for a period of five (5) years commencing from 14th May, 2021 to 13th May, 2026.

In the opinion of the Board, all the directors, as well as the directors proposed to be appointed / re-appointed, possess the requisite qualifications, experience and expertise and hold high standards of integrity. All of the independent directors except Mr. Robert Stewart, are exempt from the requirement of passing the proficiency test. Unless exempted, Mr. Robert Stewart will be required to pass the proficiency test within the permissible time limit. The list of key skills, expertise and core competencies of the Board of Directors is provided in the Report on Corporate Governance at page 186 of this Annual Report.

Details such as brief resumes, nature of expertise in specific functional areas, names of companies in which the above-named directors hold directorships, committee memberships/ chairpersonships, shareholding in Cipla, etc. are furnished in the Notice of the AGM.

The criteria for determining qualification, positive attributes and independence of a director are given in the Nomination, Remuneration and Board Diversity Policy, disclosed as Annexure E to the Report on Corporate Governance. During the year, the Board, on the recommendation of the NRC, amended the policy twice to add the evaluation criteria while appointing any Key Managerial Personnel or Senior Management Personnel, and to modify the sitting fees for non-executive directors.

As on 31st March, 2021, the Company has the following Key Managerial Persons (KMP) as per Section 2(51) of the Act:

Sr. No	Key Managerial Personnel	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 and Compliance Officer

Except Dr Peter Mugyenyi and Mr S Radhakrishnan, none of the other directors, including the Managing Director and Global CEO and the Whole-Time Director, received any remuneration or commission from any of the Company's subsidiaries.

Declaration by Independent Directors

All independent directors have submitted requisite declaration confirming that they (i) 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 (ii) are compliant of the Code of Conduct laid down under Schedule IV of the Act.

All the directors have confirmed that they are not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

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

The Board has following committees:

i) Audit Committee

ii) Nomination and Remuneration Committee

iii) Corporate Social Responsibility Committee

iv) Stakeholders Relationship Committee

v) Investment and Risk Management Committee

vi) Operations and Administrative Committee

The Board constituted one special committee i.e. Committee of Independent Directors pursuant to the requirement of the SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December 2020. All the independent directors were appointed as the members of the Committee.

All the recommendations of the board committees, including the Audit Committee, were accepted by the Board.

The Board met eight times during the year under review. The maximum gap between two consecutive board meetings did not exceed 120 days. A detailed disclosure on the Board, its committees, its composition, the detailed charter and brief 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.

Auditor and Auditor's Report

M/s. Walker Chandiok & Co LLP, Chartered Accountants were appointed as Statutory Auditors of the Company at the Annual General Meeting (AGM) held on 28th September, 2016, for a term of five consecutive years i.e. upto the conclusion of ensuing 85th AGM.

As per the provisions of Section 139 of the Act, the Board of Directors of the Company, on the recommendation of the Audit Committee, recommends re-appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants for a further period of five years i.e. upto the conclusion of 90th AGM.

M/s. Walker Chandiok & Co LLP, Chartered Accountants, (i) have expressed their willingness to be reappointed for a further term, (ii) have submitted their confirmation to the effect that they continue to satisfy the criteria provided in Section 141 of the Act and (iii) that their appointment is within the limits prescribed under Section 141(3)(g) of the Act.

A resolution proposing re-appointment of M/s. Walker Chandiok & Co LLP as the Statutory Auditor of the Company and their remuneration pursuant to Section 139 of the Act, along with the explanatory statement, forms part of the Notice of 85th AGM.

The Auditor's Report for FY 2020-21 does not contain any qualification, reservation, adverse remark or disclaimer. Further, 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.

Secretarial Auditor and Secretarial Audit Report

The Secretarial Audit Report for the financial year ended 31st March, 2021 is annexed as Annexure V to this report.

The Board of Directors, on the recommendation of the Audit Committee, has re-appointed M/s BNP & Associates, Company Secretaries, Mumbai to conduct the secretarial audit of the Company for FY 2021-22. They have confirmed their eligibility for the re-appointment.

The Secretarial Audit Report does not contain any qualification, reservation, disclaimer or adverse remark.

Cost Auditor and Cost Audit Report

The Board of Directors, 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, 2021. The Cost Auditor has confirmed that they are not disqualified pursuant to the provisions of Section 141 of the Act read with Section 139 and 148 of the Act. The Cost Auditor will submit their report for the FY 2020-21 on or before the due date. The Cost Audit Report, for the year ended 31st March, 2020, was filed with the Central Government within the prescribed time. The Company maintains the Cost Records as per the provisions of Section 148(1) of the Act.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration to be paid to the Cost Auditor for FY 2021-22 is required to be ratified by the members, the Board of Directors recommends the same for approval by 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 in various Capitals in the Integrated Report section of the report.

Other Disclosures

During the financial year under review:

- 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.
- the Company issued and allotted equity shares under the ESOP scheme and there were no instances wherein the Company failed to implement any corporate action within the statutory time limit.
- the Company did not accept any deposit within the meaning of Sections 73 and 74 of the Act read 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, 2021.
- the Company has not issued shares with differential voting rights and sweat equity shares during the year under review.
- 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.
- 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.

Acknowledgements

We wish to place on record our appreciation of the Governments of the countries where the Company has its operations. We also thank the Ministry of Chemicals & Fertilizers, India; the 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 the employees for their contribution and services.

On behalf of the Board

Date: 14th May, 2021
Place: Mumbai

Y K Hamied
Chairman

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

1. Brief outline on CSR Policy of the Company

'Caring for Life' has been at the forefront of Cipla's business philosophy and remains the principal purpose of doing business. This philosophy is seamlessly integrated into Cipla's people, products and processes and is the foundation and underlying objective of the Corporate Social Responsibility Policy ('CSR Policy') of Cipla Limited ('the Company'). Cipla strives to create a healthier world and enrich the lives of all our stakeholders and community at large through our 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, the principal implementation agency and their implementing partners. Our initiatives are compliant of CSR requirements under the Section 135 of the Companies Act, 2013.

During the year, the Company amended its CSR Policy to align it with the amendments in the Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR Rules').

The policy inter-alia covers the following:

- Guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of the Annual Action Plan
- Mode of implementation of CSR activities of the Company, stating Cipla Foundation to be the principal implementation agency
- Key focus areas for CSR activities which include:
  - i. Health
  - ii. Education
  - iii. Skilling
  - iv. Environment
  - v. Contribution to government funds for socio-economic development
  - vi. Research and development
  - vii. Rural development projects
  - viii. Disaster management
  - ix. Any other activity under Schedule VII of the Act
- Process for approval of CSR activities
- Monitoring mechanism
- Responsibilities of the implementation agencies

2. Composition of CSR Committee

Sr. No.	Name of director	Designation / Nature of directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr M K Hamied	Non-executive Vice Chairman	4	4
2.	Mr Adil Zainulbhai	Independent Director	4	4
3.	Ms Punita Lal	Independent Director	4	4
4.	Mr S Radhakrishnan	Non-Executive / Non-Independent Director	4	4
5.	Mr Umang Vohra	Managing Director and Global Chief Executive Officer	4	3

3. Provide the web-link where the composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company.

The CSR Policy, details of the CSR Committee and CSR projects approved by the Board of the Company is available on the website of the Company (www.cipla.com) under the 'Corporate Social Responsibility' section, at the following links:

- CSR Policy: https://www.cipla.com/sites/default/files/2021-03/Corporate-Social-Responsibility-Policy.pdf
- CSR Committee composition: https://www.cipla.com/about-us/board-directors/committees-board
- CSR projects approved by the Board: https://www.cipla.com/sites/default/files/Approved-CSR-Projects.pdf

4. Provide the details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable

No impact assessments of CSR projects were due in FY 2020-21 and hence not undertaken.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sr. No.	Financial year	Amount available for set-off from preceding financial years (in Cr)	Amount required to be set-off for the financial year, if any (in Cr)
1	2020-21	₹ 0.07 crore (available for set-off from preceding financial year 2019-20)	The Company has not set off the excess amount available in the financial year 2020-21.

6. Average net profit of the Company as per section 135(5)

₹ 2,140.10 crores

7. (a) Two percent of average net profit of the Company as per section 135(5)

₹ 42.80 crores

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years

Nil

(c) Amount required to be set off for the financial year, if any

The Company will not be setting off any amount for the financial year.

(d) Total CSR obligation for the financial year

₹ 42.80 crores

8. (a) CSR amount spent or unspent for the financial year

During the financial year 2020-21, the Company spent ₹ 42.84 crores on various CSR initiatives, which is more than 2% of the average net profit of the last three financial years.

Total amount spent for the financial year (in ₹)	Amount unspent (in ₹)				
	Total amount transferred to Unspent CSR account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the fund	Amount.	Date of transfer
42.84 crores	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

(b) Details of CSR amount spent against ongoing projects for the financial year

Not Applicable. The Company does not have any ongoing projects as defined under CSR Rules.

(c) Details of CSR amount spent against other than ongoing projects for the financial year[1]

Amount in ₹ crore

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/ No)	Mode of implementation – through implementing agency	
				State	District			Name	CSR Registration Number
A	**Palliation projects**								
1	Cipla Palliative Centre	Schedule VII – (i) Promoting healthcare including preventive healthcare	Yes	Maharashtra	Pune	6.59	No	Cipla Foundation	CSR00001503
2	Access to palliative services through awareness and home-based support		Yes	Maharashtra, Madhya Pradesh, Karnataka, Delhi	Mumbai, Indore, Bangalore, New Delhi	2.70	No	Cipla Foundation	CSR00001503
3	Palliative and supportive care unit		Yes	Maharashtra	Mumbai	1.54	No	Cipla Foundation	CSR00001503
B	**Respiratory care support programme**								
	(Pulmonary rehabilitation for post-COVID-19 and chronic obstructive pulmonary disorder - COPD)	Schedule VII – (i) Promoting healthcare including preventive healthcare	Yes	Maharashtra, Rajasthan	Pune, Chandrapur, Jaipur	0.32	No	Cipla Foundation	CSR00001503
C	**Patient support/ medical assistance**								
	(Support to patients with Thalassemia and other life-limiting diseases)	Schedule VII – (i) Promoting healthcare including preventive healthcare	Yes	Delhi, Maharashtra, Karnataka	Delhi, Pune, Mumbai, Thane, Bangalore	0.82	No	Cipla Foundation	CSR00001503
D	**Strengthening health systems**								
	(Infrastructure support to hospitals, medical equipment support to health care institutions)	Schedule VII – (i) Promoting healthcare including preventive healthcare	Yes	Himachal Pradesh, Maharashtra, Madhya Pradesh, West Bengal	Kangra, Pune, Mumbai, Indore, Dhar, Kolkata	3.80	No	Cipla Foundation	CSR00001503
E	**Community health/ Doorstep health**								
1	Community health initiatives to promote awareness on good health – nutrition hygiene and sanitation, and small equipment support	Schedule VII – (i) Promoting healthcare including preventive healthcare	Yes	Maharashtra, Rajasthan, Madhya Pradesh, Karnataka, Himachal Pradesh, West Bengal and Sikkim	Pune, Mumbai, Udaipur, Indore, Dhar, Bangalore, Solan, Purulia, East Sikkim	1.81	No	Cipla Foundation	CSR00001503
2	Mobile Health Unit (MHU) services	Schedule VII – (i) Promoting healthcare including preventive healthcare	Yes	Maharashtra, Madhya Pradesh, Karnataka, Himachal Pradesh	Mumbai, Indore, Dhar, Bangalore, Solan	1.47	No	Cipla Foundation	CSR00001503
F	**COVID-19 response**								
1	COVID-19 relief – support for special initiatives	Schedule VII – (i) Promoting healthcare including preventive healthcare	Yes	Pan-India		3.46	No	Cipla Foundation	CSR00001503
2	Support towards procurement of testing kits and medical consumables, COVID-19 kits and dry rations		Yes	Pan-India		2.99	No	Cipla Foundation	CSR00001503
3	COVID-19 relief - support towards procurement of medical equipment and special machines		Yes	Pan-India		0.20	No	Cipla Foundation	CSR00001503

[1]Information in line with BRR Principle 8, Question 4

Amount in ₹ crore

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/ No)	Mode of implementation – through implementing agency	
				State	District			Name	CSR Registration Number
4	Donation to the Prime Minister's Relief Fund	Schedule VII - (viii) contribution to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)]	No	Pan-India		6.04	Yes	-	-
5	Donation to state disaster response fund	Schedule VII – (xii) Disaster management, including relief, rehabilitation and reconstruction activities	No	Goa, Himachal Pradesh, Karnataka, Maharashtra	-	5.50	Yes		
6	COVID-19 relief – support towards procurement of medicines and other support	Schedule VII – (i) Promoting healthcare including preventive healthcare	Yes	Sikkim, Madhya Pradesh, Himachal Pradesh, Maharashtra	East Sikkim, Indore, Baddi, Mumbai	0.50	Yes		
G	**Promoting quality education**								
1	Strengthening school infrastructure								
	(Infrastructure support in school, sports & computer literacy, awareness programme for road safety rules)	Schedule VII – (ii) Promoting education including special education	Yes	Maharashtra, Himachal Pradesh, Madhya Pradesh, Sikkim, Delhi, Karnataka	Pune, Patalganga, Solan, Indore, East Sikkim, New Delhi, Bangalore	0.85	No	Cipla Foundation	CSR00001503
2	Mobile science lab and mini science centres (STEM labs)		Yes	Maharashtra, Madhya Pradesh, Sikkim, Karnataka	Pune, Patalganga, Indore, East Sikkim, Bangalore	0.90	No	Cipla Foundation	CSR00001503
H	**Scholarships**								
	(Educational support for financially weaker students and sponsorship of visually impaired students, merit awards)	Schedule VII – (ii) Promoting education including special education	Yes	Himachal Pradesh, Maharashtra	Solan, Pune	0.73	No	Cipla Foundation	CSR00001503
I	**E learning**								
	(Digital literacy in government schools, Project D-LEAD support to rural students & teachers with provision of iDream digital learning contents with accessories with power banks, trainings, telephonic support, monitoring and reporting)	Schedule VII – (ii) Promoting education including special education	Yes	Karnataka, Madhya Pradesh, Sikkim, Maharashtra, Himachal Pradesh	Bangalore, Indore and Dhar, East Sikkim, Pune, Solan	1.26	No	Cipla Foundation	CSR00001503
J	**Vocational training**								
	(Skill development and entrepreneurship programmes for unemployed and unskilled, and training programme for unemployed youth)	Schedule VII – (ii) Promoting special education, and employment enhancing vocation skills especially among children, women and the differently abled, and livelihood	Yes	Himachal Pradesh, Sikkim	Solan, East Sikkim	0.39	No	Cipla Foundation	CSR00001503

Amount in ₹ crore

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/ No)	Mode of implementation – through implementing agency	
				State	District			Name	CSR Registration Number
K	**Research**								
	Partnership with CSIR CDRI for science outreach and research	Schedule VII – (ix) (b) Contributions to public-funded universities engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)	No	Uttar Pradesh	Lucknow	0.59	No	Cipla Foundation	CSR00001503
L	**Others**								
1	Disaster relief								
	(Medical relief, basic assistance material, health and hygiene kits, medical camps)	Schedule VII – (xii) Disaster management, including relief, rehabilitation and reconstruction activities	Yes	Sikkim, Bihar, Assam, West Bengal	East Sikkim, Madhubani, Lakhimpur, South 24 Pargana, Midnapore	0.31	No	Cipla Foundation	CSR00001503
2	Environmental sustainability	Schedule VII – (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	Yes	Madhya Pradesh	Dhar	0.02	No	Cipla Foundation	CSR00001503
	TOTAL					**42.79**			

(d) Amount spent in administrative overheads

₹ 0.05 crore

Cipla Foundation, the philanthropy arm of Cipla Limited is the principal implementation agency for all CSR activities of the Company. The overheads were incurred prior to the amendment of CSR Rules and revision of the Company's CSR Policy.

(e) Amount spent on impact assessment, if applicable

Not applicable

(f) Total amount spent for the financial year

₹ 42.84 crores

(g) Excess amount for set off, if any

Sr. No.	Particular	Amount in ₹ crore
1	Two percent of average net profit of the Company as per section 135(5)	42.80
2	Total amount spent for the financial year	42.84
3	Excess amount spent for the financial year [(ii)-(i)]	0.04
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
5	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.04

9. (a) Details of unspent CSR amount for the preceding three financial years

The Company has spent the prescribed 2% CSR amount on its various CSR initiatives in the last three financial years.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)

Not Applicable. The Company does not have any ongoing projects as defined under CSR Rules.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

Not applicable.

(a) Date of creation or acquisition of the capital asset(s)

Not applicable.

(b) Amount of CSR spent for creation or acquisition of capital asset(s)

Not applicable.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.

Not applicable.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

Not applicable

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5)

Not applicable. During the financial year 2020-21, the Company spent ₹ 42.84 crores on various CSR initiatives, which is more than 2% of the average net profit of the last three financial years.

M K Hamied
Chairman
CSR Committee

Umang Vohra
Managing Director &
Global Chief Executive Officer

Date: 14th May 2021
Place: Mumbai

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER THE 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 2021. 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

Place: Mumbai
Date: 14th May, 2021

UDIN: F005578C000305341
PR No. 637/2019

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 2021 is given below and forms part of the Board's Report.

A. Conservation of Energy[1]

The steps taken or impact on conservation of energy

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

i. **Renewable energy utilisation:**

- We have continued our efforts to increase the proportion of renewable power for our Bangalore units (Virgonagar, Bommasandra) through third-party open access route (solar / wind) and were able to achieve **94%** of power consumption from green sources (total DISCOM consumption 23,867 MWh, of which solar and wind open access sourcing forms 22,388 MWh).
- On-site solar roof top plant under RESCO model of total 3,575 kWp capacity commissioned during the year (2,477 kWp for Goa manufacturing units in June 2020 and 1,098 kWp for Sikkim units in January 2021)
- 30 MW captive solar plant at Tuljapur, Maharashtra has been commissioned in partnership with AMP Energy India in December 2020. The project will support the Company's Green Energy requirements for manufacturing units at Kurkumbh and Patalganga. In Q4 FY21, **53%** of the power consumption for these units was met through renewable power (9,950 MWh of solar open access sourcing out of total DISCOM consumption of 18,674 MWh).
- During the year, we sourced a total 37,564 MWh of power through renewable sources through various initiatives like solar/wind open access, onsite roof top/ ground mounted solar project, etc. out of the total consumption of 286,261 MWh, leading to 30,802 tonnes of CO_2 reduction.

ii. **Solid briquette boiler installation:** Commissioned new 6 TPH solid briquette-fired boiler at Goa as an alternative to furnace oil (FO) fired boilers. These boilers are economical to operate considering the cost of steam and renewable fuel. This installation can result in **saving approximately ₹ 1,300 per tonne** in steam costs.

iii. **Lighting system performance improvement programme:** Retrofitting of LED lights in existing light fixtures at Indore, Kurkumbh and Patalganga sites resulted in **saving approximately 2 lacs KWH**.

iv. **Auto tube cleaning systems:** Installed auto tube cleaning systems for chilling equipment at Kurkumbh site to reduce the condenser approach temperature of systems thereby reducing power consumption in chillers. The installed systems saved approximately **1 lacs KWH**.

v. **Steam consumption optimisation:** Extension of steam supply to Unit-2 from Unit-1 at Kurkumbh was completed in June 2020. This led to stoppage of FO-fired boilers at Unit-2, thereby reducing fossil fuel consumption. This also helped in achieving economical steam rate due to efficient loading of the briquette-fired boiler located in Unit-1, resulting in savings of approximately **₹1,690 per tonne** in steam costs.

vi. **Variable frequency drive (VFD) system:** We continued the installation of variable frequency drives for various process and utility equipment across sites. This installation has resulted in savings of approximately **2 lacs KWH**.

vii. **Energy efficiency and process optimisation improvement programme:**

At Goa

- Optimisation of Heating Ventilation & Air Conditioning (HVAC) was carried out to avoid energy losses during non-operational hours.
- Steam condensate recovery systems installed in plant to achieve fuel savings in boiler. Recovery percentage improved from 55% to 75%.

[1]Information in line with BRR Principle 6, Question 5

At Indore

- Air Handling Unit (AHU) cum dehumidifier operation in HVAC was controlled through dew point temperature instead of relative humidity (Rh).
- Shift from electric heaters to steam coils was carried out in AHU dehumidifiers to control Rh.
- Implementation of On/Off logic was carried out in AHUs to avoid energy losses.
- Replacement of reciprocating chiller to screw chiller was carried out for balancing HVAC load.

At Kurkumbh

- Optimisation of set points was done for AHU of storage areas for efficient operation and reduction in energy consumption.
- Installation of pressure based VFD control system was carried out for warm water system.
- Replacement of inefficient air compressor with new screw compressor was carried out.
- Optimisation of air consumption across various blocks was carried out using demand side management tool, thereby improving the loading pattern of compressors to reduce energy consumption.

At Baddi

- Replacement of conventional motor blowers in AHU with new EC (electronically commutated) blowers was carried out, which resulted in saving of energy consumption by **4.5 lacs KWH**.
- Reduction of air change per hour (ACPH) in the area based on actual heat load resulted in reduction in energy consumption by **2 lacs KWH**.
- Implementation of On/Off logic in AHUs was carried out for controlled not classified (CNC) areas resulting in energy conservation of **1.87 lacs KWH**.

viii. New technology absorption:

- Boiler fuel was changed from furnace oil to LPG (clean fuel) at Baddi after carrying out necessary modifications.
- Utilities in Baddi were automated for some of the equipment.
- Implementation of SAP breakdown maintenance module was completed for Indian sites. Implementation of SAP preventive maintenance module is in progress.
- Boiler fuel was changed from high-speed diesel to LPG (clean fuel) in the Sikkim plant.

ix. Virgonagar, Patalganga, Bommasandra, Kurkumbh, Goa and Indore units are certified & awarded Energy Management System (ISO 50001) by reputed accreditation body.

x. Annual plant maintenance shutdown's strategy document is under implementation. Out of 29 units, 25 units were shut down for 15 to 30 days each for carrying out maintenance activities, as well as achieving energy savings.

xi. During the year, the Company has made a capital investment of ₹ 11.3 crore towards energy conservation equipment.

B. Technology Absorption

(I) The efforts made towards technology absorption:

i. Development and scale-up of new formulations was done under various dosage forms for existing and newer active drug substances using innovative and advanced processing equipment. Focus areas for development were respiratory, anti-retroviral, anti-psychotics and oncology.

ii. Development of complex generic formulations was done based on dry powder inhalers, metered dose inhalers, nanotechnology, hot-melt extrusion technology-based products in oral solids & injections, liposomal injections, long-acting depot injections, peptide products, micellar emulsions and multi-particulate extended-release oral systems for global markets market.

iii. Partnerships for novel solutions:

- In addition to developing the Company's products, Cipla collaborated with strategic channel partners to enhance access to medicines and develop unique products that will help address patient requirements across the globe. Cipla is a reliable development partner for HIV and TB therapy worldwide and has developed formulations in collaboration with international non-profit organisations such as DNDi and MMV. In collaboration with DNDi, Cipla has developed taste-masked novel paediatric oral ARV formulation of Abacavir, Lamivudine, Lopinavir and Ritonavir granules.

- Cipla co-developed novel API and formulations jointly with overseas companies for innovative, complex products and peptide formulations.
- Cipla API R&D team has a collaboration with IICT Hyderabad for technology exchange as and when required during the development phase.
- The Company also has a collaborative programme with IICT to enrol Cipla R&D scientists for PhD in Chemistry under the guidance of IICT scientists. This helps in improving the skillset of scientists at Cipla.
- During the first wave of the COVID-19 pandemic, Cipla R&D had done a fast-track development of API Remdesivir, Favipiravir and other pipeline drugs targeted for COVID-19 patients.

iv. Cipla developed differentiated new products to maximise therapeutic synergy (for example, multilayer tablets combining nanotechnology) and minimise dosing errors and patient compliance (for example, ready-to-use Depot injectable formulation and drug-device combinations).

v. Cipla made a fast-track development of emergency medicines to support availability of affordable medicines to meet national and global need. For COVID-19, Cipla actively collaborates with innovator companies to enhance access to critical treatments for patients affected by the pandemic. Cipla also developed multiple potential therapies for COVID-19 to maximise access.

vi. Incorporation and successful implementation of software-based simulations to reduce experimental work (for example: CFD, PBPK & PBBM modelling, etc.) and for prediction/ reproducibility of performance. Similarly, software-based simulations were successfully implemented for assessing process capabilities and for scale up.

vii. Evaluation of cost effective and high throughput technologies, for e.g., continuous manufacturing and exploring utilisation of 100% aqueous-based formulation manufacturing avoiding organic solvents for existing and new formulations.

viii. Cipla patented newer processes/ newer products/ newer drug delivery systems/ newer medical devices/ newer usage of drugs for both local and international markets.

ix. The Company developed methods to improve safety procedures, effluent control, pollution control, etc.

x. **Initiatives like Green Chemistry, novel polymorph development, etc.**

- The principles of Green Chemistry are embedded in the API development programme to develop an environment friendly process. Reducing solid and liquid waste and recycling solvents is part of development.
- Development of new polymorph, novel co-crystals and complexes with the help of a specialised state-of-the-art polymorph lab.
- A dedicated lab equipped with instruments for in-house development of complex impurities formed in formulation or API stability.
- During the year, Cipla's Centre of Excellence (COE) Polymorphism Lab has worked on several polymorph projects and created proprietary for eight APIs. Two APIs with alternate polymorph discovered at COE lab have been validated in the plant.
- During the year, Cipla's COE Polymorphism team absorbed new technologies like High Throughput Screening Platform (HTS), High Throughput Screening PXRD (HTS-PXRD), Hot Stage Microscopy and spray drier technologies to deliver projects on fast track.

(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.

vi. Continuous process improvement by improving the efficiency of the process & cost reduction by changing route or reagent or solvent, this helps in maintaining the cost of the API and the market changes on time.

(III) The details of imported technology (imported during the last three years reckoned from the beginning of the financial year)

No expenditure was incurred on import of new technology during financial years 2018-19, 2019-20 and 2020-21.

(IV) The expenditure incurred on research and development (standalone):

	₹ in Crore
a. Opex	768.35
b. Depreciation	57.14
Total	**825.49**

The total R&D expenditure as a percentage of total revenue from operations is around 5.88%.

C. Foreign Exchange Earnings and Outgo

Exports Sales were ₹ 5,995.05 crores for FY 2020-21. The Company earned ₹ 73.04 crores towards royalty, technical knowhow and licensing fees, and ₹ 82.84 crores for other services. During the year, the foreign exchange outgo was ₹ 2,091.06 crore and earnings in foreign exchange were ₹ 6,805.06 crores on an actual basis.

On behalf of the Board

Date: 14th May, 2021
Place: Mumbai

Y K Hamied
Chairman

Annexure IV

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

i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2020-21 and the percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary during the financial year 2020-21:

Name	Designation	Ratio to median remuneration	% increase in remuneration in FY 2020-21
Y K Hamied	Chairman	48:1	0.49%
M K Hamied	Vice-Chairman	48:1	-0.24%
Samina Hamied	Executive Vice-Chairperson	190:1	20.87%
Umang Vohra	Managing Director and Global Chief Executive Officer	422:1	33.57%
S Radhakrishnan	Non-Executive Director	50:1	-68.06%
Adil Zainulbhai	Independent Director	11:1	4.26%
Ashok Sinha	Independent Director	12:1	4.17%
Naina Lal Kidwai	Independent Director	11:1	4.44%
Peter Mugyenyi	Independent Director	11:1	4.35%
Punita Lal	Independent Director	10:1	10.00%
Kedar Upadhye	Global Chief Financial Officer	N.A.	36.85%
Rajendra Chopra	Company Secretary	N.A.	8.96%

ii. The percentage increase in the median remuneration of employees in the financial year: 19.59%

iii. Number of permanent employees on the rolls of the Company as on 31st March 2021: 21,565

iv. For the FY 2020-21, the average annual increase in the remuneration of employees (excluding the remuneration of managerial personnel) was 12.32% and for the managerial remuneration there was an increase of 29.35%.

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 2020-21" is either due to the change in the committee composition, or payment of sitting fees for attendance at meetings.

(2) The % increase in the average managerial remuneration for FY 2020-21 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 2020-21) not been considered, the % increase in the average managerial remuneration for FY 2020-21 would have been 14.97%.

(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 variation in the remuneration for FY 2020-21 is due to inclusion of perquisite value of stock options granted in earlier years and exercised in FY 2019-20.

(4) The % increase in Mr Umang Vohra's remuneration for FY 2020-21 includes perquisite value of stock options exercised during the financial year. Had the perquisite value of stock options not been considered, the % increase in the remuneration for FY 2020-21 would have been 11.34%.

Secretarial Audit Report

For the financial year ended 31st March, 2021

[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 the good corporate practices by **Cipla Limited, having CIN L24239MH1935PLC002380** (hereinafter called 'the Company') for the financial year ended **31st March, 2021** (the 'Audit period'). The Secretarial Audit was conducted in a manner that provided us a reasonable base for evaluating the corporate conduct/statutory compliance 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; the Audit is based on documents shared electronically, since physical access to relevant documents was not possible on account of ongoing restrictions due to the COVID-19 pandemic.

(ii) The certificates confirming compliance of all applicable laws submitted to the Board of Directors of the Company 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 the secretarial audit.

We hereby report that in our opinion, during the Audit period covering the financial year ended 31st March, 2021, the Company has complied with the statutory provisions listed here below. The Company has proper board-processes and compliance mechanisms 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 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 and 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 have been informed that, during the year, there was no transaction undertaken by the Company which required compliance of the following Acts, rules and regulations:

(i) The Foreign Exchange Management Act, 1999 to the extent of the rules and regulations made for Foreign Direct Investments and External Commercial Borrowings;

(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 the Company, as on 31st March, 2021, is duly constituted with proper balance of executive directors, non-executive directors and independent directors. The Board position as on March 31, 2021, is 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 were carried out during the year in compliance with the provisions of the Act and the Listing Regulation:

(i) Re-appointment of Mr S Radhakrishnan as Director, who was liable to retire by rotation at the 84th AGM dated 27th August, 2020.

(ii) Re- appointment of Ms Naina Lal Kidwai as an Independent Director for second consecutive term of five years with effect from 6th November, 2020 up to 5th November, 2025.

(iii) Re-appointment of Ms Samina Hamied as Whole Time Director for a period of five years, from 10th July, 2020 to 9th July, 2025.

(iv) Re-appointment of Mr Umang Vohra as Managing Director and Global Chief Executive Officer of the Company for a period of five years w.e.f. 1st April, 2021. The remuneration of Mr Umang Vohra will not exceed the limits proposed in the resolution for approval of the Shareholders.

2.3 Adequate notice of the Board Meetings 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 Board and Board Committees were taken for 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 for meaningful participation at the meeting.

2.4 All the decisions at Board and Board Committee meetings were approved unanimously. There was no instance of any dissent raised by any member in any of the business matters convened at such meetings.

3. Management responsibility

3.1 The maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit of these records.

3.2 We have followed the audit practices and the processes as are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification has been done on test basis to ensure that correct facts are reflected in the secretarial records and compliance procedures. Our audit is based on documents shared electronically, since physical access to relevant documents was not possible due to the COVID-19 restrictions. We believe that the processes and practices we have followed provides a reasonable basis for us to arrive at 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, 2021 but before the issuance of draft report to the Company for placing at its Board Meeting.

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 Company Management's representation on the compliance of laws, rules and regulations, and reports 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 of 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 had filed all applicable forms, returns, disclosures, etc. pursuant to the provisions of the applicable laws;

(iii) The Company maintains all registers and records as is required to be maintained under the applicable laws;

(iv) All meetings of shareholders, Board of Directors and Committees of the Company have been duly and validly conducted, and the minutes and necessary records have been properly maintained;

(v) The remuneration paid to the managerial personnel of the Company was within the limits approved by the shareholders as well as permissible under the Act and rules made thereunder;

(vi) The Company had not accepted any public deposits under the Act;

(vii) The Company did not advance any loan and/ or gave any security or guarantee to any Director of the Company or any other person in whom any of the Directors was interested;

(viii) The Company did not avail any secured loan and did not create any charge on the assets of the Company;

(ix) Pursuant to the approval by its shareholders at the AGM dated 27th August, 2020, the Company was authorised to issue equity shares / other securities convertible into equity shares up to an amount of ₹ 3,000 crore. However, the Company did not issue any shares / 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 had not entered 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 with the provisions of the Act and the Listing Regulation;

(xii) The Company had spent 2% of its average net profits for the last three financial years on the CSR initiatives as stated under Schedule VII of the Act and was accordingly compliant with the provisions of Section 135 of the Act;

(xiii) The Board of Directors of the Company carried out an annual evaluation of its own performance and of its Committees, as well as performance of each individual director. The Chairman, the Executive Vice Chairperson and the Managing Director & CEO were also evaluated on certain additional parameters.

(xiv) The Company had no pending investor's complaint and all requests from investors including the request for share transfer, transmission, transposition, issue of duplicate shares, payment of unpaid dividend, etc. were processed within the permissible timelines;

(xv) The Company had transferred all unpaid/ unclaimed dividend for the financial year 31st March, 2013 which remained unclaimed/unpaid for seven years, to the Investors Education and Protection fund (IEPF), in compliance with the provisions of Section 125 of the Act;

(xvi) A. ESAR Scheme

During the year, the shareholders through Postal Ballot (on 25th March, 2021), approved the Cipla Employee Stock Appreciation Rights Scheme, 2021, for the employees of the Company and its subsidiaries.

B. ESOS Scheme

The Company had an existing 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, under which, the Company had granted 2,66,459 stock options. Upon exercise, the Company had allotted 2,27,950 equity shares to its employees. All the grants, vesting and exercising of stock options as well as the disclosures with respect to the stock options were in compliance of the applicable provisions of the Securities and Exchange Board of India (Share Based Employees 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 had been listed within the prescribed timeline. The ESOP Scheme of the Company was compliant with 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 Company had effectively implemented its Code of conduct on Prevention of Insider Trading and the internal controls were found to be effective.

(xviii) We neither identified nor reported any fraud under the provisions of Act or applicable laws.

4.3 We further report that during the Audit period no such events occurred which had 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: F005578C000305284
PR No. 637/2019

Date: 14th May, 2021
Place: Mumbai

Business Responsibility Report

At Cipla, we recognise 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 capitalising 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 NVGs on Social, Environmental and Economic Responsibilities of Business, issued by Ministry of Corporate Affairs (MCA), 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]

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, 2020 to 31st March, 2021
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)	Actemra, Cipremi and Foracort
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:** USA, South Africa, Middle East, Africa, Europe, Latin America, Australia & New Zealand, Sri Lanka and Nepal. **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[3]	The major markets that Cipla serves are India, USA, South Africa, Middle East, Africa, Europe, Latin America, Australia & New Zealand, Sri Lanka and Nepal.

Section B: Financial Details of the Company

Sr. No.	Particulars	Details as on 31st March 2021 (₹ in Crore)
1.	Paid up capital (₹)	161.29
2.	Total Turnover (₹)	13,900.58
3.	Total profit after taxes (₹)	2,468.28
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after taxes (%)	42.84 (2% of average net profits of the Company made during the three immediately preceding financial years)
5.	List of activities in which expenditure in 4 above has been incurred	Health, Education, Skilling & Disaster response

[1]GRI 102-7
[2]GRI 102-4
[3]GRI 102-6

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

As on 31st March, 2021, the Company has 46 subsidiaries and 5 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: Business Responsibility (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)

a. Details of compliance

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policy for....	Yes								
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Yes								
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes Cipla's Corporate Responsibility Policy is based on the NVG on Social, Environmental and Economical Responsibilities of Business as issued by MCA, Government of India, in July 2011. Cipla's Environment Policy is as per the requirements of ISO 14001, Environment Management System.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Yes								

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 for the policy to be viewed 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 the policy / policies?	Yes								
9.	Does the Company have a grievance redress mechanism related to the policy/policies to address stakeholders' grievances related to the policy / policies?	Yes								
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	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 Report which covers the 9 NVGs Principles. Our 2020-21 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 Page 204), Human Capital (Reference Page 095)

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 Page 095)

   Manufacturing Capital (Reference Page 073)

   Relationship Capital (Reference Page 105)

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 Page 077)

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 other factors. 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. Details of our overall energy consumption, GHG emissions, water consumption and waste generated are included in the Natural Capital section of this report.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

Relationship Capital (Reference Page 106)

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 Page 106)

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 Page 126-128)

PRINCIPLE 3

Businesses should promote the wellbeing of all employees

1. **Please indicate the total number of employees.**

Human Capital (Reference Page 088)

2. **Please indicate the total number of employees hired on temporary/ contractual/casual basis.**

Human Capital (Reference Page 088)

3. **Please indicate the number of permanent women employees.**

Human Capital (Reference Page 088)

4. **Please indicate the number of permanent employees with disability.**

Human Capital (Reference Page 088)

5. **Do you have an employee association that is recognised by Management?**

Human Capital (Reference Page 095)

6. **What percentage of your permanent employees are a member of this recognised employee association?**

Human Capital (Reference Page 095)

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 Page 095)

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Human Capital (Reference Page 091-097)

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 Page 048-049)

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

Social Capital (Reference Page 108-117)

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 Page 108-117)

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 Page 095)

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 Page 095) Corporate Governance Report (Reference Page 207)

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 Page 120)

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

   Natural Capital (Reference Page 120)

3. **Does the Company identify and assess potential environmental risks?**

   Natural Capital (Reference Page 120)

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 Page 120-124) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo (Reference Page 167)

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 Page 120)

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 Page 120)

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 Page 102)

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 Page 102)

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 Page 108-117)

2. **Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/Government structures/any other organisation?**

   Social Capital (Reference Page 109)

3. **Have you done any impact assessment of your initiative?**

   Social Capital (Reference Page 110-117)

4. **What is your Company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken?**

   Social Capital (Reference Page 110)

   Annexure 1 - CSR activities (Reference Page 162)

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

   Social Capital (Reference Page 116)

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 Page 105)

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

   Relationship Capital (Reference Page 105)

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 Page 105)

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   Relationship Capital (Reference Page 105)

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 focus 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

Cipla's robust governance philosophy is executed through a multi-tiered governance structure with clearly defined roles and responsibilities for every constituent of the governance system.

Board of Directors: The Board of Directors is responsible for the strategic supervision, and 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 monitoring the Company's affairs. The Board also ensures the Company's adherence to the standards of corporate governance and transparency.

Board committees: To effectively discharge the 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 giving 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. In addition, the Board of Directors has also constituted a special committee i.e. Committee of Independent Directors, in compliance with the SEBI Circular No SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020. The details about these committees have been particularly discussed in subsequent sections of this report.

Chairman: The Chairman acts as the leader of the Board and presides over the meetings of the Board and the shareholders, while ensuring that the Company's strategies are based on our underlying principle of '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 that are in line with Cipla's approved corporate strategy and business objectives, to ensure long-term value creation. The Executive Vice-Chairperson drives board engagements by setting the agenda, facilitating critical discussions and the cadence for board meetings, and 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 the stakeholders. The Executive Vice-Chairperson supports the Chairman on matters pertaining to governance, including the board's composition, board meetings and board effectiveness, and acts as the bridge between the Management, the Promoters and the Board.

Managing Director and Global Chief Executive Officer ("MD & GCEO"): The MD & GCEO is responsible for business performance, driving growth and implementation of the strategic decisions taken at the Board level. The MD & GCEO's priorities include articulating Cipla's long-term strategy based on organic and inorganic initiatives, defining the innovation and business reimagination agenda for the Company, driving sustainability, digitisation and automation initiatives, balancing growth imperatives with margin and return on capital thresholds, executing Cipla's roadmap to maintain momentum across the global markets in which the Company operates, augmenting the capabilities in operations and support functions, and building a strong talent-focused, future-ready organisation.

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, and drive the sustainability initiatives across the organisation. 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 & Pharmacovigilance, CEO Cipla South Africa & Regional Head Africa and Access, Global Chief Scientific Officer and Global Head Supply Chain.

Business Council: A Business Council comprising of select business and functional heads was formed during FY 2019-20 to support the Management Council in driving its various initiatives.

Operating committees: The Company has various cross-functional committees that ensure robust delivery of business objectives and operationalisation of strategic plans. The committees also ensure that the Company maintains its growth momentum within the defined risk management framework and governance principles. These committees include the Sustainability Council Committee, Monitoring Committee, 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.

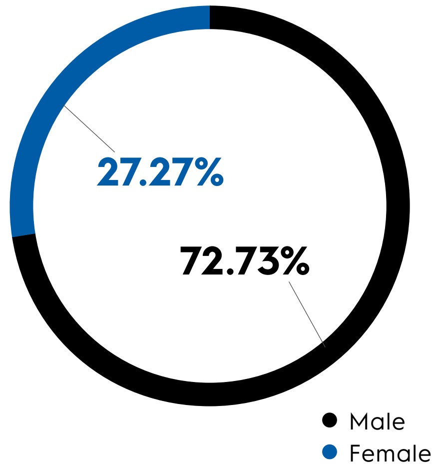
Shared Goal Process: At Cipla, shared goals essentially amplify the interdependence between and across the Company functions, to deliver the business outcomes. Goals are 'shared' when two or more functional/business leaders have a significant impact on the delivery of the goal. Shared goals foster collaboration, accountability and a sense of ownership by aligning to the goals and eliminating siloes to build better appreciation of 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 winning aspiration and the MD & GCEO's long-term and short-term objectives. For each of the shared goals, we have set out Key Result Areas ("KRAs") and Key Performance Indicators ("KPI") that we aim to meet. These are embedded into the goal sheets of the respective Management Council members and are cascaded to functional leaders and the respective teams to ensure that everyone is moving together in the same direction to achieve the common goal.

Board of Directors

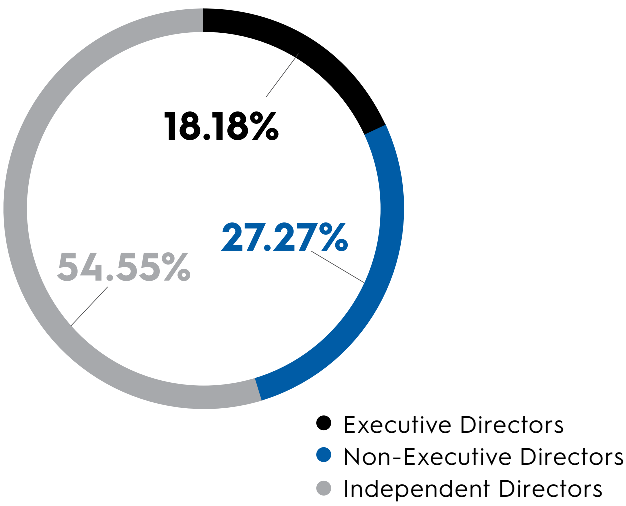
Composition of the Board

Cipla's Board represents an appropriate mix of executive, non-executive and independent directors, which is compliant with the requirements of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and is also in line with the best practices of corporate governance.

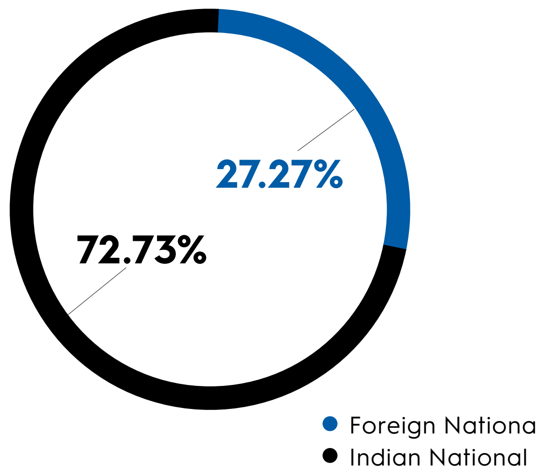
Board Diversity[1]



Categorywise - % of Total No. of Directors



Nationality of Directors



Profile of directors

A brief profile of the directors is available on the Company's website at https://www.cipla.com/about-us/board-directors

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 as on 31st March, 2021, are listed in Annexure A.

Board skill matrix

The Board of Directors of the Company comprises of qualified members who possess relevant skills, expertise and competence to ensure effective functioning of the Company. The directors have identified the following skills/expertise/competencies as fundamental for the effective functioning of the Company:

[1] GRI 405-1

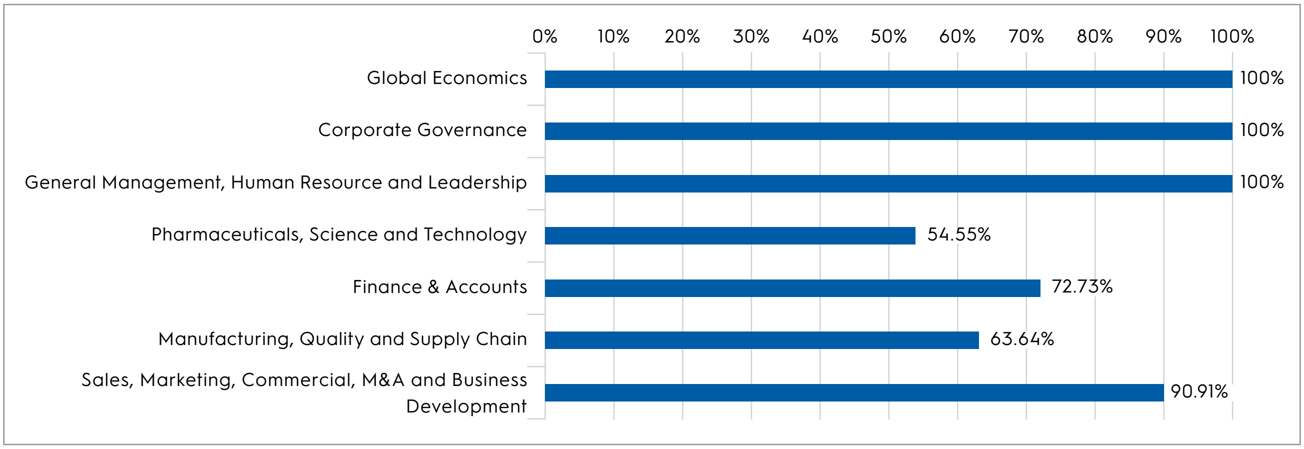
Board Skills/Expertise/Competencies

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 strategising 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 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 Adil Zainulbhai	√	√	√	√	√	√	√
Mr Ashok Sinha	√	√	√		√	√	√
Ms Naina Lal Kidwai	√	√	√		√		√
Dr Peter Mugyenyi	√	√	√	√		√	
Ms Punita Lal	√	√	√		√		√
Mr Robert Stewart	√	√	√	√	√	√	√

Board skill distribution (% wise):



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, based on the criteria laid down in the Nomination, Remuneration and Board Diversity Policy annexed as Annexure E to this report. While selecting a candidate, the NRC 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. On identifying a suitable candidate, the NRC recommends his/her appointment to the Board for approval. Based on the recommendation of the NRC, the Board considers and recommends the appointment of such director to the members for their approval.

Role of the Board of Directors

The Board of Directors is the apex body constituted by the shareholders and is responsible for strategic supervision, and overseeing the Management performance and governance of the Company on behalf of our stakeholders. In order to take an informed decision, the Board of Directors has access to all relevant information and are free to approach the employees of the Company and the subsidiaries. Driven by the principles of Corporate Governance Philosophy, the Board strives to work in the best interests of the Company and the stakeholders.

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

Strategic matters

- Reviewing and guiding the corporate strategy;
- Corporate re-structuring activities including merger/demerger;
- Details of any acquisition, joint venture or collaboration agreement;
- Sale of investment, subsidiaries or assets which are material in nature.

Operational Matters

- Annual operating plans and capital budgets;
- Regular business/function updates;
- Appointment and remuneration of directors, key managerial personnel and senior management;
- Significant labour problems and their proposed solutions;
- Any significant development on the human resources/industrial relations front;

Finance matters

- Quarterly/Annual consolidated and standalone results and financial statements of the Company;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any;
- Any material default in financial obligations to or by the Company or substantial non-payment for goods sold by the Company;
- Quarterly details of foreign exchange exposures.

- Materially 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 issue which involves possible public or product liability claims of substantial nature;
- Corporate Social Responsibility related matters;
- Quarterly compliance certificate which includes non-compliances, if any, of regulatory, statutory nature or listing requirements and shareholder's service;
- Overseeing sustainability initiatives of the Company;
- Appointment of auditors;
- Minutes of meetings of the Board and its committees, resolutions passed by circulation and board minutes & summary of unlisted subsidiary companies;
- Significant transactions or arrangements by subsidiary companies;
- Statutory disclosures received from the directors;
- Performance evaluation of the Board, its committees and each director.

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 under Section 149(6) of the Act read with the rules made thereunder and Schedule IV and Regulation 16(1)(b) of the Listing Regulations. The declarations of independence received from the independent directors are noted and taken on record by the Board.

In the opinion of the Board, the independent directors fulfill the criteria of independence as stated under Section 149(6) of the Act and the rules made thereunder and Regulation 16(1)(b) of the Listing Regulations, and are independent of the management.

Each of the independent directors have registered their names on the online databank maintained by the Indian Institute of Corporate Affairs. Except Mr Robert Stewart who, unless exempted, would be required to clear the online proficiency test within the time limit prescribed under the Act, all the other directors are exempted from passing the online proficiency test as per Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

None of the independent directors of the Company serves as an independent director in more than seven listed companies or as a whole-time director in any listed company.

At the time of appointment or re-appointment, each independent director is issued a formal letter of appointment containing the terms and conditions 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 uploaded on the Company's website at https://www.cipla.com/sites/default/files/2020-09/Terms%20and%20Conditions%20of%20appointment%20of%20independent%20directors.pdf

Lead Independent Director

The Company follows the practice of appointing a Lead Independent Director. The roles and responsibilities of Lead Independent Director are as follows:

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 candidates 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.

Mr Adil Zainulbhai was designated as the Lead Independent Director w.e.f. 11th August, 2017 for an initial term of two years and was re-appointed for a further period of two years i.e. upto 10th August, 2021.

Meeting with independent directors

Pursuant to Schedule IV of the Act, 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 15th May, 2020, 6th August, 2020, 6th November, 2020 and 26th January, 2021. The independent directors inter alia discussed matters arising out of the agenda of the Board and board committees, Company's performance, while identifying areas where they need clarity or information from the Management.

The independent directors also review the performance of the Board as a whole as well as that of non-independent directors and the Chairman after taking into consideration, 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. The independent directors met the Statutory Auditor without the presence of the Management to understand the key audit areas, internal financial controls, audit procedures and sought a 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.

The attendance of the independent directors at the meetings of the independent directors held in FY 2020-21 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	Ms Naina Lal Kidwai	4(4)
4	Dr Peter Mugyenyi	4(4)
5	Ms Punita Lal	4(4)

Familiarisation programme for board members

Induction:

Cipla has a robust induction process that enables newly appointed directors to familiarise themselves with the Company, our Management, our operations and the industry in which the Company operates. All the directors are made aware of their roles and duties at the time of their 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, group structure, Cipla's Code of Conduct and Cipla's Insider Trading Code. They are also provided a copy of the Company's Memorandum and Articles of Association, financial results of the last financial year, annual reports, 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 FY 2020-21, no new director was appointed on the Board and accordingly none of the directors underwent the Induction Programme in FY 2020-21. Mr Robert Stewart was appointed as an independent director in the board meeting held on 14th May, 2021 and would be completing the induction programme in due course.

Regular familiarisation:

As part of the ongoing training, business/functional heads make regular presentations to the Board. The board members are regularly updated regarding key developments and on any important regulatory amendments applicable to the Company. The directors are provided regular updates on press releases, analyst reports, key achievements and material information on subsidiary companies.

During FY 2020-21, the Company comprehensively updated the familiarisation programme to cover its enhanced initiatives and included brief summary of topics discussed at the meetings. Details of the familiarisation programme for the independent directors is uploaded on the Company's website https://www.cipla.com/sites/default/files/Details-of-Familiarisation-programme-imparted-to-Independent-Director-FY-2020-21.pdf

Board evaluation

Pursuant to the provisions of the Act, Listing Regulations, the Board had carried out an annual evaluation of its own performance, and the performance of its committees as well as the individual directors.

Board evaluation criteria and process

The NRC approved a framework in the form of a questionnaire for annual evaluation of the Board, board committees and the individual directors. The Chairman, Executive Vice-Chairperson, MD & GCEO and the independent directors were evaluated on certain 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, role and responsibilities, information flow and effectiveness of the meetings, effectiveness of committee chairpersons, etc.
- **Individual directors –** Attendance, preparedness for discussion, quality of contribution, engagement with fellow board members, KMPs 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 and objectively to the Board deliberations based on their external expertise, etc.
- **Executive Vice-Chairperson –** Managing and communicating with shareholders, Board, Management and employees, leading the Board effectively in developing and delivering the Company's strategy and business plans.
- **MD & GCEO –** Additionally evaluated against the scorecard approved at the beginning of the financial year, which, inter alia, included both, long-term and short-term, as well as financial and non-financial parameters. The financial parameters included targets on revenue, EBITDA, ROIC, etc. while the non-financial parameters covered areas such as strategy and portfolio, organisational capability-building, succession planning, business growth and operations, quality and safety, business reimagination, etc. The Board and the NRC reviewed the progress on the KPIs of the MD & GCEO.

The Chairperson of NRC led the board evaluation process with support from the Company Secretary. In order to ensure confidentiality, the board evaluation was undertaken 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 the independent agency and a consolidated report was submitted by the agency to the Board through the Company Secretary.

Outcome of board evaluation and action plan

The Board, the board committees and the independent directors discussed the evaluation report and various suggestions received in the board evaluation process and agreed on the action plan. The outcomes of the evaluation process for FY 2020-21 and the action plan are summarised below:

The directors were satisfied with the Board and board committees composition, the roles and responsibilities, and reiterated the need to bring in more pharma industry experts with deep experience of the US markets. The Board also acknowledged the need to find suitable replacement for board members who are due to retire in the year 2024 and 2025.

The Board and board committees were satisfied with the board's effectiveness and acknowledged that the Board and the board committees had spent sufficient time on (i) review of financial and operational performance related matters, (ii) future strategies and short term & long-term growth plans and (iii) compliances, governance and controls. The Board suggested special discussions on some business and performance-related matters.

The Audit Committee appreciated and suggested to continue the practice of special audit committee meetings and present the key internal audit findings of subsidiaries along with the action plan. The Corporate Social Responsibility Committee suggested the need to benchmark the CSR programmes as well as identify programmes that could yield bigger impact. The Investment and Risk Management Committee suggested continued focus on cyber risks, identifying black swan events and having appropriate mitigation plans. The other suggestions of the Board and board committees on routine and administrative matters were noted for action.

The board evaluation report of individual directors was shared with the respective directors for their reference and necessary action.

Action taken on previous year board evaluation

In response to the suggestion of the Board in the previous board evaluation process, (i) Mr Robert Stewart, an expert in pharmaceutical industry was appointed as an independent director w.e.f. 14th May, 2021; (ii) a detailed update explaining the Board oversight over subsidiary companies was presented to the Board. The Board was satisfied and suggested to continue with the same practice; (iii) interactive sessions with external pharma analyst was organised as part of learning and development session. (iv) due to COVID-19 pandemic, the market visits could not be organised for the Board and the directors agreed to wait till the situation normalises. Suggestions for the committees made during FY 2019-20 related to the presentations/ updates on specific agenda matters, committee charter benchmarking with leading governance practices, L&D sessions, succession planning, etc. were closed satisfactorily.

Succession planning for the Board and Senior Management

The NRC reviews and oversees the succession planning of top leadership positions in the Company. It defines the leadership competencies and takes suitable steps to build robust succession plans. During the year under review, the NRC reviewed the succession planning in its quarterly meetings and expressed its satisfaction on the progress and the status. For more details, please refer to Human Capital section on page 86.

Board meetings and procedure

The board and the board committee meetings are pre-scheduled. An annual calendar of the meetings is circulated to the directors well in advance to ensure their availability and meaningful participation in the board and committee meetings. The Board, the Audit Committee and the NRC are guided by the annual agenda plan, which helps the Board and the respective committees to ensure that they are able to discharge their roles 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. In case of urgent matters, the approvals are sought by way of circular resolution.

The Management team is invited to provide update on key areas such as business performance, functional outcomes and performance of subsidiaries. The Global Chief Financial Officer is a permanent invitee at all the board meetings.

The Company Secretary finalises the agenda for the meetings in consultation with the Chairman, the Executive Vice-Chairperson, the Lead Independent Director and the MD & GCEO, and the same is circulated to the board/committee members in advance. The agenda for the committee meetings is finalised by the Company Secretary in consultation with the chairperson of the respective committee. Additional items are taken up with the permission of the respective chairperson and consent of majority of the board/respective committee members present at the meeting.

The agenda of the board and committee meetings are circulated electronically through a secured IT platform.

Post-meeting follow-up system

The important decisions taken at the board and board committee meetings are tracked till their closure and an 'action taken report' is placed before each board and board committee meeting for their noting.

Number of board meetings held

The Board met eight times during FY 2020-21 i.e. on 13th May, 2020 adjourned to 15th May, 2020, 7th August, 2020, 6th November, 2020, 26th January, 2021, 29th January, 2021, 19th March, 2021 and 23rd March, 2021. In addition, a board strategy meeting was held on 11th December, 2020. Due to COVID-19 pandemic restrictions, all meetings were held virtually through video conferencing/ audio-visual mode.

Board meeting on strategy

An annual strategy meeting of the Board of Directors was held on 11th December, 2020 for discussing the future strategy of the Company. For detailed information on Company's long-term strategy, refer to the 'Strategy' section of our annual report on page 34.

Attendance of the directors

Information about the attendance of directors at the board meetings during FY 2020-21 and at the last Annual General Meeting ("AGM") is stated in Annexure A.

Remuneration to directors

The details of remuneration to directors during FY 2020-21 are given below:

₹ in Crore

Directors	Sitting Fees	Salary	Commission	Perquisites	Allowances	Variable Bonus	Retiral benefits and others	Total
Dr Y K Hamied	0.04	-	2.00	-	-	-	-	2.04
Mr M K Hamied	0.07	-	2.00	-	-	-	-	2.07
Ms Samina Hamied	-	1.88	3.50	0.27	2.42	-	0.08 (1)	8.15
Mr Umang Vohra	-	1.95	-	6.08 (2)	5.02	5.00	0.08 (1)	18.12
Mr S Radhakrishnan	0.15	-	2.00	-	-	-	-	2.15
Mr Adil Zainulbhai	0.13	-	0.36	-	-	-	-	0.49
Mr Ashok Sinha	0.10	-	0.40	-	-	-	-	0.50
Ms Naina Lal Kidwai	0.12	-	0.35	-	-	-	-	0.47
Dr Peter Mugyenyi (3)	0.07	-	0.41	-	-	-	-	0.48
Ms Punita Lal	0.09	-	0.35	-	-	-	-	0.44

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

(2) Includes perquisite value of stock options amounting to ₹ 5.91 crores exercised during the year.

(3) USD equivalent to ₹ paid to the director.

Criteria for making payment to non-executive directors

- 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 and permissible under the applicable provisions of the Act.

- 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 as follows:

  - 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.

- The annual fixed commission payable to the independent directors has remained unchanged since FY 2014-15. In order to ensure that the independent directors are compensated appropriately, the remuneration of the independent directors was benchmarked with the remuneration of independent directors in other leading corporates of similar scale and size. On the basis of the benchmarking and considering the valuable contribution by the independent directors, the Board at its meeting held on 14th May, 2021 revised the Policy on Payment of Commission to independent directors w.e.f. 1st April, 2021. Under the revised policy, the annual fixed commission to independent director has been revised from present ₹ 30 lacs to ₹ 50 lacs p.a. All other terms of the policy remains unchanged.

- The commission is payable at the end of the financial year, after the annual financial statements are approved by the Board.

- During FY 2020-21, the non-executive directors and the independent directors were paid sitting fees of ₹50,000/- per board meeting and per board committee meeting except for the Operations and Administrative Committee. The Board of Directors at its meeting held on 14th May, 2021 have revised the sitting fee payable to the non-executive directors and independent directors to ₹1,00,000/- for attending the board meetings and ₹50,000/- for attending the board committee meetings (except the Operations and Administrative Committee) w.e.f. 1st April, 2021.

- The sitting fee is paid immediately after the respective board and board committee meeting to those directors who have attended the meetings.

- All the directors are entitled to reimbursement of reasonable expenses incurred during the performance of their duty as a director.

- Dr Y K Hamied, Mr M K Hamied, Ms Samina Hamied and the independent directors are not entitled to stock options/employee stock appreciation rights.
- None of the independent directors had any pecuniary relationship or transactions with the Company during FY 2020-21, except payment of sitting fees and commission.
- The non-executive directors do not have any pecuniary relationship or transactions with the Company during FY 2020-21, except payment of sitting fees and commission and a non-material rental arrangement, as disclosed in Note No. 41 of the standalone financial statements.

Service contracts, notice period, severance fees and stock option details

a. The Board of Directors on the recommendation of the NRC, re-appointed Mr Umang Vohra, as 'Managing Director and Global Chief Executive Officer' of the Company at its meeting held on 23rd March, 2021, for a further period of five years w.e.f. 1st April, 2021 to 31st March, 2026. The detailed terms of his appointment covering remuneration and details of the stock options and stock appreciation rights is subject to approval of the members and forms part of the Notice of the AGM.

   As per the revised terms of appointment, either the Company or Mr Umang Vohra may terminate the appointment by giving: (a) four months' notice if the Board has approved a successor who is ready to assume Mr Umang Vohra's role at the expiry of the said 4 months period; or (b) 6 months' notice in all other cases including where no such successor has been approved by the Board. The Company may relieve Mr Umang Vohra earlier by paying prorata annual fixed salary in lieu of the notice period. There is no separate provision for payment of severance fees. In FY 2019-20, Mr Umang Vohra was granted 1,50,118 stock options at an exercise price of ₹2/- per option. Out of which, 50% of the stock options are vested and exercised by him during FY 2020-21. The balance 50% i.e. 75,059 stock options will vest in November, 2021 and can be exercised on or before 31st December, 2021. No stock options were granted to Mr Umang Vohra during FY 2020-21.

b. Pursuant to the shareholders resolution at the AGM held on 27th August, 2020, Ms Samina Hamied was re-appointed as the Executive Vice-Chairperson for a further term of five years w.e.f. 10th July, 2020. 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 the notice period. There is no separate provision for payment of severance fees.

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 direct shareholding of non-executive directors as on 31st March, 2021 is as follows:

Name of director	No of shares held
Dr Y K Hamied	16,39,67,687
Mr M K Hamied	3,45,67,572
Mr S Radhakrishnan*	2,12,321

*includes 38,125 shares which are held jointly with his wife

Board committees

The Board has six committees i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Investment and Risk Management Committee, Corporate Social Responsibility Committee, Operations and Administrative Committee. In addition, the Board of Directors has also constituted a special committee i.e. Committee of Independent Directors, in compliance with the SEBI Circular No SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020.

The committees operate under the direct supervision of the Board. Generally, the committee meetings are held prior to the board meeting and the chairperson of the respective committee reports to the Board about the deliberations and decisions taken by the committees.

Audit Committee

Composition of the Audit Committee

The Audit Committee comprises of four non-executive directors, three of whom, including Chairman of the Committee, are independent directors. The Committee is chaired 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 the Act and the Listing Regulations.

Brief description of the terms of reference:

The terms of reference of the Audit Committee, inter alia, include:

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 quarterly financial results/annual financial statements and auditor's report thereon before submission to the Board for approval;
3. Recommendation for appointment, remuneration and terms of appointment of statutory auditors;
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the Management, performance of internal auditors, adequacy of the internal control systems, internal controls of different functions and businesses;
6. 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;
7. To recommend to the Board revision in Insider Trading Policy and to supervise implementation of the Insider Trading Code.
8. Approval or any subsequent modification of transactions with related parties.

The detailed terms of reference of the Audit Committee is available on the Company's website at https://www.cipla.com/sites/default/files/2021-07/Charter-of-the-Audit-Committee.pdf

Meetings of Audit Committee

The Audit Committee met six times during FY 2020-21 i.e. on 14th May, 2020, 6th August, 2020, 23rd October, 2020, 5th November, 2020, 9th December, 2020 and 28th January, 2021. Generally, the pre-audit call of the Committee is held before the 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 the Committee 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)
Mr S Radhakrishnan	Non-Executive / Non-Independent Director	6(6)

The average attendance of the members at the Audit Committee meetings during FY 2020-21 was 95.83%.

The Chairman of the Committee was present at the last AGM held on 27th August, 2020.

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, 2021:

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 requirements of the Act and the Listing Regulations. The Company Secretary acts as Secretary to the Committee. The Executive Vice-Chairperson, the MD & GCEO, the Global Chief Financial Officer and the Chief Internal Auditor are permanent invitees at the meetings of the Committee. 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, approval and review of related-party transactions, review of utilisation of loans/investments/advances by the Company to its subsidiaries, key audit matters, etc.

II. Charter

The Committee is guided by the charter approved by the Board of Directors. The charter is reviewed annually and was last amended in May, 2021 to incorporate provisions relating to review of financial and treasury investment-related matters. The Committee composition and charter are available on the website of the Company under the Investors section. In January, 2021, the Committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

III. Meetings, responsibilities and auditors

The Committee met six times in FY 2020-21 and also held discussions through pre-audit calls. The Committee was facilitated with an annual agenda plan, which comprised items requiring the Committees' review, monitoring and approval at each committee meeting. The Chairman of the Audit Committee regularly interacted with the MD & GCEO, the Global Chief Financial Officer, the Chief Internal Auditor, General Counsel Legal, Statutory Auditor, 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 helped the Audit Committee to have sufficient time for discussion on important agenda items at the meeting. Apart from the statutory meetings for review of financial statements, the Committee had two interactions with the financial leadership team during the year under review. The Global Chief Financial Officer also presented to the Committee the key initiatives undertaken by the finance department during the year FY 2020-21. The Committee also reviewed reports on material legal matters on a quarterly basis.

The Chairman of the Committee, after each committee meeting, briefs the Board about their discussions on critical matters, outcome and the committee recommendations. The Board favourably considered all recommendations of the Committee.

The Management is responsible for the preparation of financial statements, financial reporting process and the Company's internal financial controls. The Committee reviewed and thereafter 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 the financial statements with the Statutory Auditor 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 that have a significant bearing on the financial statements, internal financial control testing and issuing reports thereon. The Statutory Auditor discussed with the Committee the statutory audit plan, audit findings, financial reporting process, 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 2020-21.

The Audit Committee is responsible for the recommendation of appointment, remuneration and reviewing the scope of audit of the Statutory Auditor. M/s Walker Chandiok & Co. LLP will continue as the Statutory Auditor of the Company up to the ensuing 85th AGM. The Committee evaluated the auditors' performance while ensuring their independence and was generally satisfied with the performance. The Audit Committee has also reviewed and approved the non-audit services availed from the Statutory Auditor and confirmed that such services did not affect the independence of the auditor in any manner and were either mandatorily required to be procured from the Statutory Auditor or were in the best interests of the Company and was permissible under the applicable laws. The independent directors met the Statutory Auditor without the presence of the Management.

Based on the satisfactory performance evaluation and requisite confirmations received, the Audit Committee has recommended the re-appointment of the existing Statutory Auditor for a second term of five years from the conclusion of the ensuing 85th AGM till the conclusion of 90th AGM of the Company, to be held in the year 2026.

Mr D H Zaveri, Cost Accountant, Mumbai was appointed as the Cost Auditor of the Company for FY 2020-21. During the year, the Committee considered the cost audit report which confirmed that proper cost records have been maintained by the Company in respect of products under reference.

M/s BNP & Associates, Company Secretaries, Mumbai was appointed as the Secretarial Auditor of the Company for FY 2020- 21. The Secretarial Audit Report for FY 2020-21 confirms that the Company is compliant with the applicable 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 quarterly basis. The internal audit was conducted as per the risk-based internal audit plan approved by the Committee. The Company has strengthened the 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 maturity journey of the controls. The Committee discussed the status of internal controls with the Management and took an understanding of the governance and control mechanisms across geographies, businesses and functions. The Committee evaluated with the Management, the performance of the Internal Auditor and the internal audit team, and was satisfied with their performance.

The Committee has reviewed the internal financial controls that ensure 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 recommended to the Board a scheme of arrangement ("Scheme") between Cipla Limited ("Demerged Company"), Cipla BioTec Limited ("Resulting Company 1") and Cipla Health Limited ("Resulting Company 2") and their respective shareholders, to: (A) demerge India based US business undertaking of the Demerged Company in Resulting Company 1 and (B) demerge consumer business undertaking of the Demerged Company in Resulting Company 2. The recommendation was supported by the Audit Committee report that explained the need, rationale, synergy and impact of the Scheme on the shareholders as well as the cost-benefit analysis.

The Committee reviewed the functioning of the whistle blower mechanism and the mechanism for prevention of sexual harassment at the workplace, and noted that the cases received were investigated and appropriate action was and is 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 also reviewed the system for identification and rectification of data integrity concerns and noted that effective mitigation measures were in place.

The Committee periodically reviewed all related-party transactions and ratified the same, wherever necessary. 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 an arm's length basis. The Committee granted omnibus approval for the related-party transactions proposed to be entered into by the Company during FY 2020-21. The Company did not enter into any related-party transactions that required approval of the shareholders. During the year, the Committee amended the Policy on Related Party Transactions to simplify the process of approval of the transactions by the Committee. The Committee also reviewed 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 Code') and also Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('Code for Fair Disclosure'), as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('SEBI PIT Regulations'). During the year, the Company amended its Insider Code to align it with the recent amendments in SEBI PIT Regulations. The Insider Code and Code for Fair Disclosure are available on the website of the Company. The management submits a report on compliance of Insider Code to the Audit Committee Chairman and additionally to the Committee on a quarterly basis. The Committee was generally satisfied that the systems for internal controls were adequate and were operating effectively.

The Committee has been vested with adequate powers to seek support from the resources in the Company. The Committee has access to information and records as well the authority to obtain professional advice from external sources, if required.

The Committee carried out its annual evaluation and discussed its performance evaluation report. The Committee believes it has performed effectively and has carried out the role assigned to it.

Ashok Sinha
Date: 13th May, 2021 Chairman - Audit Committee

Nomination and Remuneration Committee

Composition of the Nomination and Remuneration Committee

The NRC comprises of four non-executive directors, of whom three members including the Chairperson of the Committee are independent directors. The Committee is chaired by Ms Punita Lal and has Mr Adil Zainulbhai, Dr Peter Mugyenyi and Mr S Radhakrishnan as its members. During the year, the Committee was reconstituted as Mr S Radhakrishnan was appointed as a member in place of Mr M K Hamied w.e.f 8th August, 2020.

The Company Secretary of the Company is the secretary to the NRC. The composition of the Committee meets the requirements of the the Act and the Listing Regulations.

Brief description of the terms of reference

The terms of reference of the NRC inter-alia include:

1) Implementation, administration and superintendence of the ESARs/ESOS (collectively 'Schemes') and for formulation of the detailed terms and conditions of the ESOS;

2) Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;

3) 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;

4) Recommend to the Board a policy relating to remuneration for the directors, key managerial personnel and other employees;

5) Review key human resource-related matters including organisation structure, talent succession planning for critical roles, employee attrition/retention/development plans, cultural transformation initiatives, annual increment approach including variable pay, results of employee survey, etc.

The terms of reference of the NRC is available on the Company's website at https://www.cipla.com/sites/default/files/2021-02/Charter%20Of%20The%20Nomination%20And%20Remuneration%20Committee.pdf

Meetings of the Nomination and Remuneration Committee

The NRC met five times during FY 2020-21 i.e. on 14th May, 2020, 27th July, 2020, 29th October, 2020, 27th January, 2021 and 23rd March, 2021. 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)	5(5)
Mr Adil Zainulbhai	Independent Director	4(5)
Mr M K Hamied(1)	Non-Executive/ Non-Independent Director	2(2)
Dr Peter Mugyenyi	Independent Director	5(5)
Mr S Radhakrishnan(2)	Non-Executive/ Non-Independent Director	3(3)

(1) ceased to be a member w.e.f. 8th August, 2020.

(2) member w.e.f. 8th August, 2020.

The average attendance of the members at the NRC meetings during FY 2020-21 was 95.00%.

The Chairperson of the Committee was present at the last AGM held on 27th August, 2020

Nomination and Remuneration Committee Report:

The Report of the Chairperson of NRC is as follows:

To the members of the Company

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 requirements of the Act and the Listing Regulations. The Company Secretary acts as Secretary to the Committee. The Non-Executive Vice-Chairman, the Executive Vice-Chairperson, the MD & GCEO and the Global Chief People Officer are permanent invitees at the meetings of the Committee. The permanent invitees recuse themselves on agenda items where they have conflicts of interest.

During the year, the Committee was reconstituted and Mr S Radhakrishnan, non-executive/non-independent director was appointed as a member of the Committee in place of Mr M K Hamied, effective 8th August, 2020.

II. Charter

The NRC is guided by the charter approved by the Board of Directors. The charter is reviewed annually and was last amended in January, 2021 to align it with the applicable statutory provisions and provide authorisations under Cipla Employee Stock Appreciation Rights Scheme, 2021. The Committee composition and charter are available on the website of the Company under the Investors section. In January, 2021, the Committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

III. Meetings/Responsibilities

The Committee met five times during FY 2020-21. The Chairperson of the Committee, after each committee meeting, briefs the Board about their discussions on critical matters, outcome and the committee recommendations. The Committee was facilitated with an annual agenda plan, which comprised items requiring the Committees' review, monitoring and approval at each committee meeting.

The Committee inter-alia considered the following matters during the FY 2020-21:

1. The Objectives (Key Performance Indicators) of the MD & GCEO were finalised by the Committee and approved by the Board. The MD's performance was evaluated against the approved objectives. The performance of senior management and key managerial personnel was also similarly reviewed by the Committee. On the basis of the performance review, the Committee then recommended to the Board the variable pay and revision to remuneration for FY 2020-21, wherever applicable. The Committee also recommended payment of commission to Executive Vice-Chairperson for FY 2020-21.
2. The Committee recommended the re-appointment of Ms Samina Hamied as Executive Vice-Chairperson for five years w.e.f. 10th July, 2020, which was duly approved by shareholders in the 84th AGM.
3. The Committee noted that under the leadership of Mr Umang Vohra, the Company had performed well in the last five years and witnessed consistent growth, especially in the US operations and recommended his re-appointment as 'Managing Director and Global Chief Executive Officer' of the Company for five years w.e.f. 1st April, 2021. The Committee also approved the appointment of Mr Umang Vohra as Director and President of Cipla USA Inc., a wholly-owned subsidiary of the Company. The overall remuneration of Mr Umang Vohra from Cipla Limited and Cipla USA Inc. will not exceed the limits stated in the resolution proposed for approval by the members at the ensuing AGM of the Company.
4. In order to better align employee rewards with the Company's long-term growth and shareholder value creation, and to attract, retain and motivate the best available talent, the Committee recommended a new Cipla Employee Stock Appreciation Rights Scheme, 2021 for employees of the Company and its subsidiaries. The Scheme was duly approved by the shareholders through Postal Ballot on 25th March, 2021. The Company also has an existing Employee Stock Option Scheme titled Employee Stock Option Scheme 2013-A ("ESOS 2013-A") for the benefit of the employees of the Company and its subsidiaries. Under ESOS 2013-A, 2,54,140 stock options were granted to 71 eligible employees during FY 2020-21. In future, the Company will use both Schemes for equity-based long term incentives for the employees of the Company and its subsidiaries.

5. (a) The leadership of the Company defines Cipla's ability to stay relevant in changing times and therefore succession planning for the Board, promoters and leadership was one of the crucial matters taken up by the Committee. The Committee 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 management positions within the Company. Currently, the Company has succession planning in place for its top 12 critical positions including the 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.

6. The Committee reviewed the process of identification of new independent directors and also held discussions with various potential profiles before finalising Mr Robert Stewart as a new independent director who brings significant expertise on global pharma matters. The Committee has also initiated a process to identify new independent directors, who would be appointed in place of the existing independent directors due to retire in 2024 and 2025.

7. The Committee periodically reviewed with Management matters related to Human Resource including, inter alia, talent pipeline, re-imagining business – people cost, diversity and inclusion, campus hiring, and the progress and execution plan for various HR projects. The Company has undertaken several HR initiatives during the year including a health declaration app, the Learning Management System, and virtual learning series for capability building and crafting a journey for new joinees with Cipla.

   All these initiatives led to Cipla being certified as a "Great Place to Work" in 2021 for third time in a row. The accreditation is considered 'Gold Standard' when it comes to employer brand recognition and employee experience.

   The Committee also reviewed and approved the manpower budget after considering the volatility of the COVID-19 situation, in line with practices followed by peer companies in the pharma sector.

8. Based on the recommendation of the Committee, the Board re-affirmed the matrix setting out the board-skills matrix, the expertise and competence required for the Board in the context of its business and sector. The matrix inter-alia included focus areas such as global economics, corporate governance, pharma expertise, finance & accounts, M&A and business development etc.

9. The Committee reviewed the composition of other board committees and concluded that their constitution did not require any change at present.

10. The Committee approved board evaluation parameters in the form of a simplified questionnaire for carrying out evaluation of the Board, its committees, and its directors including the Chairman, Executive Vice-Chairperson and MD & GCEO. Based on these parameters, an evaluation was undertaken in December 2020 and the performance evaluation report were discussed in the subsequent board and board committee meetings.

11. The Committee reviewed and revised the Nomination, Remuneration and Board Diversity Policy to align with leading corporate governance practices and to provide better clarity on compliance matters.

12. The Committee carried out its annual evaluation and discussed its performance evaluation report. The Committee believes it has performed effectively and has carried out the role assigned to it. It has also discussed and identified certain actions / items which can be taken up by the Committee as focus areas for the next financial year.

Punita Lal
Chairperson - Nomination and Remuneration Committee

Date: 12th May, 2021

Stakeholders Relationship Committee

Composition of Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of three non-executive directors, of whom two members, including the Chairperson are independent directors. The Committee is chaired 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.

Brief description of the terms of reference:

The terms of reference of the Stakeholders Relationship Committee inter alia includes:

1) Resolve the grievances of the security holders;
2) Review adherence to service standards and standard operating procedures adopted by Company relating to the various services rendered by the Registrar and Transfer Agent;
3) Review measures taken by Company for effective exercise of voting rights by shareholders;
4) Review the engagement with security holders including institutional investors and identify the actionable points for implementation;
5) Review movement in shareholdings and ownership structure.

The terms of reference of the Stakeholders Relationship Committee is available on the Company's website at https://www.cipla.com/sites/default/files/Charter%20Of%20The%20Stakeholders%20Relationship%20Committee.pdf

The Committee carried out its annual evaluation and discussed its performance evaluation report. The Committee believes it has performed effectively and carried out the role assigned it. In January, 2021, the Committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

Meetings of Stakeholders Relationship Committee

The Stakeholders Relationship Committee met four times during FY 2020-21 i.e. on 13th May, 2020, 6th August, 2020, 2nd November, 2020 and 27th January, 2021. 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	Independent Director (Chairperson)	4(4)
Mr Adil Zainulbhai	Independent Director	4(4)
Mr S Radhakrishnan	Non-Executive / Non-Independent Director	4(4)

The average attendance of the members at the Stakeholders Relationship Committee meetings during FY 2020-21 was 100%.

The Chairperson of the Committee was present at the last AGM held on 27th August, 2020.

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 10 investor grievances. All of them were satisfactorily resolved and there were no pending investor grievances as on 31st March, 2021.

The Investors' complaints pertained to transfer, transmission, updating of details, dividend and annual report related matters. The Company has also appointed an independent consultant to verify and assist the Company in effectively resolving the investor grievances. The consultant ensured adherence to various service standards and standard operating procedures of the Company by the Registrar and Transfer Agent, and enhanced overall quality of communication between the shareholders and the Company.

Mr Rajendra Chopra, Company Secretary, acts as the Company's Compliance Officer and 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 comprises of five directors of whom two, including the Chairman are non-executive directors and two are independent directors. The Committee is chaired 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 of the Committee. The composition of the Committee meets the requirements of section 135 of the Act. Ms Rumana Hamied, Managing Trustee – Cipla Foundation and Mr Anurag Mishra, Head – Cipla Foundation are permanent invitees at the Corporate Social Responsibility Committee meetings.

Brief description of the terms of reference:

The terms of reference of the Corporate Social Responsibility Committee inter-alia include:

1) Recommend the amount of expenditure to be incurred on CSR activities;

2) Monitor the Annual Action Plan and progress of the activities undertaken, including utilisation of amounts disbursed, on a periodic basis;

3) Review the Impact Assessment reports undertaken through independent agencies and present the same before the Board;

4) Review and recommend to the Board the Business Responsibility Report and the Annual Report on CSR activities which is required to be included in the Boards' Report of the Company.

The terms of reference of the Corporate Social Responsibility Committee are available on the Company's website at https://www.cipla.com/sites/default/files/2021-03/Charter-of-the-Corporate-Social-Responsibility--Committee.pdf

The Committee carried out its annual evaluation and discussed its performance evaluation report. The Committee believes it has performed effectively and carried out the role assigned it. In January, 2021, the Committee reviewed the compliance status of its charter (i.e. its roles 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 2020-21. i.e. on 13th May, 2020, 29th October, 2020, 27th January, 2021 and 19th March, 2021. 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	4(4)
Mr S Radhakrishnan	Non-Executive / Non-Independent Director	4(4)
Mr Umang Vohra	MD & GCEO	3(4)

The average attendance of the members at the Corporate Social Responsibility Committee meetings during FY 2020-21 was 95.00%.

The Chairman of the Committee was present at the last AGM held on 27th August, 2020.

Investment and Risk Management Committee

Composition of Investment and Risk Management Committee

The Investment and Risk Management Committee comprises of six directors of whom three are independent directors, one is non-executive director and two are executive directors. The Committee is chaired by Ms Samina Hamied and has Mr Ashok Sinha, Ms Naina Lal Kidwai, Mr S Radhakrishnan, Mr Robert Stewart and Mr Umang Vohra as its members. The Company Secretary of the Company is the secretary to the Committee.

Brief description of the terms of reference:

The terms of reference of the Investment and Risk Management Committee inter-alia include:

1) To review and provide recommendation on strategic and/or long-term investments, loans, guarantees, acquisitions or divestment by Cipla Limited in any legal entity to the Board;

2) To review and provide recommendation on strategic and/or long-term investments, loans, guarantees, acquisitions or divestment by any of Cipla subsidiaries in any legal entity outside Cipla group to the Board of Directors;

3) Monitoring short-term and long-term strategic priorities of the Company;

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

The terms of reference of the Investment and Risk Management Committee is available on the Company's website at https://www.cipla.com/sites/default/files/2021-07/Charter-Of-The-Investment-RM-Committee.pdf

The Committee carried out its annual evaluation and discussed its performance evaluation report. The Committee believes it has performed effectively and carried out the role assigned it. In January, 2021, the Committee reviewed the compliance status of its charter (i.e. its roles 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 five times during FY 2020-21 i.e. on 21st May, 2020, 8th July, 2020, 6th August, 2020, 5th November, 2020 and 28th January, 2021. 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)	5(5)
Mr Ashok Sinha	Independent Director	5(5)
Ms Naina Lal Kidwai	Independent Director	5(5)
Mr S Radhakrishnan	Non-Executive / Non-Independent Director	5(5)
Mr Umang Vohra	MD & GCEO	5(5)

Note: Mr Robert Stewart appointed as member of Investment and Risk Management Committee w.e.f. 14th May, 2021

The average attendance of the members at the Investment and Risk Management Committee meetings during FY 2020-21 was 100%.

The Chairperson of the Committee was present at the last AGM held on 27th August, 2020.

Operations and Administrative Committee

Composition of Operations and Administrative Committee

The Operations and Administrative Committee comprises of four directors of whom two members are non-executive directors. The Committee is chaired by Ms Samina Hamied and has Mr M K Hamied, Mr S Radhakrishnan and Mr Umang Vohra as its members.

Brief description of the terms of reference:

The terms of reference of the Operations and Administrative Committee inter alia includes:

1) To grant loans 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) Issue and allot equity shares of the Company pursuant to the Employee Stock Option Scheme(s) for the time being in force;

3) To deal in government securities, units of mutual funds, fixed income and money market instruments, fixed deposits and certificates of deposit programmes of banks and other instruments/ securities/treasury products of banks and financial institutions within the limits approved by the Board, from time to time;

4) 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;

5) To constitute, reconstitute, modify, dissolve any trust or association for Company/business related matters and to appoint, reappoint, remove, replace the trustees or representatives;

6) 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.

The terms of reference of the Operations and Administrative Committee are available on the Company's website at https://www.cipla.com/sites/default/files/2019-08/Charter-of-the-Operations-and-Administrative-Commitee.pdf

Meetings of the Operations and Administrative Committee

During FY 2020-21, the Committee approved 37 routine business matters through circular resolutions and did not have any meeting.

The Chairperson of the Committee was present at the last AGM held on 27th August, 2020.

Committee of Independent Directors

Composition of Committee of Independent Directors

In terms of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020, a Committee of Independent Directors was constituted by the Board on 26th January, 2021, to recommend to the Board that the Scheme of Arrangement ("Scheme") to be entered amongst Cipla Limited ("Demerged Company"), Cipla BioTec Limited ("Resulting Company 1") and Cipla Health Limited ("Resulting Company 2") and their respective shareholders to (A) demerge India-based US business undertaking of the Demerged Company in Resulting Company 1 ("Demerged Undertaking 1") and (B) demerge consumer business undertaking of the Demerged Company in Resulting Company 2 ("Demerged Undertaking 2") at nil consideration, is not detrimental to the shareholders of the Company. All the independent directors were appointed as the members of the Committee.

Meeting of the Committee of Independent Directors

The Committee met once on 28th January, 2021, and the meeting was attended by all the independent directors. The Committee reviewed and recommended to the Board that the Scheme is not detrimental to the shareholders of the Company.

Policies

In accordance with Cipla's philosophy of adhering to the highest standards of ethical business and corporate governance and to ensure fairness, accountability, responsibility and transparency to all 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/2020-08/Insider%20Trading%20Code.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/2021-03/Corporate-Social-Responsibility-Policy.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/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf
Environment, Health and Safety 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

Name of the Policy	Website Link
Policy for Determining Material Subsidiaries	https://www.cipla.com/sites/default/files/2020-04/Material%20subsidiary%20policy_v6_final.pdf
Policy on Dealing with Related Party Transactions	https://www.cipla.com/sites/default/files/2020-06/Policy%20on%20dealing%20with%20Related%20Party%20Transactions.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
Cipla UK Tax Strategy 2020	https://www.cipla.com/sites/default/files/2020-03/Cipla%20-%20UK%20Tax%20Strategy%20-%20FY2020_u.pdf
Human Rights Policy[2]	https://www.cipla.com/sites/default/files/Human-Rights-Policy-Cipla.pdf

Code of Conduct

Members of the Board and senior management personnel have affirmed their compliance with the Code of Conduct for FY 2020-21. A declaration to this effect signed by Mr Umang Vohra, MD & GCEO, 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.[2] 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. The Audit Committee oversees the functioning of the vigil mechanism and receives a summary of the whistle-blowing incidents and actions taken by the Ethics Committee on a quarterly basis. The whistle-blowers can report their 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 Company received 86 complaints, of which 72 were resolved satisfactorily as on 31st March, 2021. Investigations are underway in case of the remaining 14 complaints as on the date of this report.[3] No person has been denied access to the Audit Committee.

Share transfer system

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) (KFin) is the Registrar and Share Transfer Agent of the Company.

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.

In compliance with regulation 40(9) of the Listing Regulations and w.e.f. 1st April, 2019, 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.

In terms of the SEBI press release dated 27th March, 2019, read with the SEBI circular dated 7th September, 2020, the transfer deed(s) that were lodged prior to 1st April, 2019 and returned due to deficiency in the document could be re-lodged for transfer after rectification of the documents till 31st March, 2021.

Pursuant to the above referred press release and circular, the Company is not accepting any new request for effecting transfer of securities in physical mode after 31st March, 2021.

Monitoring governance of subsidiary

As on 31st March, 2021, the Company had 46 subsidiaries in India and across the globe. Each subsidiary is managed by its respective board of directors. To ensure robust compliances and high standards of governance, irrespective of the statutory requirements, each of the Indian subsidiaries has appointed Key Managerial Personnel.

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

The Board of Directors of Cipla Limited or its duly constituted committee also has oversight of the affairs of the subsidiaries and regularly reviews various information w.r.t to the subsidiary companies, that inter-alia includes:

- Review of financial statements;
- Review of material developments, financial and operating performance and strategies;
- Review of significant transactions or arrangements entered into by the unlisted subsidiaries;
- Review of utilisation of funds and details of investment and advances by the subsidiaries;
- Prior recommendation on strategic / long-term investments, loans, guarantees, acquisitions or divestment by subsidiaries outside Cipla Group;
- Prior recommendation in case of purchase/sale/ disposal of intellectual property rights or other assets and entering into in-licensing deals by subsidiaries/associates/joint ventures above certain threshold;
- Noting of minutes of the board meetings; and
- Noting of key internal audit findings.

As on 31st March, 2021, in terms of Regulation 24 of the Listing Regulations, Cipla (EU) Limited qualifies as a material subsidiary of the Company and accordingly the Board is required to nominate one of its independent directors on the board of Cipla (EU) Limited. The Board will ensure the compliance in due course.

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. An update on the compliance status of all applicable laws and regulations applicable to the Company, in the form of a certificate, 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 Act, 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 required to be transferred to IEPF. The Company had transferred unclaimed dividend and shares to IEPF authority within statutory timelines which were due in FY 2019-20.

Unclaimed dividend for the financial year ended 31st March, 2014 will become due for transfer to IEPF on 3rd October, 2021.

Shareholders can check the details of any unclaimed shares and unclaimed dividends on the Company's website, i.e. www.cipla.com under Unclaimed Data tab in 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
Upto and including the financial year 2012-13 and shares transferred to IEPF	Transferred to the IEPF authority	Yes	File online application in e-form IEPF-5 and send this e-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 2013-14 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
2013-14	2/-	3rd September, 2014	3rd 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 2020-21, there were no materially significant related-party transactions that had potential conflict with the interests of the Company. All contracts, arrangements and transactions entered by the Company with related parties during FY 2020-21 were in the ordinary course of business and on an arm's length basis.

- All related-party transactions are placed before the Audit Committee for their approval. Prior omnibus approval of the Audit Committee is obtained for related-party transactions that 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 the related-party transactions entered into are placed before the Audit Committee on a quarterly basis for review and noting. Related Party transactions, in which the directors and key managerial personnel are concerned or interested, are additionally pre-approved by the Board of Directors. The details of related-party transactions as per Ind-AS 24 have been disclosed 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, based on the amendment notified in the regulatory provisions.

- 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, 2021 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 is focused on developing processes/programmes which help in cost-effective procurement of raw materials and which reduces the cost of APIs. Additionally, an Alternate Vendor Development Strategy has been implemented to ensure uninterrupted supply of raw materials and rate benefits. The Company endeavours to monitor the prices of key commodities and formulates procurement strategies based on actual price movements and trends as well as the external regulatory environment, and has adequate governance structures in place to align and review procurement strategies with external and internal dynamics. Since the Company has not entered into any derivative contract to hedge exposure to fluctuations in commodity prices, no disclosure is required pursuant to SEBI circular dated 15th November, 2018.

- During FY 2020-21, the Company has not raised funds through preferential allotment or qualified institutional 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.

- A certificate from a Company Secretary in practice that none of the directors are disqualified or debarred from being appointed or continuing as directors of the Company by the Securities Exchange Board of India or the Ministry of Corporate Affairs or any other authority is provided in Annexure B which forms part of this report.

- During FY 2020-21, the Board of Directors has accepted all the recommendations of the committees of the Board.

- Disclosures on complaints[4] under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, during FY 2020-21:

Particulars	Number
Number of complaints filed during the financial year	8
Number of complaints resolved during the financial year	8
Number of complaints pending as on 31st March, 2021	0

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 and principles. Enhancing the standards of disclosures and transparency, we voluntary adopted the following regulations, guidelines and principles:

a. The Company is in the regime of having financial statements with unmodified audit opinion.

b. The Chairman of the Board is a non-executive director and is not related to the MD & GCEO.

c. The Chief Internal Auditor functionally reports directly to the Audit Committee.

d. Substantially in compliance with the G-20 OECD Principles of Corporate Governance.

e. 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 fourth year in a row, the Annual Report is prepared in accordance with the International Integrated Reporting Council's Integrated Reporting (<IR>) framework. To improve its credibility the Company has obtained an external assurance on the disclosures made under the Integrated Annual Report from M/s DNV GL Business Assurance India Private Limited which is provided as Annexure C to this report.

[4] Information in line with BRR Principle 5 Question 2

Awards and recognitions

Our initiatives on governance and transparency were recognised and appreciated during the year at various forums.

- The Company was conferred the "Golden Peacock Global Award for 'Excellence in Corporate Governance' for the year 2020".
- For the second year in a row, the Company has qualified in 'Leadership Category' of S&P BSE 100 companies, ranked as per the Indian Corporate Governance Scores 2020, evaluated by BSE Limited, the IFC World Bank Group and Institutional Investor Advisory Services (IiAS)
- Cipla has received membership to the FTSE4Good Index Series for the third time in a row, a testimony to our robust Environmental, Social and Governance practices

Certification by MD & GCEO and Global Chief Financial Officer

The MD & GCEO and the Global Chief Financial Officer have certified to the Board on the financial reporting and internal controls as required under Regulation 17(8), read with Part B of Schedule II of the Listing Regulations. The certification by MD & GCEO and Global Chief Financial Officer is enclosed as Annexure D which forms part of this report.

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 were also displayed on the Company's website – www.cipla.com. In accordance with SEBI circular dated 26th March, 2020, publication of advertisements in newspapers under regulation 47 of the Listing Regulation were exempted for all events scheduled till 15th May, 2020. Therefore, the financial results declared on 15th May, 2020 were not published in the newspapers.

- **News and media release**

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

- **Earning conference calls and presentations to Institutional Investors / Analysts**

  The Company organises an earnings conference call with analysts and investors after the announcement of financial results. The transcript of the earnings call is 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 filings 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 2020-21 will be 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 and intimations 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 85th AGM will be uploaded on the website of the Company.

- **Designated exclusive email ID:**

  We have a designated e-mail ID exclusively for investor services: cosecretary@cipla.com

- **Sustainability initiatives**

  Our sustainability goals for the year 2025 and 2030 are provided on our website at https://www.cipla.com/cipla-sustainability

General Meetings

- The details of last three annual general meetings are:

Financial Year	Meeting	Date & Time	Venue	Special Resolution passed
2017-18	82nd AGM	30th August, 2018 at 3.00 p.m.	Nehru Centre Auditorium, Discovery of India Building, Dr Annie Besant Road, Worli, Mumbai – 400 018	(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 up to ₹ 2000 crores (iv) Authorisation for issuance of debt securities up to ₹ 2,000 crores (v) Continuation of Dr Y K Hamied as director (vi) Continuation of Mr M K Hamied as director
2018-19	83rd AGM	16th August, 2019 at 3.00 p.m.	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020	(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 ₹ 3,000 crores
2019-20	84th AGM	27th August, 2020 at 3.00 p.m.	Video conferencing (VC)/other audio-visual means (OAVM)	(i) To re-appoint Ms Naina Lal Kidwai as an independent director of the Company (ii) To authorise issuance of equity shares/ other securities convertible into equity shares up to ₹ 3,000 crores

- Details of voting pattern on the resolutions passed through postal ballot;
  - Date of postal ballot notice: 29th January, 2021
  - Date of declaration of results: 26th March, 2021
  - Voting period: 24th February, 2021 to 25th March 2021

Name of the resolution	Type of resolution	No of votes polled	Votes cast in favour		Votes cast against	
			No of votes in favour	% in favour	No of votes against	% in against
To approve the Cipla Employee Stock Appreciation Rights Scheme 2021 for employees of the Company	Special	60,74,43,496	57,24,38,971	94.23	3,50,04,525	5.76
To approve extension of the Cipla Employee Stock Appreciation Rights Scheme 2021 to employees of subsidiary(ies) of the Company.	Special	60,74,43,523	57,26,58,901	94.27	3,47,84,622	5.72

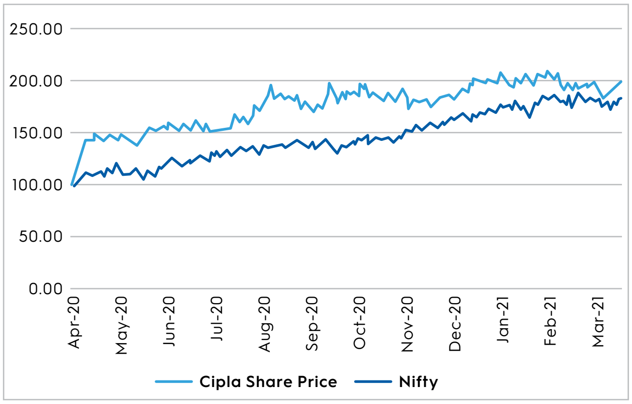
- Mr B Narasimhan, Practicing Company Secretary conducted the postal ballot exercise as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- None of the business proposed to be transacted at the ensuing AGM require passing of resolution through postal ballot.
- As per the General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 22/2020 dated 15th June, 2020, 33/2020 dated 28th September, 2020 and 39/2020 dated 31st December, 2020 issued by the Ministry of Corporate Affairs and on account of the threats posed by the COVID-19 pandemic, physical copies of the Notice, postal ballot forms and pre-paid business reply envelopes were not sent to the members for the postal ballot conducted during the year under review. Members were requested to provide their assent or dissent through e-voting only. A copy of the Notice is available on the website of the Company at www.cipla.com, website of the stock exchanges where the equity shares of the Company are listed, i.e. BSE Limited and National Stock Exchange of India Limited, at www.bseindia.com and www.nseindia.com, respectively, and on the website of our e-voting agency i.e. KFin Technologies Private Limited. Voting rights were reckoned on the paid-up value of equity shares registered in the name of members as on the cut-off date. The Scrutinizer's decision on the validity of the e-voting was final and binding. The Scrutinizer submitted his report to the Chairman after the completion of the scrutiny and the results of the voting by postal ballot were published on the website of the Company and at the registered office of the Company, besides being communicated to the stock exchanges and the e-voting agency.

Date, Time and Venue of the AGM	Wednesday, 25th August, 2021 at 3.00 p.m. through video conferencing ("VC")/Other Audio visual means ("OAVM")
Financial Calendar	1st April to 31st March of the next calendar year
Adoption of Financial Results (Tentative Schedule, subject to change)	
1 For the quarter ending 30th June, 2021	Thursday, 5th August, 2021
2 For the quarter and half year ending 30th September, 2021	Tuesday, 26th October, 2021
3 For the quarter and nine months ending 31st December, 2021	Tuesday, 25th January, 2022
4 For the fourth quarter and financial year ending 31st March, 2022	Tuesday, 10th May, 2022
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	Wednesday, 11th August, 2021 to Wednesday, 25th August, 2021 (both days inclusive)
Dividend and Dividend Payment Date	₹ 5/- per equity share for FY 2020-21. The Company will endeavour to pay the dividend within 7 working days from the date of declaration but not later than 30 days from the date of AGM. The payment of dividend will be subject to deduction of tax at source, as applicable, in compliance with the statutory requirements.
Listing on Stock Exchanges	**Equity Shares:** 1. Name: BSE Limited Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 2. Name: National Stock Exchange of India Limited Address: Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 **Global Depository Receipts (GDRs):** Name: Societe De La Bourse De Luxembourg, Address: 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, BSE Limited and the Luxembourg Stock Exchange.
Stock Code	500087 on BSE Limited CIPLA EQ on National Stock Exchange of India Limited
DR Symbol/CUSIP	CIPLG/172977209
ISIN Number for NSDL & CDSL	INE059A01026

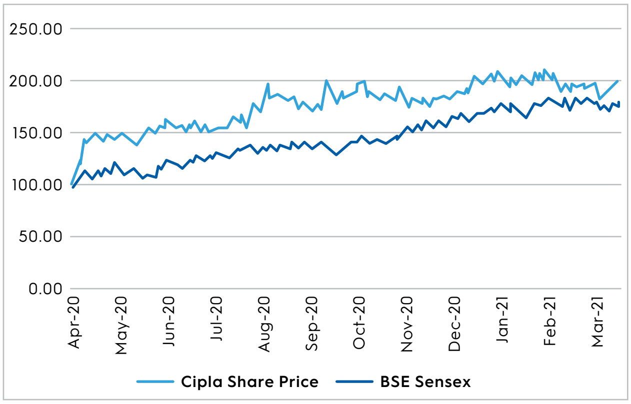
Market Price Data for the period from 1st April, 2020 to 31st March, 2021

Month (FY 2020-21)	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	632.05	410.60	81,07,211	632.65	410.40	22,65,29,775	7.98	5.47
May	651.00	565.90	59,97,489	650.95	565.60	18,95,44,008	8.57	7.54
June	696.00	618.85	58,97,036	692.50	616.30	14,77,57,921	8.74	8.34
July	723.95	621.50	69,62,518	724.00	621.05	15,33,44,999	9.63	8.3
August	814.45	700.90	83,78,526	814.50	701.00	21,59,48,057	10.62	9.47
September	819.00	701.50	78,19,362	819.30	704.40	19,95,56,534	10.98	9.62
October	829.00	742.50	56,75,561	829.05	742.30	15,50,52,388	11.10	10.12
November	805.00	706.45	65,03,644	804.00	706.50	17,75,45,799	10.67	9.67
December	838.95	746.65	50,68,673	839.00	746.15	13,56,87,822	11.33	10.26
January	869.65	796.35	29,17,684	864.60	796.20	8,94,40,283	11.68	11.08
February	878.55	740.00	51,96,506	878.90	776.25	10,97,67,415	11.85	10.71
March	823.65	738.25	31,78,159	823.95	738.10	7,41,23,652	11.17	10.41

Performance in comparison to NSE Nifty – FY 2020-21



Performance in comparison to BSE SENSEX – FY 2020-21



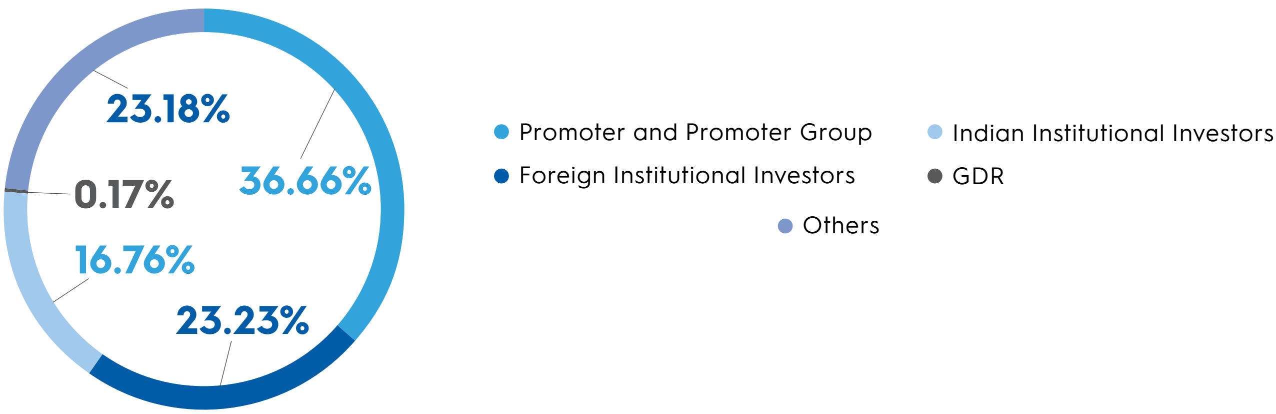
Address for Correspondence

	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, 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, 2021 (Class-wise distribution of equity shares)

Category	No. of Folios	% of Total	No. of Shares	% of Total
1 - 5000	3,60,187	98.73	3,02,29,252	3.75
5001 - 10000	1,486	0.41	54,12,768	0.67
10001 - 20000	941	0.26	68,59,430	0.85
20001 - 30000	391	0.11	48,46,156	0.60
30001 - 40000	235	0.06	41,62,323	0.52
40001 - 50000	189	0.05	42,60,030	0.53
50001 - 100000	442	0.12	1,61,80,071	2.01
100001 & Above	932	0.26	73,45,13,249	91.08
TOTAL	**3,64,803**	**100.00**	**80,64,63,279**	**100.00**

Shareholding pattern as on 31st March, 2021[5]



Dematerialisation of Shares and Liquidity

Break-up of shares held in physical and dematerialised form as on 31st March, 2021 is as follows:

Shareholding	No. of Folios	% of Total	No. of Shares	% of Total
Physical Mode	693	0.19	89,68,844	1.11
Dematerialised Mode	3,64,110	99.81	79,74,94,435	98.89
Total	**3,64,803**	**100.00**	**80,64,63,279**	**100.00**

The equity shares of the Company are liquid and traded in dematerialised 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. As on 31st March, 2021, 13,77,157 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, 2021, 56,33,154 stock options were outstanding under Cipla Limited Employee Stock Option Scheme 2013-A.

[5] GRI 102-5, GRI 102-10

During the year, the Company has not granted any Employee Stock Appreciation Rights to the employees of the Company or its subsidiaries under Cipla Employee Stock Appreciation Rights Scheme 2021.

List of credit ratings obtained/revised

During FY 2020-21, credit rating of the following instruments was done by India Ratings & Research Private Limited:

Instrument Type	Rating/Outlook	Rating Action	Credit rating agency
Commercial paper (CP)*	IND A1+	Affirmed	India Ratings and Research Private Limited

*No commercial papers have been issued by the Company during the FY 2020-21.

Plant locations of Cipla Limited as on 31st March, 2021

Plant Type	Plant Address
Active Pharmaceutical Ingredients 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 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, 2021

Plant Type	Plant Address
Formulations Manufacturing Facility	Unit 1 - Plot Number 344-345, Kundaim Industrial Estate, Kundaim, Goa – 403115
	Unit 2 - Plot Number 346-347, Kundaim Industrial Estate, Kundaim, Goa – 403115
	Unit 3 - Plot Number 348, Kundaim Industrial Estate, Kundaim, Goa – 403115
	Plot No. 352, Kundaim Industrial Estate, Kundaim, Goa – 403115
	L-1/1, L-1/2/2 & L-2 , Additional MIDC , Satara 415004
	J-4/2, Additional MIDC Area, Satara – 415004
	Tarpin Block, Rorathang, East District, Sikkim – 737133
	Plot 1-7, 1st Ring Road, Luzira Industrial Park, 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, South Africa 1501
	1474 South Coast Road, Mobeni, Durban, South Africa 4052
	Oum Azza – BP 4492 – 11850 Ain El Aouda – Rabat, Morocco
	927 Currant Road, Fall River, MA, USA, ZIP - 02720
Contract Research and Contract Manufacturing	L-147/B, Verna Industrial Area, Verna, Goa - 403722
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	Plot GEN 40, TTC MIDC, Behind Millennium Business Park, Near Nelco Bus stop, Mahape, Navi Mumbai, Maharashtra - 400710
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 - 400710
Clinical Research Department	Plot No. PAP-A-417, TTC, MIDC, Behind Millennium Business Park, Near Nelco Bus Stop, Mahape, Navi Mumbai, Maharashtra – 400710.
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, 2021.

For Cipla Limited

Date: 14th May, 2021
Place: Mumbai, India

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, 2021 (in years)	No. of Board meeting attended (total held in the FY 2020-21 during tenure)	Attendance at last AGM held on 27th August, 2020	No. of directorships held in other Indian companies as on 31st March, 2021	Name of other listed companies where he/she is a Director as on 31st March, 2021 (1)	No. of Committee memberships/ Chairpersonships held in other Indian public companies as on 31st March, 2021 (2)	
								Memberships	Chairpersonships
Dr Y K Hamied (DIN: 00029049)	Non-Executive / Non -Independent Directors	21st July, 1972	48.8	8(8)	Yes	1	--	Nil	Nil
Mr M K Hamied (DIN: 00029084)		16th August, 1977	43.7	8(8)	Yes	Nil	--	Nil	Nil
Mr S Radhakrishnan (DIN: 02313000)		12th November, 2010	10.4	8(8)	Yes	1	--	3	Nil
Ms Samina Hamied (DIN: 00027923)	Executive Directors	10th July, 2015	5.8	8(8)	Yes	1	--	Nil	Nil
Mr Umang Vohra (DIN: 02296740)		1st September, 2016	4.7	7(8)	Yes	Nil	--	Nil	Nil
Mr Adil Zainulbhai (DIN: 06646490)	Independent Directors	23rd July, 2014	6.8	8(8)	Yes	8	• Reliance Industries Ltd • Network18 Media & Investments Ltd • TV18 Broadcast Ltd • Larsen & Toubro Ltd	9	5
Mr Ashok Sinha (DIN: 00070477)		16th July, 2013	7.8	8(8)	Yes	7	• J. K. Cement Limited • The Tata Power Company Limited • Navin Fluorine International Limited	6	5
Ms Naina Lal Kidwai (DIN: 00017806)		6th November, 2015	5.4	8(8)	Yes	2	• Max Financial Services Ltd	4	1
Dr Peter Mugyenyi (DIN: 06799942)		12th February, 2014	7.1	8(8)	Yes	Nil	--	Nil	Nil
Ms Punita Lal (DIN: 03412604)		13th November, 2014	6.4	8(8)	Yes	1	--	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 and unlisted Indian public companies including Cipla Limited.

The average attendance at the meetings of the Board of Directors during FY 2020-21 was 98.75%.

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 – 400 013 (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 and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such statutory authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company*
1	Dr Y K Hamied	00029049	21st July, 1972
2	Mr M K Hamied	00029084	16th August, 1977
3	Ms Samina Hamied	00027923	10th July, 2015
4	Mr Umang Vohra	02296740	1st September ,2016
5	Mr S Radhakrishnan	02313000	12th November, 2010
6	Mr Adil Zainulbhai	06646490	23rd July, 2014
7	Mr Ashok Sinha	00070477	16th July, 2013
8	Ms Naina Lal Kidwai	00017806	6th November, 2015
9	Dr Peter Mugyenyi	06799942	12th February, 2014
10	Ms Punita Lal	03412604	13th November, 2014

*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: F005578C000305383
PR No. 637/2019

Date: 14th May, 2021
Place: Mumbai

Annexure C

Independent Assurance Statement[1]

Scope and Approach

DNV GL Business Assurance India Private Limited ('DNV') 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 2020-21 ('the Report') as well as references made to the Company's website. The disclosures in this Report are prepared based on the Guiding Principles and Content Elements of the International <IR> Framework ('<IR> Framework') 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 covering the reporting period 1st April 2020 to 31st March 2021. Our assurance engagement was planned and carried out from March 2021 – July 2021.

We performed our work using DNV's assurance methodology VeriSustain[TM1], 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 DNV's 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 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 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'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 assurance work at selected sites of Cipla considering a limited level of assurance. 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> Framework including stakeholder engagement and its materiality determination process;
- Reviewed disclosures related to value creation across six capitals and claims made in the

[1] GRI 102-56
[TM(1)] The VeriSustain protocol is available on request from www.dnv.com
*Assurance Engagements other than Audits or Reviews of Historical Financial Information.

Report, and assessed the robustness of related management systems, data accuracy, information flow and controls for the reported disclosures;

- o Visited the sample facilities ie. Active Pharmaceutical Ingredients (API) and Formulations manufacturing facility at Bommasandra and Virgonagar in Bangalore, Karnataka, and performed remote audits with API and Formulation manufacturing facilities at Kurkumbh (Unit-1, Unit-2 and Unit-3) in Maharashtra, and the Formulations units at Verna (Cluster 1, 2 & 3) in Goa, Indore in Madhya Pradesh in India, as well as facilities at Uganda and 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;
- o Carried out desk reviews for sustainability performance data related to the API manufacturing facilities at Baddi in Himachal Pradesh;
- o Examined and reviewed documents, data and other information made available by the Company related to reported disclosures;
- o Conducted virtual interviews with 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;
- o Performed sample-based review of the mechanisms in implementation of company sustainability related policies implemented by the company, as described in the Report;
- o 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, Except where the data was not available was estimated based on the procedures articulated in the company's operating procedures.

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 the <IR> Framework 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, business partners, employees, suppliers, government and regulators, healthcare professionals, communities, shareholders and investors, and institutional partners as its key stakeholder groups across its pharmaceutical business The Company continues to engage with stakeholder groups through virtual channels along with formal and informal processes that are in place for identifying emerging stakeholder concerns, 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 review, identification and prioritization 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 were identified. In our opinion, nothing has come to our attention that Cipla has missed out any known material issues, nor that 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 responded to key material topics through descriptions of its value creation process including policies and strategies for sustainable development. In our opinion, the disclosures of Cipla's sustainability performance is adequately disclosed in the Report, through the management approach, Content Elements of the <IR> Framework, 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 quantitative and qualitative data and information verified at the Corporate Office and sites sampled by us 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 like standard operating procedures 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 addressed the disclosure requirements of the <IR> Framework 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 selected GRI Topic-specific Standards and Company-specific metrics. Cipla may further bring out exclusions as applicable based on the GRI Standard requirements for performance reporting.

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.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct[2] during the assurance engagement and maintain independence where required by relevant ethical requirements including the ISAE 3000 (Revised) Code of Ethics. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV did not provide any services to Cipla and its subsidiaries in 2020-21 that could compromise the independence or impartiality of our work.

For DNV GL Business Assurance India Private Limited
23rd July 2021
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 – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.com

[2] The DNV Code of Conduct is available on request from www.dnv.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, 2021 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 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 of and the steps we have taken or propose to take to rectify such deficiencies.

D. We have further indicated to the auditors and the Audit Committee that during the year under reference:

   (1) there have not been any significant changes in internal control over financial reporting;

   (2) there have not been any significant changes 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 have not been, any instances of significant fraud of which we had become aware of 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

For Cipla Limited

Kedar Upadhye
Global Chief Financial Officer

Date: 14th May, 2021
Place: Mumbai, India

Annexure E

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 14th May, 2021 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 -

- uphold ethical standards of integrity and probity;
- act objectively and constructively;
- exercise responsibilities in a bona-fide manner in the interest of the Company;
- shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;
- 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:

a) Meet the baseline definition and criteria of “independence” as set out in section 149 of the Act, the Listing Regulations and other applicable laws.

b) 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.

c) Has attained minimum age of 25 years and is not older than 70 years.

d) Does not hold independent directorship in more than seven listed entities.

e) 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) While evaluating a candidate for appointment as Key Managerial Personnel or Senior Management Personnel factors such as, competence, integrity, qualifications, expertise, skills and experience shall be taken into consideration;

c) 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 the following sitting fees attending the board meeting and the board committee meeting:

- Board Meeting – ₹ 1,00,000 per board meeting
- Committee Meeting – ₹ 50,000 per committee meeting (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 woman 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.

Standalone Financial Statements

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 31st March, 2021, 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 31st March, 2021, 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 judgement, 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 (DPCO) matters: The Company is regulated by National Pharmaceutical Pricing Authority, Government of India (NPPA). There are number of legal and regulatory cases, of which the most significant is under Drugs (Prices Control) Orders (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 ₹ 3,676.07 crore as at 31st March, 2021, of which: a) ₹ 3,456.39 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) ₹ 219.68 crore relates to other matters, wherein based on facts and legal advice, the Company has recorded a charge of ₹ 6.89 crore (including interest) during the year ended 31st March, 2021 and carries a total provision of ₹ 111.15 crore (including interest) as at 31st March, 2021. 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 or not, 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 judgement 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 are 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), judgements 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;

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. 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 judgements and estimates in relation to 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 judgement 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 ₹ 7,671.38 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 ₹ 10.88 crore during the year ended 31st March, 2021. 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 judgement 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 judgement, 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.

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 judgement 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. Those 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 judgement 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;

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 31st March, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 14th May, 2021 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 31st March, 2021;

   ii. As detailed in note 51 to the standalone financial statements, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2021;

   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 31st March, 2021; and

   iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November, 2016 to 30th 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: 21504662AAAADJ4428

Place: New Delhi
Date: 14th May, 2021

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 not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(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, sales tax, service tax, duty of customs, 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 31st March, 2021

Annexure I

Statement of Disputed Dues

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	185.51	124.67	A.Y. 2008-09, A.Y. 2009-10, A.Y. 2013-14 and A.Y. 2015-16	CIT Appeals
Income Tax Act, 1961	Income tax	55.96	55.82	A.Y. 2014-15	Income Tax Appellate Tribunal
Central Goods and Service Tax (CGST) Act, 2017	Central goods and service tax	1.21	0.60	2016-2017 to 2017-2018	Commissioner (Appeals)
Central Goods and Service Tax (CGST) Act, 2017	Central goods and service tax	2.53	2.30	2017-2018	Additional Commissioner
Central Goods and Service Tax (CGST) Act, 2017	Central goods and service tax	0.09	0.09	2017-2018	Superintendent
Customs Tariff Act, 1975	Custom duty	1.40	0.11	2020-2021	Commissioner (Appeals)
Customs Tariff Act, 1975	Custom duty	0.02	0.02	July 2017 - Dec 2018	Deputy Commissioner
Customs Tariff Act, 1975	Custom duty	0.17	0.08	2017-2018 to 2019-2020	Additional Commissioner
Customs Tariff Act, 1975	Custom duty	5.20	2.35	2016-2017 to 2017-2018	CESTAT (WZB)
Customs Tariff Act, 1975	Custom duty	9.39	4.67	2009-2010 to 2014-2015	CESTAT (HYD)
Central Excise Act, 1944	Excise duty	12.68	-	1999-2000 to 2005-2006	Commissioner
Central Excise Act, 1944	Excise duty	67.93	3.42	1992-1993 to 2000-2001 and 2007-2008 to 2016-2017	CESTAT (WZB)
Central Excise Act, 1944	Excise duty	17.30	1.95	2011-2012 to 2013-2014 and 2016-2017	CESTAT (EZB)
Central Excise Act, 1944	Excise duty	65.47	3.26	2008-2009 to 2015-2016	CESTAT (SZB)
Central Excise Act, 1944	Excise duty	3.63	0.24	2009-2010 to 2010-2011 and 2020-2011 to 2016-2017	Commissioner (Appeals)
Central Excise Act, 1944	Excise duty	0.12	-	2015-2016	Revision Authority
Central Excise Act, 1944	Excise duty	0.02	-	2000-2001 to 2003-2004	Supreme Court
Central Excise Act, 1944	Excise duty	0.02	0.01	2001-2002 to 2006-2007	High Court

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
Finance Act, 1994	Service tax	0.59	-	2012-2013 to 2017-2018	Commissioner (Appeals)
Finance Act, 1994	Service tax	37.34	1.40	2008-2009 to 2012-2013	CESTAT (WZB)
Andhra Pradesh Vat Act, 2005	Value added tax	0.13	0.13	2005-2006	Telangana Vat Appellate Authority
Bihar Vat Act, 2005	Value added tax	0.97	-	2014-2015	Appeal Court
Bihar Vat Act, 2005	Value added tax	0.41	0.41	2013-2014	Commissioner
Bihar Vat Act, 2005	Value added tax	0.98	-	2015-2016	Bihar Appellate Authority
Chattisgarh Vat Act, 2005	Value added tax	0.01	0.01	2014-2015	Commissioner
The Central Sales Tax Act, 1956	Central sales tax	0.12	-	2006-2007	Directorate of Commercial Taxes, Govt. of Goa
Gujarat Value Added Tax Act, 2003	Value added tax	0.38	0.13	2013-2014	GVAT Tribunal,Gujarat
Karnataka Value Added Tax Act, 2003	Value added tax	0.92	0.27	2012-2013	Joint Commissioner Appeals
Maharashtra Value Added Tax, 2002	Value added tax	0.04	-	2002-2003	Joint Commissioner of Sales-Nagpur
Maharashtra Value Added Tax, 2002	Value added tax	0.41	0.07	2007-2008 and 2013-2014	Deputy Commissioner of Sales Tax -LTU
Rajasthan Vat Act, 2003	Value added tax	0.83	0.29	2002-2003 and 2011-2012	Rajashthan Tax Board – Ajmer
The Central Sales Tax Act, 1956	Central sales tax	0.09	0.04	2011-2012	Appeal Court
The Central Sales Tax Act, 1956	Value added tax	0.01	0.01	2011-2012	Commissioner
West Bengal Vat Act, 2003	Value added tax	0.12	0.02	2001-02 and 2005-06	Tribunal
The Central Sales Tax Act, 1956	Central sales tax	0.02	0.02	2002-03	Tribunal
West Bengal Vat Act, 2003	Value added tax	2.58	0.24	2009-2010 and 2015-2016	Commissioner

(Note: F.Y. represents Financial Year and A.Y. represents Assessment Year)

Annexure I

(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) 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: 21504662AAAADJ4428

Place: New Delhi
Date: 14th May, 2021

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 31st March, 2021

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 31st March, 2021, 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

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 31st March, 2021

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, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31st March, 2021, 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: 21504662AAAADJ4428

Place: New Delhi
Date: 14th May, 2021

Standalone Balance Sheet

as at 31st March, 2021

₹ in Crores

Particulars	Notes	As at 31st March, 2021	As at 31st March, 2020
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	3,569.27	3,686.18
(b) Right-of-use assets	2.2	103.88	132.49
(c) Capital work-in-progress	2.4	275.04	255.73
(d) Investment properties	3	123.79	126.44
(e) Intangible assets	4	269.51	205.87
(f) Intangible assets under development	4	80.07	64.00
(g) Financial assets			
(i) Investments	5	7,720.99	6,355.32
(ii) Loans	6	43.37	41.89
(iii) Other financial assets	7	40.20	7.01
(h) Income tax assets (net)	8	401.31	353.74
(i) Other non-current assets	9	144.13	149.93
Total non-current assets		**12,771.56**	**11,378.60**
(2) Current assets			
(a) Inventories	10	3,085.81	3,021.36
(b) Financial assets			
(i) Investments	11	2,004.84	834.43
(ii) Trade receivables	12	3,035.37	3,560.27
(iii) Cash and cash equivalents	13	294.72	261.54
(iv) Bank balances other than cash and cash equivalents	14	580.08	261.53
(v) Loans	15	1.90	4.49
(vi) Other financial assets	16	474.10	382.49
(c) Other current assets	17	713.93	698.61
Total current assets		**10,190.75**	**9,024.72**
(3) Assets classified as held-for-sale	2.3	1.43	2.34
Total assets		**22,963.74**	**20,405.66**
Equity and liabilities			
(1) Equity			
(a) Equity share capital	18	161.29	161.25
(b) Other equity	19	19,766.27	17,241.71
Total equity		**19,927.56**	**17,402.96**
(2) Share application money pending allotment*		**-**	**0.00**
(3) Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	20	85.47	104.59
(b) Provisions	21	95.97	105.14
(c) Deferred tax liabilities (net)	8	104.91	112.97
(d) Other non-current liabilities	22	57.89	60.71
Total non-current liabilities		**344.24**	**383.41**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	-	6.06
(ii) Trade payables	24		
Total outstanding dues of micro enterprises and small enterprises		49.17	77.46
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,446.32	1,534.66
(iii) Other financial liabilities	25	258.81	313.90
(b) Other current liabilities	26	312.51	141.14
(c) Provisions	21	620.56	541.50
(d) Income tax liabilities (net)	8	4.57	4.57
Total current liabilities		**2,691.94**	**2,619.29**
Total liabilities		**3,036.18**	**3,002.70**
Total equity and liabilities		**22,963.74**	**20,405.66**
*Represents ₹ Nil as at 31st March, 2021 (₹ 7,820 as at 31st March, 2020)			
The accompanying notes form an integral part of these standalone financial statements.	1-53		

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, 14th May, 2021

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, 14th May, 2021

Standalone Statement of Profit and Loss

for the year ended 31st March, 2021

₹ in Crores

Particulars	Notes	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(1) Income			
(a) Revenue from operations			
(i) Revenue from sale of products	27	13,610.02	12,220.22
(ii) Other operating revenue	28	290.56	438.93
		13,900.58	**12,659.15**
(b) Other income	29	230.28	892.85
Total income		**14,130.86**	**13,552.00**
(2) Expenditure			
(a) Cost of materials consumed	30	3,262.29	2,999.17
(b) Purchases of stock-in-trade	31	1,847.85	1,363.12
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	(9.93)	(43.08)
(d) Employee benefits expense	33	2,038.88	1,911.08
(e) Finance costs	34	45.07	36.05
(f) Depreciation, impairment and amortisation expense	35	556.11	599.78
(g) Other expenses	36	3,039.93	3,721.57
Total expenditure		**10,780.20**	**10,587.69**
(3) Profit before tax		**3,350.66**	**2,964.31**
(4) Tax expense (net)	8		
(a) Current tax		904.38	545.96
(b) Deferred tax		(22.00)	100.18
(5) Profit for the year		**2,468.28**	**2,318.17**
(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)	18.32	(22.35)
(ii) Income tax relating to these items		(4.61)	7.05
(b) Items that will be reclassified to profit or loss	45(c)		
(i) Gains/(losses) on cash flow hedges		37.08	(72.13)
(ii) Income tax relating to these items		(9.33)	23.00
Other comprehensive income/(loss) for the year		**41.46**	**(64.43)**
(7) Total comprehensive income for the year		**2,509.74**	**2,253.74**
(8) Earnings per equity share of face value of ₹ 2 each	48		
Basic (in ₹)		30.61	28.76
Diluted (in ₹)		30.57	28.72
The accompanying notes form an integral part of these standalone financial statements.	1-53		

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, 14th May, 2021

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, 14th May, 2021

Standalone Statement of Changes in Equity

for the year ended 31st March, 2021

(a) Equity share capital (refer note 18)

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning of the year	161.25	161.14
Changes in equity share capital during the year on exercise of employee stock options (ESOSs)	0.04	0.11
Balance at the end of the year	**161.29**	**161.25**

(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, 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	-	-	-	-	(15.30)	(49.13)	**(64.43)**
Payment of dividend (including tax on dividend) (refer note 47)	-	-	-	-	(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**
Profit for the year	-	-	-	-	2,468.28	-	**2,468.28**
Other comprehensive income	-	-	-	-	13.71	27.75	**41.46**
Exercise of employee stock options	-	11.28	2.02	(13.30)	-	-	**-**
Share-based payments expense	-	-	-	14.82	-	-	**14.82**
Balance as at 31st March, 2021	**0.08**	**1,613.31**	**3,144.64**	**35.69**	**14,961.71**	**10.84**	**19,766.27**

The accompanying notes form an integral part of these standalone financial statements (Note 1 - 53).

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, 14th May, 2021

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, 14th May, 2021

Standalone Statement of Cash Flows

for the year ended 31st March, 2021

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cash flow from operating activities		
Profit before tax	**3,350.66**	**2,964.31**
Adjustments for:		
Depreciation, impairment and amortisation expense	556.11	599.78
Interest expense	45.07	36.05
Unrealised foreign exchange (gain)/loss (net)	(20.58)	(73.60)
Share-based payment expense	14.78	18.56
Allowances for credit loss (net)	19.65	103.50
Provision for dimunition in value of investments	10.88	32.36
Interest income	(36.42)	(51.63)
Interest income on income tax refund	-	(9.28)
Dividend income	-	(565.51)
Sundry balance written off/ back (net)	8.10	(2.41)
Corporate guarantee commission	(9.14)	(18.35)
Net gain on sale of current investments carried at fair value through profit or loss	(47.67)	(114.02)
Fair value loss/(gain) on financial instruments at fair value through profit or loss	(10.12)	20.91
Net gain on sale/liquidation of investments in subsidiaries	-	(0.07)
Net (gain)/loss on sale/disposal of property, plant and equipment	(3.48)	(2.86)
Rent income	(15.91)	(9.16)
Operating profit before working capital changes	**3,861.93**	**2,928.58**
Adjustments for working capital:		
Increase in inventories	(64.45)	(152.95)
Decrease/(increase) in trade and other receivables	528.64	(260.07)
Increase in trade payables and other liabilities	86.14	167.56
Cash generated from operations	**4,412.26**	**2,683.12**
Income taxes paid (including tax deducted at source)	(951.95)	(664.98)
Net cash flow generated from operating activities (a)	**3,460.31**	**2,018.14**
Cash flow from investing activities		
Purchase of property, plant and equipment (refer note ii below)	(370.46)	(304.05)
Purchase of intangible assets (including intangible asset under development)	(146.51)	(145.66)
Proceeds from sale of property, plant and equipment	12.33	10.15
Investments in associates	(9.00)	(9.00)
Purchase of non-current investments	(40.00)	-
Investment in subsidiaries	(1,360.21)	(2,503.47)
Proceeds from sale/liquidation/capital reduction of investment in subsidiaries	-	93.48
(Purchase)/sale of current investments (net)	(1,112.61)	1,270.27
Change in other bank balance and cash not available for immediate use	(388.48)	(151.67)
Interest received	38.58	38.95
Dividend received from subsidiaries	-	565.51
Rent received	15.91	9.16
Net cash flow used in investing activities (b)	**(3,360.45)**	**(1,126.33)**

Standalone Statement of Cash Flows

for the year ended 31st March, 2021

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cash flow from financing activities		
Proceeds from issue of equity shares (ESOSs)	0.05	0.11
(Repayment)/proceeds from current borrowings (net)	(6.06)	6.06
Interest paid	(34.01)	(19.33)
Payment of lease liabilities	(25.78)	(29.02)
Dividend paid	-	(564.26)
Tax paid on dividend	-	(87.45)
Net cash flow used in financing activities (c)	**(65.80)**	**(693.89)**
Net increase /(decrease) in cash and cash equivalents (a+b+c)	**34.06**	**197.92**
Cash and cash equivalents at the beginning of the year	261.54	64.47
Exchange difference on translation of foreign currency cash and cash equivalents	(0.88)	(0.85)
Cash and cash equivalents at the end of the year (refer note 13)	**294.72**	**261.54**

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 of property, plant and equipment represents additions to property, plant and equipment, adjusted for movement of capital work in progress, capital advances, capital creditors and investment properties during the year.

The accompanying notes form an integral part of these standalone financial statements (note 1-53).

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, 14th May, 2021

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, 14th May, 2021

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, 2021 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.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31st March, 2021.

(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 amendments for the first time for their annual reporting period commencing 1st April, 2020:

- Amendment to Ind AS 103, *Business Combinations*, Definition of business
- Amendment to Ind AS 116, *Leases*, lease modification accounting for COVID-19, rent concession
- Amendment to Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Change in definition of materiality
- Amendment to Ind AS 109, *Financial Instruments*, Temporary exceptions from applying hedge accounting
- Amendment to Ind AS 107, *Financial Instruments: Disclosures*, Disclosure for uncertainty arising from interest rate benchmark reform.
- Ind AS 10, *Events after reporting period*, Definition for non-adjusting events and its effective date of application.

Notes to the standalone financial statements

- Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets,* Consequential amendment and accounting of restructuring plan.

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.

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) 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 judgement are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

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 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 losses may be different from the originally estimated provision.

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.

Notes to the standalone financial statements

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 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 expected credit loss (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 judgement. 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.

(vii) Impact of COVID-19

The Company continues to closely monitor the impact of the COVID-19 pandemic on all aspects of its business, including how it has impacted and 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 for the year ended 31st March, 2021.

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., 1 April 2015 as the deemed cost under Ind AS. Hence 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 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 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 99 years
- Ancillary structures	3 to 10 years
Plant and equipment	2 to 25 years
Furniture, fixtures and office equipment	3 to 10 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 payments and milestones 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 3-6 years

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

(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 properties. 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.

Notes to the standalone financial statements

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.

1.10 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. 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) 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 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 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 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 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 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 is 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 arrangements 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 is 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.

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(v) Profit sharing revenues

The Company from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Company sells its products to the business partners at a non-refundable base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue in an amount equal to the base sale price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Company updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

(vi) 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 financial asset to that asset's net carrying amount on initial recognition.

(vii) 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

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, etc., and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. 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, 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each 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.

(iii) Uncertain tax positions

Accruals for uncertain tax positions require Management to make judgement of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the tax positions will probably be accepted by the tax authorities. This is based upon Management interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, Management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

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.

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 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 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.

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.

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.

Notes to the standalone financial statements

(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 FVOCI.

(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 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., April 1, 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

The Company assesses at each reporting date whether a financial asset or a group of financial assets is impaired. 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 forward currency contracts, 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 forward contract and options 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 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

On 24th March, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1st April, 2021. The Company is evaluating the effect of the amendments on its financial statements.

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 equipment	Vehicles	Total
Gross block								
Balance as at 1st April, 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**
Additions for the year	-	-	14.39	318.05	2.38	4.74	0.56	340.12
Deletions and adjustments during the year	-	-	(0.84)	(44.88)	(0.48)	(1.05)	(0.11)	(47.36)
Balance as at 31st March, 2021	**39.15**	**-**	**1,910.01**	**4,077.85**	**108.26**	**96.54**	**7.24**	**6,239.05**
Depreciation and impairment								
Accumulated balance as at 1st April, 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	-	-	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**
Depreciation charge for the year	-	-	57.89	367.76	8.84	9.82	0.62	444.93
Impairment charge for the year [iii]	-	-	0.01	4.15	-	-	-	4.16
Deletions and adjustments during the year	-	-	(0.21)	(37.83)	(0.37)	(0.95)	(0.06)	(39.42)
Accumulated balance as at 31st March, 2021	**-**	**-**	**324.53**	**2,200.01**	**65.20**	**75.81**	**4.23**	**2,669.78**
Net block								
As at 31st March, 2021	**39.15**	**-**	**1,585.48**	**1,877.84**	**43.06**	**20.73**	**3.01**	**3,569.27**
As at 31st March, 2020	**39.15**	**-**	**1,629.62**	**1,938.75**	**49.63**	**25.91**	**3.12**	**3,686.18**

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 ₹ 22.79 crore (31st March, 2020: ₹ 45.28 crore) used for research and development.

iii. The impairment charge for the year ₹ 4.16 crore (31st March, 2020: ₹ 14.96 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 standalone financial statements

Note 2.2: Lease accounting

Following are the changes in the carrying value of right of use assets:

₹ in Crores

Particulars	Category of ROU asset			
	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**	**18.96**	**132.49**
Additions during the year	-	0.01	-	0.01
Deletions during the year	-	-	-	-
Depreciation charge for the year	(2.15)	(15.99)	(10.48)	(28.62)
Balance as at 31st March, 2021	**63.74**	**31.66**	**8.48**	**103.88**

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

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current lease liabilities	22.66	25.31
Non-current lease liabilities	29.46	49.35
Total	**52.12**	**74.66**

The following is the movement in lease liabilities

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Opening balance	**74.66**	**98.76**
Additions during the year	-	17.00
Deletions during the year	-	(8.76)
Modifications and adjustments	3.24	(3.32)
Finance cost accrued during the year	6.82	9.64
Payment of lease liabilities	(32.60)	(38.66)
Closing balance	**52.12**	**74.66**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Less than one year	26.43	32.54
One to five years	32.76	57.90
More than five years	10.65	11.94
Total	**69.84**	**102.38**

Notes to the standalone financial statements

Note 2.2: Lease accounting (Contd.)

Rental expense recorded for short-term leases during the year is ₹ 38.66 crore (31st March, 2020: ₹ 27.04 crore).

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 Assets classified as held for sale

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Plant and equipment*	1.43	2.34
	1.43	**2.34**

*Plant and equipment includes power plant at Goa and other assets impaired in earlier years. Fair market value for such assets is valued at ₹ 1.43 crore as at 31st March, 2021 (31st March, 2020: ₹ 2.34 crore).

Note 2.4 Details of capital work-in-progress

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening balance	**255.73**	**241.32**
Additions during the year	360.87	297.15
Capitalised during the year	(340.12)	(282.74)
Impairment during the year[i]	(1.44)	-
Closing balance	**275.04**	**255.73**

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, 2021	As at 31st March, 2020
Gross block		
Opening balance	**142.18**	**67.78**
Transfer from property, plant and equipment	-	74.40
Closing balance	**142.18**	**142.18**
Accumulated depreciation		
Opening balance	15.74	5.93
Transfer from property, plant and equipment	-	7.06
Depreciation for the year (refer note 35)	2.65	2.75

Note 3: Investment properties (Contd.)

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Closing balance	**18.39**	**15.74**
Net block	**123.79**	**126.44**
Fair value	**182.56**	**159.21**

Rental income (includes income from operating sublease ₹ 1.33 crore) recognised in profit or loss for investment properties aggregates to ₹ 15.83 crore (31st March, 2020: ₹ 8.78 crore).

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,

Notes to the standalone financial statements

Note 3: Investment properties (Contd.)

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: Intangible assets

₹ in Crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Brands	Total
Gross block						
Balance as at 1st April, 2019	**188.83**	**100.10**	**4.67**	**10.45**	**1.08**	**305.13**
Additions for the year	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**
Additions for the year[i]	6.42	20.92	-	45.24	65.37	137.95
Deletions and adjustment during the year	-	-	-	-	-	-
Balance as at 31st March, 2021	**208.66**	**131.33**	**4.67**	**169.32**	**66.45**	**580.43**
Amortisation and impairment						
Accumulated balance as at 1st April, 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[ii]	-	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**
Amortisation charge for the year	27.34	17.11	-	12.62	9.81	66.88
Impairment charge for the year[ii]	-	4.53	-	2.90	-	7.43
Deletions and adjustment	-	-	-	-	-	-
Accumulated balance as at 31st March, 2021	**187.29**	**82.91**	**4.67**	**25.16**	**10.89**	**310.92**
Net block						
As at 31st March, 2021	**21.37**	**48.42**	**-**	**144.16**	**55.56**	**269.51**
As at 31st March, 2020	**42.29**	**49.14**	**-**	**114.44**	**-**	**205.87**

i. includes, acquisition of Syncrobreathe from Cipla (EU) Limited for an amount of ₹ 25.19 crore (refer note 41)

ii. 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, 2021	As at 31st March, 2020
Opening balance	**64.00**	**56.01**
Additions during the year	154.02	145.66
Capitalised during the year	(137.95)	(137.67)
Closing balance	**80.07**	**64.00**

Acquisition of significant intangibles:

a) Significant acquisitions during the year

Product	Date of agreement/ completion	₹ in Crores	Type of deal
Brand Elores - Novel and patented anti-infective product	1st July, 2020	65.37	Acquisition of Brand

Note 4: Intangible assets (Contd.)

b) Significant acquisitions during previous year

Product	Date of agreement/ completion	₹ 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**	

The Company has recorded the above 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.

Contingent consideration (On achievement of sale target as per agreement):

As at 31st March, 2021, 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, 2021	No. of units	As at 31st March, 2020
(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[vii]	2,00,00,000	20.00	2,00,00,000	20.00
Equity shares of Meditab Specialities Limited of ₹ 1 each, fully paid[viii] (formerly known as Meditab Specialities Private Limited)	71,18,416	382.57	71,18,416	382.57
Meditab Specialities Limited (equity component of inter corporate deposits)[viii] (formerly known as Meditab Specialities Private Limited)	-	107.50	-	107.50
Equity shares of Cipla (EU) Limited of GBP 1 each, fully paid[iv and ix]	40,84,99,464	3,773.90	28,43,55,015	2,582.41
Equity shares of Cipla Medpro South Africa (Pty) Limited of 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[xii]	1,00,367	80.48	1,00,367	80.48

Notes to the standalone financial statements

Note 5: Non-current investments (Contd.)

₹ in Crores

Particulars	No. of units	As at 31st March, 2021	No. of units	As at 31st March, 2020
Equity shares of Cipla BioTec Limited of ₹ 10 each, fully paid (formerly known as Cipla BioTec Private Limited) net of impairment ₹ 294.55 crore (31st March, 2020: ₹ 283.67 crore)[iii]	25,87,08,433	80.96	25,87,08,433	91.84
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 [i,ii, x and xi]	23,25,213	626.73	15,95,047	141.33
II. Investment in Preference Shares [(i,x and xi)]				
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				
I. Equity Shares - carried at cost				
Equity shares of AMPSolar Power Systems Private Limited of ₹ 10 each, fully paid[xiii]	90,000	0.01	90,000	0.01
Equity shares of GoApptiv Private Limited of ₹ 10 each, fully paid[v]	6,927	1.80	-	-
II. Preference Shares - carried at cost				
0.001% Compulsorily Convertible Preference Shares of GoApptiv Private Limited ₹ 10 each[v]	27,706	7.20	-	-
III. Debentures - carried at amortised cost				
0.01% Compulsory Convertible Debentures of AMPSolar Power Systems Private Limited of ₹ 1000 each, fully paid[xiii]	89,100	0.60	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, 2020: ₹ 10,000)	1,000	0.00	1,000	0.00
(D) Other investment - carried at fair value other comprehensive income (FVTOCI)				
ABCD Technologies LLP[vi]		40.00		-
(E) Investments in Government and trust securities - carried at amortised cost				
National savings certificates ₹ 41,000 (31st March, 2020: ₹ 41,000)		0.00		0.00
		7,720.99		**6,355.32**
Aggregate amount of unquoted investments		7,720.99		6,355.32
Aggregate amount of impairment in value of investment		970.20		959.32

Notes to the standalone financial statements

Note 5: Non-current investments (Contd.)

Notes for changes in current year:

i. During the year, pursuant to the board resolution passed on 1st July, 2020, 5,34,658 Series A and 33,039 Series A1 0.01% Compulsory Convertible Preference Shares of Cipla Health Limited were converted into equivalent number of 5,67,697 equity shares.

ii. (a) During the year, pursuant to the board resolution passed on 8th May, 2020, the Company has by way of right issue invested in 1,62,469 equity shares of face value of ₹ 10 each at a premium of ₹ 6,145 per share of Cipla Health Limited.

(b) During the year ended 31st March, 2021, the ESOP holders entered into a tripartite agreement with the Company and Cipla Limited wherein they agreed to extinguish their right of exercise of ESOPs vested against the payment received from Cipla Limited.

iii. 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 ₹ 10.88 crore (31st March, 2020: ₹ 32.36 crore).

iv. Pursuant to the Board resolutions passed on 15th May, 2020, 7th August, 2020 and 6th Novemeber, 2020, the Company further invested ₹ 1,191.49 crore and acquired 12,41,44,449 equity shares of Cipla (EU) Limited of GBP 1 each.

v. On 9th June, 2020, the Company has signed Amended and Restated Shareholders' Agreement with GoApptiv Private Limited to acquire 21.85% stake on fully diluted basis for a total consideration of ₹ 9 crore. Pursuant to this, the Company acquired 6,927 equity shares of ₹ 10 each from the sellers via Share Purchase Agreement for a total consideration of ₹ 1.80 crore and via Share Subscription Agreement with GoApptiv Private Limited to acquired 27,706, 0.001% compulsorily convertible preference shares of ₹ 10 each for a total consideration of ₹ 7.20 crore. 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".

vi. On 30th March, 2021, the Company has signed Restated and 2nd Amended Limited Liability Partnership Agreement ("LLP Agreement") to make an strategic investment of ₹ 40 crore in ABCD Technologies LLP (to be renamed as IndoHealth Services LLP). The investment is accounted as fair value through other comprehensive income (FVTOCI) as per Company's election in accordance with Ind AS 109 - Financial Instruments.

Notes for changes in previous year:

vii. 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.

viii. 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 946,179 shares of ₹ 1 each at a premium of ₹ 2,368 per share.

ix. Pursuant to the Board resolution passed on 22nd May, 2019 and 7th August, 2019, the Company has further invested ₹ 2,093.48 crore and acquired 23,22,85,015 equity shares of Cipla (EU) Limited of GBP 1 each.

x. 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).

xi. Pursuant to the board resolution passed on 19th November, 2019, the Company has invested in Cipla Health Limited ₹ 40 crore divided into 64,987 equity shares of face value of ₹ 10 each at a premium of ₹ 6,144.42 per share.

xii. On 26th March, 2020, the Company has cancelled 115,000 equity shares of Cipla Holding B.V. of EUR 100 each at par. Accordingly, the Company received back ₹ 92.21 crore.

xiii. Pursuant to Share Purchase, Subscription and Shareholder's agreement dated 23rd May, 2019, the Company has acquired 26% stake on fully diluted basis in AMPSolar Power Systems Private Limited, divided into 90,000 equity shares of ₹ 10 each and 89,100, 0.01% Compulsory Convertible debentures of AMPSolar Power Systems Private Limited of ₹ 1,000 each for a total consideration of ₹ 9.00 crore. The Company is further committed 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. Also, the Company has entered the Power Purchase Agreement ('PPA') with AMPSolar Power Systems Private Limited to procure 100% of the output of solar energy produced by the Company for the next 25 years on subsidised rates. As per the agreements entered, in the event of termination of the contracts or completion of the contract term, the Company will receive the investment made by it without any share of profit/loss in associate. Accordingly, the investment amount has been amortised to give the effect of subsidised rates of power and fixed return expected out of the investment. 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".

Notes to the standalone financial statements

Note 6: Non-current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good, except otherwise stated		
(Carried at amortised cost, except otherwise stated)		
Deposits with body corporates and others		
Considered good	43.37	41.89
Considered doubtful	0.78	0.86
Less: Allowance for bad and doubtful advances	(0.78)	(0.86)
	43.37	**41.89**

Note 7: Non-current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Margin deposits[i]	0.22	0.52
Share application money pending allotment (refer note below and 41)[ii]	32.72	-
Amount recoverable from supplier	7.26	6.49
	40.20	**7.01**

i Amount held as margin money under lien to tax authority and electricity department.

ii Share application money pending allotment is the money remitted to Cipla (EU) Limited for further investment in 32,38,425 equity shares of GBP 1 each. The shares got allotted subsequently on 6th April, 2021.

Note 8: Income taxes

The major components of income tax expense for the years ended 31st March, 2021 and 31st March, 2020 are:

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A. Profit or loss section		
Current income tax charge	904.38	545.96
MAT credit utilisation / entitlement	-	227.06
Adjustments in respect of deferred tax of previous year	13.30	19.47
Deferred tax on account of temporary differences	(35.30)	(146.35)
	882.38	**646.14**
B. Other Comprehensive income section:		
Income tax relating to re-measurements gain on defined benefit plans	(4.61)	7.05
Income tax relating to cash flow hedge	(9.33)	23.00
	(13.94)	**30.05**

Reconciliation of tax expense and the profit before tax multiplied by India's domestic tax rate for 31st March, 2021 and 31st March, 2020:

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit before tax	**3,350.66**	**2,964.31**
At India's applicable statutory income tax rate of 25.168 % (31st March, 2020: 34.944 %)	843.29	1,035.85
Effect for:		
Prior year adjustments to deferred tax	13.30	19.47
Weighted deductions and exemptions	-	(238.10)

Notes to the standalone financial statements

Note 8: Income taxes (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Non-deductible expenses for tax purpose	36.47	63.33
Others	(13.42)	(1.25)
Tax impact on dividend income (Exempt)	-	(197.61)
Effect of impairment of investment	2.74	11.30
Differential tax rate impact*	-	(46.85)
Income tax expense reported in the profit or loss	**882.38**	**646.14**
Effective income tax rate	**26.33%**	**21.80%**

*The Government of India, on 20th September, 2019 vide the Taxation Laws (Amendment) Ordinance, 2019, inserted a new Section 115BAA 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 elected to avail lower tax rate only from the financial year ended 31st March, 2021 and therefore has applied the lower tax rate of 25.17% in measurement and recognition of current tax for the year ended 31st March, 2021.

During previous year ended 31st March, 2020, the Company has applied the lower tax rate of 25.17% in measurement of deferred taxes to the extent that such deferred tax assets/ liabilities were expected to be realised/ settled in the periods during which the Company expects to be subject to lower tax rate. Consequently, deferred tax liabilities (net) reversed by the Company as at 31st March, 2020 was not significant.

There are unused capital losses amounting to ₹ 129.50 crore as at 31st March, 2021: (31st March, 2020 ₹ 129.50 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 has ongoing disputes which includes receipt of 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 has contingent liability of ₹ 49.97 crore (31st March, 2020: ₹ 49.97 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, 2021:

₹ in Crores

Particulars	As at 31st March, 2020	Profit or loss	Other comprehensive income	As at 31st March, 2021
Deferred tax assets/(liabilities) :				
Property, plant and equipment, and intangible assets	(353.62)	24.56	-	(329.06)
Employee benefits expense	51.90	0.32	(4.61)	47.61
Others	65.82	7.33	(9.33)	63.82
Allowance for credit loss	42.13	(17.18)	-	24.95
Deferred revenue	15.23	(1.78)	-	13.45
Provision for right of return/discounts and others	65.57	8.75	-	74.32
Deferred tax assets/(liabilities) (net)	**(112.97)**	**22.00**	**(13.94)**	**(104.91)**

Notes to the standalone financial statements

Note 8: Income taxes (Contd.)

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	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)**

D. Tax assets and liabilities:

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Income tax assets (net)	401.31	353.74
Income tax liabilities	(4.57)	(4.57)

Note 9: Other non-current assets

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Unsecured, considered good, except otherwise stated)		
Capital advances		
Secured, considered good#	0.59	0.64
Unsecured, considered good*	110.85	113.87
Prepaid expenses	13.53	12.73
VAT receivable	19.16	22.69
	144.13	**149.93**
# Secured against bank guarantees		
* Includes amount paid to wholly owned subsidiary - Meditab Specialities Limited (refer note 41) (formerly known as Meditab Specialities Private Limited)	55.74	55.74

Notes to the standalone financial statements

Note 10: Inventories

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Lower of cost and net realisable value)		
Raw materials and packing materials	1,395.51	1,349.14
Work-in-progress	677.01	700.10
Finished goods	574.35	595.34
Stock-in-trade	384.08	330.07
Stores, spares and consumables	54.86	46.71
	3,085.81	**3,021.36**

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Goods-in-transit included above		
Raw materials and packing materials	60.28	45.26
Work-in-progress	15.33	32.37
Finished goods	54.80	51.62
Stock-in-trade	7.51	13.73
	137.92	**142.98**

The Company recorded inventory write down (net) of ₹ 241.50 crore (31st March, 2020: ₹ 307.65 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, 2021	As at 31st March, 2020
Investment in mutual funds (quoted)	2,004.84	834.43
(Carried at fair value through profit or loss)		
Aggregate amount of quoted investments	**2,004.84**	**834.43**
Aggregate market value of quoted investments	**2,004.84**	**834.43**

Note 12: Trade receivables

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Unsecured, considered good#	3,035.37	3,560.27
Unsecured, considered doubtful	95.64	163.81
Less: Allowance for expected credit loss	(95.64)	(163.81)
	3,035.37	**3,560.27**
#Includes amount due from related parties (refer note 41)	1,622.53	1,503.18

- 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.

Note 13: Cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with banks		
In current accounts	171.80	82.55
In fixed deposits (original maturity less than 3 months)	110.77	150.00
Remittance in transit[i]	11.50	28.41
Cash on hand	0.65	0.58
	294.72	**261.54**

i. Remittance in transit from group entities.

Notes to the standalone financial statements

Note 14: Bank balance other than cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Bank deposits (original maturity between 3 months and 12 months)#	568.96	250.08
Balance earmarked for unclaimed dividend*	11.12	11.45
	580.08	**261.53**

* 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, 2021 and 31st March, 2020.

Amount held as margin money to Government authority ₹ 3.71 crore (31st March, 2020: ₹ nil).

Note 15: Current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(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
Considered doubtful	2.25	2.25
Less: Allowance for bad and doubtful loans	(2.25)	(2.25)
	0.94	**0.94**
Loan to employees	0.96	3.55
	1.90	**4.49**

Note 16: Current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Incentives/ benefits receivable from Government	143.15	181.61
Deposit (refer note 39 B)	175.08	175.08
Derivatives not designated as hedge - carried at fair value (refer note 45)	1.90	-
Derivatives designated as hedge - carried at fair value (refer note 45)		
Forward contract	58.40	-
Options	1.31	-
Fixed deposit (having remaining maturity less than 12 months)#	73.89	3.66
Inter-company receivables (refer note 41)	3.51	3.53
Fixed deposit interest receivable	7.00	8.05
Other receivables (Dues from ex-employees, expense reimbursement receivable, etc.)		
Considered good	9.86	10.56
Considered doubtful	0.46	0.46
Less: Allowance for bad and doubtful advances	(0.46)	(0.46)
	474.10	**382.49**

Amount held as margin money to Government authority ₹ 0.35 crore (31st March, 2020: ₹ 3.66 crore)

Notes to the standalone financial statements

Note 17: Other current assets

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advances to suppliers	109.09	119.80
Prepaid expenses	64.95	53.94
Balances with statutory/revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	538.98	523.42
Other advances	0.91	1.45
	713.93	**698.61**

Note 18: Equity share capital

₹ in Crores

Particulars	Numbers	As at 31st March, 2021	Numbers	As at 31st March, 2020
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	80,64,63,279	161.29	80,62,35,329	161.25
		161.29		**161.25**
Subscribed and paid-up				
Equity shares of ₹ 2/- each, fully paid up	80,64,63,279	161.29	80,62,35,329	161.25
		161.29		**161.25**

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2021	As at 31st March, 2020
Number of shares outstanding at the beginning of the period	80,62,35,329	80,57,01,266
Add: Allotment of equity shares on exercise of employee stock options (ESOS) (refer note 42)	2,27,950	5,34,063
Number of shares outstanding at the end of the period	**80,64,63,279**	**80,62,35,329**

Details of shareholders holding more than 5 % shares in the Company

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	% of holding	Number of shares	% of holding
Dr Y K Hamied	16,39,67,687	20.33%	16,39,67,687	20.34%
ICICI Prudential Mutual Fund & Sub accounts	2,01,54,540	2.50%	5,06,75,897	6.29%
Ms Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%

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, 2021	As at 31st March, 2020
Capital reserve	0.08	0.08
Securities premium reserve	1,613.31	1,602.03
General reserve	3,144.64	3,142.62
Employee stock options reserve	35.69	34.17
Retained earnings	14,961.71	12,479.72
Cash flow hedge reserve	10.84	(16.91)
	19,766.27	**17,241.71**

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, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Security deposits	56.01	55.24
Lease liabilities (refer note 2.2)	29.46	49.35
	85.47	**104.59**

Note 21: Provisions

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Non-current		
Provision for employee benefits (refer note 40)	95.97	105.14
	95.97	**105.14**
Current		
Provision for employee benefits (refer note 40)	157.55	127.48
Provision for claims - DPCO [refer note below and note 39B]	111.15	104.26
Provision for anticipated claims on pricing	24.98	22.15
Provision for right of return/discounts and others	326.88	287.61
	620.56	**541.50**

Note 21: Provisions (Contd.)

Note: Movement of provision for claims - DPCO, provision for anticipated claims on pricing and provision for right of return/discounts and others

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for Claims - DPCO [refer note 39B]		
Balance at the beginning of the year	**104.26**	**98.49**
Provided during the year	6.89	7.00
Utilised/ reversed/ payout during the year	-	(1.23)
Balance at the end of the year	**111.15**	**104.26**
Provision for anticipated claims on pricing		
Balance at the beginning of the year	**22.15**	**10.27**
Provided during the year	2.83	11.88
Utilised/ reversed/ payout during the year	-	-
Balance at the end of the year	**24.98**	**22.15**
Provision for right of return/ discounts and others		
Balance at the beginning of the year	**287.61**	**230.91**
Provided during the year	714.62	760.45
Utilised/ reversed/ payout during the year	(675.35)	(703.75)
Balance at the end of the year	**326.88**	**287.61**

Note 22: Other non-current liabilities

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred government grants	2.45	2.70
Deferred revenue	55.01	57.07
Deferred lease income	0.43	0.94
	57.89	**60.71**

Notes to the standalone financial statements

Note 23: Financial liabilities - borrowings

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loans repayable on demand from banks (Unsecured loan)		
Working capital demand loan[i]	-	6.06
	-	**6.06**

[i] The working capital demand loan was availed from HSBC Bank repayable on demand at an interest rate of 7.95% p.a.

Reconciliation of borrowings

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Opening balance	6.06	-
Add: Proceeds	625.92	13.88
Less: Repayment	(631.98)	(7.82)
Closing balance	**-**	**6.06**

Note 24: Trade payables

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Total outstanding dues of micro enterprises and small enterprises	49.17	77.46
Total outstanding dues of creditors other than micro enterprises and small enterprises#	1,446.32	1,534.66
	1,495.49	**1,612.12**
# Includes amount due to related parties (refer note 41)	297.35	192.43

- 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, 2021 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 Deveolpment Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 25: Other financial liabilities - current

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Unclaimed dividend*	11.12	11.45
Security deposits	3.23	3.25
Capital creditors	49.45	54.61
Employee dues	105.25	73.21
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)		
Forward contract	-	31.07
Options	-	6.96
Book overdraft	5.08	2.47
Import advance licences	22.13	42.39
Accrued expenses	39.89	45.30
Lease liabilities (refer note 2.2)	22.66	25.31
	258.81	**313.90**

*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, 2021	As at 31st March, 2020
Advance from customers	13.49	19.58
Amount refundable to customers	20.41	10.86
Income received in advance	5.01	7.25
Other payables:		
Statutory dues	148.20	93.69
Deferred government grants	0.25	0.25
Deferred revenue	124.64	9.00
Deferred lease income	0.51	0.51
	312.51	141.14

Note 27: Revenue from sale of products

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Sale of products (refer note below)	13,610.02	12,220.22
	13,610.02	12,220.22

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, 2021	For the year ended 31st March, 2020
Sale of products		
India		
Branded and trade generics	7,370.80	6,539.82
Others	129.36	87.75
Export sales		
North America (USA)	1,813.39	1,954.06
South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)	1,161.74	995.01
Emerging Market (EM)	1,380.61	1,172.05
Europe	940.26	727.74
Active Pharmaceutical Ingredient (API)	794.61	719.28
Others	64.00	24.51
	13,610.02	12,220.22

Note 27: Revenue from sale of products (Contd.)

(ii) Reconciliation of revenue from sale of products and services with the contracted price

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Contracted price	14,474.57	13,116.41
Less: Trade discounts, sales and expiry return	(864.55)	(896.19)
Sale of product and services	13,610.02	12,220.22

(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, 2021, the Company has ₹ 16.68 crore (31st March, 2020: ₹ 15.96 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, 2021	As at 31st March, 2020
Advance from customers	13.49	19.58
Amount refundable to customers	20.41	10.86
Deferred revenue	179.65	66.07

Deferred revenue

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Balance at the beginning of the year	66.07	67.59
Revenue recognised during the year	(40.80)	(9.71)
Variable consideration	147.14	-
Milestone payment received during the year	7.24	8.19
Balance at the end of the year	**179.65**	**66.07**

(v) Information about major customers

No single external customer represents 10% or more of the Company's total revenue for the years ended 31st March, 2021 and 31st March, 2020 respectively.

Note 28: Other operating revenue

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Rendering of services	0.89	2.74
Export incentives[i]	95.96	249.96
Technical know-how and licensing fees	23.80	16.72
Scrap sales	19.51	29.55
Sale of marketing and other product license	11.24	27.29
Royalty income	73.77	56.02

Note 28: Other operating revenue (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Goods and service tax area-based incentive	18.52	22.50
Miscellaneous income[ii]	46.87	34.15
	290.56	**438.93**

[i] Pursuant to withdrawal of Export incentive under MEIS the Indian entities have recognised the benefit upto 31st August, 2020 only.

[ii] 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, 2021	For the year ended 31st March, 2020
Interest income -		
Loan to subsidiaries - carried at amortised cost (refer note 41)	-	4.37
Deposit and others	36.42	56.54
Dividend income -		
Subsidiaries - carried at amortised cost (refer note 41)	-	565.51
Government grants [i]	0.25	0.96
Net gain on foreign currency transaction and translation	44.13	119.39
Net gain on sale of investment -		
Current investments - carried at FVTPL	47.67	114.02
Non-current investments - subsidiaries[ii]	-	0.07
Fair value gain on financial instruments at fair value through profit or loss	10.12	(20.91)
Net gain on disposal of property, plant and equipment	3.48	2.86
Sundry balance written back	-	2.41
Insurance claim	1.38	2.99
Rent income	15.91	9.16
Corporate guarantee commission (refer note 41)	9.14	18.35

Notes to the standalone financial statements

Note 29: Other income (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Litigation settlement income iii	50.61	-
Miscellaneous income iv	11.17	17.13
	230.28	**892.85**

i Government grants pertain to subsidy on property, plant and equipment of manufacturing set up. There are no unfulfilled conditions or contingencies attached to these grants.

ii 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.

iii Includes Litigation settlement income received from innovator pursuant to a settlement agreement entered into on 18th December, 2020. The agreement effectively settles all outstanding claims in the litigation. Innovator has agreed to provide Cipla with a license to its patent required to manufacture and sell certain volume-limited amounts of certain product in the US beginning on a confidential date that is some time after March 2022. For each consecutive twelve-month period (or part thereof) following the volume-limited entry date until 31st January, 2026, the volume of certain product sold by Cipla cannot exceed certain agreed-upon percentages. In addition, Innovator has agreed to provide Cipla with a license to its patent required to manufacture and sell an unlimited quantity of certain product in the US beginning no earlier than 31st January, 2026.

iv Income below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

Note 30: Cost of materials consumed

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Semi-finished goods consumed	1,125.20	978.34
Raw material consumed	982.31	917.91
Packing material consumed	1,027.64	992.93
Cost of material supplied - others	127.14	109.99
	3,262.29	**2,999.17**

Note 31: Purchases of stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Purchases of stock-in-trade	1,847.85	1,363.12
	1,847.85	**1,363.12**

Note 32: Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Opening stock		
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**
Less: Closing stock (refer note 10)		
Work-in-progress	677.01	700.10
Finished goods	574.35	595.34
Stock-in-trade	384.08	330.07
	1,635.44	**1,625.51**
(Increase)/decrease	**(9.93)**	**(43.08)**

Note 33: Employee benefits expense

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries and wages	1835.46	1724.00
Contribution to provident and other funds (refer note 40)	95.13	96.77
Share-based payments expense (refer note 42) i	14.78	18.56
Staff welfare expenses	93.51	71.75
	2,038.88	**1,911.08**

i Share-based payments expense charges includes net recovery of ₹ 0.04 crore from subsidiaries. (31st March, 2020: ₹ 0.35 crore) (refer note 41)

Notes to the standalone financial statements

Note 34: Finance costs

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest on provision for claims - DPCO	6.89	7.00
Interest on lease liabilities (refer note 2.2)	6.82	9.64
Interest on working capital demand loan and bank overdraft	13.52	0.05
Interest others (including interest on taxes)	17.84	19.36
	45.07	**36.05**

Note 35: Depreciation, impairment and amortisation expense

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Depreciation on property, plant and equipment (refer note 2.1)	444.93	476.22
Impairment of tangible assets (refer note 2.1)	4.16	14.96
Depreciation on right-of-use assets (refer note 2.2)	28.62	38.75
Impairment of capital work-in-progress (refer note 2.4)	1.44	-
Depreciation on investment properties (refer note 3)	2.65	2.75
Impairment on intangible assets (refer note 4)	7.43	4.03
Amortisation of intangible assets (refer note 4)	66.88	63.07
	556.11	**599.78**

Note 36: Other expenses

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Manufacturing expenses	499.07	501.71
Stores and spares	98.18	120.33
Repairs and maintenance:		
Buildings	25.50	27.16
Plant and equipment	93.91	93.46
Insurance	38.99	28.58
Rent (refer note 2.2)	38.66	27.04
Rates and taxes	50.62	42.38
Power and fuel	234.58	253.95
Travelling and conveyance	84.95	315.86
Sales promotion expenses	289.98	321.49
Commission on sales	180.49	220.18
Freight and forwarding	208.19	159.70
Allowance for credit loss (net) (refer note 45)	19.65	103.50
Contractual services	189.43	178.38
Non-executive directors remuneration (refer note 41)	8.64	8.57
Postage and telephone expenses	18.37	19.29
Legal and professional fees	471.88	557.13
Payment to auditors		
Audit fees	1.56	1.25
Tax audit fees	0.30	0.30
For other services (includes consolidation fees, certifications, etc.)	0.85	0.38
Reimbursement of expenses	0.04	0.26
Corporate social responsibility expenditure (CSR) (refer note 46)	42.84	36.31
Donations[i]	1.90	17.14
Research - clinical trials, samples and grants	185.07	391.51
Miscellaneous expenses[ii]	256.28	295.71
	3,039.93	**3,721.57**

i. Includes ₹ nil towards donation to Electoral fund (31st March, 2020: ₹ 15 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, 2021	For the year ended 31st March, 2020
The amount of expenditure as shown in the respective heads of account is as under:		
R&D capital expenditure (gross)		
Building	0.59	4.13
Assets other than building	22.19	41.15
	22.78	**45.28**
Less: Realisation on sale of R&D assets		
Assets other than building	0.08	0.05
	0.08	**0.05**
Total R&D capital expenditure (net)	**22.70**	**45.23**
R&D revenue expenditure included in the profit or loss (excluding depreciation)		
Materials consumed	165.14	182.06
Employee benefits expense	225.68	206.24
Power and fuel	21.75	25.36
Repairs and maintenance	24.71	17.86
Manufacturing expenses	19.95	24.84
Professional fees	82.75	104.08
Research - clinical trials, samples and grants	70.26	246.44
Printing and stationery	0.33	0.21
Travelling expenses	2.37	13.38
Other research and development expenses	135.08	140.74
Allocated manufacturing expenses for R&D batches	20.33	14.89

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Total R&D revenue expenditure	**768.35**	**976.10**
Total R&D expenditure	**791.05**	**1,021.33**
Amount eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961		
R&D capital expenditure (gross)	22.19	41.15
R&D revenue expenditure*	768.35	881.61
	790.54	**922.76**
Less: Realisation on sale of R&D assets	0.08	0.05
	790.46	**922.71**
Revenue from operations	**13,900.58**	**12,659.15**
Total R&D expenditure/ revenue	5.69%	8.07%
Total eligible R&D expenditure/revenue	5.69%	7.29%

*Pursuant to provisions of section 35(2AB) of the Income tax, Act, 1961 the weighted deduction on R&D has been restricted to 100% from the assessment year 2021-22. Hence, the Company has allowed deduction to the extent of 100% on R&D expenses while computing current tax provision.

Note 38: Scheme of arrangement

The Board in its meeting held on 29th January, 2021 has approved a draft scheme of arrangement (Scheme) which entails demerger of the US business undertaking (Demerged Undertaking 1) of Cipla Limited (Demerged Company) into its wholly-owned subsidiary, Cipla BioTec Limited (Resulting Company 1) and consumer business undertaking (Demerged Undertaking 2) of Cipla Limited into its wholly-owned subsidiary, Cipla Health Limited (Resulting Company 2) pursuant to Sections 230 to 232 and the other relevant provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Scheme would be subject to the receipt of requisite approvals including from the National Company Law Tribunal, BSE Limited, National Stock Exchange of India Limited and Securities and Exchange Board of India, the shareholders and/or creditors of the Demerged Company, Resulting Company 1 and Resulting Company 2. Pending aforementioned approval, the Scheme has not been accounted for in the financial statements.

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, 2021	As at 31st March, 2020
Contingent liabilities		
Claims against the Company not acknowledged as debt	152.14	310.56
Guarantees*	1,279.58	2,266.02
Letters of credit	81.40	67.28
Income tax on account of disallowance/ additions	49.97	49.97
Excise duty/service tax on account of valuation/cenvat credit	129.68	129.71
Sales tax on account of credit/classification	8.02	6.48
	1,700.79	**2,830.02**
Commitments		
(a) Estimated amount of contracts unexecuted on capital account	272.16	291.78

*The Company has given guarantees in favour of various banks for ₹ 1,094.84 crore (31st March, 2020: ₹ 2,084.39 crore) relating to loan obtained by Cipla (EU) Limited and InvaGen Pharmaceuticals Inc. (wholly-owned subsidiaries). (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 Supreme Court (SC) judgement 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 EPF Act. 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) Order. The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 3,676.07 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

Notes to the standalone financial statements

Note 39: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

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 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.

The Company had filed amendment applications before the Honourable Bombay High Court to incorporate the effect of a ruling by the Honourable Supreme Court 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 the amendment applications and set 25th January, 2021 for further hearing but the case was not listed 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. 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 ₹ 3,281.31 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 ₹ 111.15 crore as of 31st March, 2021 for products not part of the referenced writ proceedings. Further, no new recovery notices were received by the Company during the year, thus not requiring any fresh cases to be filed by the Company in that regard. Due to COVID-19, courts are hearing only urgent cases, hence the writs that are pending will be heard in due course.

Notes to the standalone financial statements

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 the Cipla Limited Employees Provident Fund Trust (the "Provident Fund") managed by the Company.

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.

Note 40 : Employee benefits (Contd.)

d. Charge to the profit or loss

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Defined contribution plan		
Employees' pension scheme	28.25	30.95
Others - ESIS, Labour welfare fund, etc.	2.19	3.17
	30.44	**34.12**
Defined benefit plan		
Gratuity (refer table (e) below)	25.08	21.35
Provident fund (refer table (f) below)	39.61	41.30
	64.69	**62.65**
Total contribution to provident fund and other fund	**95.13**	**96.77**

e. Disclosures for defined benefit plans based on actuarial reports

₹ in Crores

Particulars	31st March, 2021 Gratuity (funded plan)	31st March, 2020 Gratuity (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	163.45	133.11
Interest cost	10.82	10.37
Current service cost	23.16	22.09
Actuarial changes arising from changes in demographic assumptions	(0.07)	18.41
Actuarial changes arising from changes in financial assumptions	1.12	7.64

Notes to the standalone financial statements

Note 40 : Employee benefits (Contd.)

₹ in Crores

Particulars	31st March, 2021 Gratuity (funded plan)	31st March, 2020 Gratuity (funded plan)
Actuarial changes arising from changes in experience assumptions	(13.92)	(7.28)
Benefits paid	(17.20)	(20.89)
Liability at the end of the year	**167.36**	**163.45**
ii. Change in fair value of assets		
Opening fair value of plan assets	135.51	142.63
Expected return on plan assets	8.90	11.11
Return on plan assets, excluding interest income	5.45	(3.58)
Contributions by employer	28.10	15.00
Benefits paid	(14.86)	(29.64)
Closing fair value of plan assets	**163.10**	**135.51**
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(167.36)	(163.45)
Fair value of plan assets as at year end	163.10	135.51
Net asset/(liability) recognised	**(4.26)**	**(27.94)**
iv. Expenses recognised in profit or loss		
Current service cost	23.16	22.09
Interest on defined benefit obligation	10.82	10.37
Expected return on plan assets	(8.90)	(11.11)
Total expense recognised in profit or loss	**25.08**	**21.35**

Note 40 : Employee benefits (Contd.)

₹ in Crores

Particulars	31st March, 2021 Gratuity (funded plan)	31st March, 2020 Gratuity (funded plan)
v. Expenses recognised in other comprehensive income (OCI)		
Actuarial changes arising from changes in demographic assumptions	(0.07)	18.41
Actuarial changes arising from changes in financial assumptions	1.12	7.64
Actuarial changes arising from changes in experience assumptions	(13.92)	(7.28)
Actuarial gain/ (loss) return on plan assets, excluding interest income	(5.45)	3.58
Net (income)/ expense for the period recognised in OCI	**(18.32)**	**22.35**
vi. Actual return on plan assets		
Expected return on plan assets	8.90	11.11
Actuarial gain/ (loss) on plan assets	5.45	(3.58)
Actual return on plan assets	**14.35**	**7.53**
vii. Asset information		
Insurer managed funds	**100%**	**100%**
viii. Expected employer's contribution for the next year	**17.14**	**45.00**

Notes to the standalone financial statements

Note 40 : Employee benefits (Contd.)

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:

Principal actuarial assumptions used	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Financial assumptions:		
Discounted rate (per annum)	6.87%	6.84%
Expected rate of return on plan assets	6.87%	6.84%
Expected rate of future salary increase (per annum)		
- For the next 1 year	7.00%	5.00%
- Thereafter starting from the 2nd year	5.00%	5.00%
Demographic assumptions:		
Mortality rate	Indian assured lives Mortality (2012-14) 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%	5.00%

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, 2021		For the Year ended 31st March, 2020	
Discount rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	(13.76)	16.36	(13.45)	15.71
Salary growth rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	16.53	(14.16)	15.84	(13.79)
Attrition rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	2.25	(2.56)	2.14	(2.46)

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.

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, 2021	As at 31st March, 2020
1st following year	12.39	10.75
2nd following year	14.29	10.89
3rd following year	12.29	12.35
4th following year	16.50	15.08
5th following year	13.84	16.07
Sum of years 6 to 10	63.57	60.63
Sum of years 11 and above	231.86	235.44

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, 2021 Provident fund (funded plan)	31st March, 2020 Provident fund (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	1,085.93	945.15
Interest cost	92.81	82.13
Current service cost	39.61	41.30
Employee contribution	85.76	82.43
Liability transferred in	15.06	25.63
Benefits paid	(128.49)	(140.46)
Other experience adjustment	24.49	49.75
Liability at the end of the year	**1,215.17**	**1,085.93**
ii. Change in fair value of assets		
Opening fair value of plan assets	1,094.00	962.45
Expected return on plan assets	92.81	82.13
Actuarial gain	24.49	49.75
Contributions	125.37	123.73
Transfer of plan assets	15.06	25.63
Benefits paid	(128.49)	(140.46)
Other experience adjustment	8.99	(9.23)
Closing fair value of plan assets	**1,232.23**	**1,094.00**
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(1,215.17)	(1,085.93)
Fair value of plan assets as at year end	1,232.23	1,094.00
Funded status	(17.06)	(8.07)
Net asset/(liability) recognised	**-**	**-**
iv. Expenses recognised in profit or loss		
Current service cost	39.61	41.30
Interest cost	92.81	82.13
Expected return on plan assets	(92.81)	(82.13)
Total expense recognised in profit or loss	**39.61**	**41.30**
v. Actual return on plan assets		
Expected return on plan assets	92.81	82.13
Actuarial gain on plan assets	24.49	49.75
Actual return on plan assets	**117.30**	**131.88**

Notes to the standalone financial statements

Note 40: Employee benefits (Contd.)

₹ in Crores

Particulars	31st March, 2021 Provident fund (funded plan)	31st March, 2020 Provident fund (funded plan)
vi. Asset information		
Investment in PSU bonds	513.62	475.27
Investment in Government securities	565.90	502.73
Bank special deposit	15.58	15.58
Investment in other securities	41.12	42.10
Equity/insurer managed funds/mutual funds	93.71	52.67
Cash and cash equivalents	2.30	5.65
Total assets at the end of the year	**1,232.23**	**1,094.00**
vii. Principal actuarial assumptions used		
Discounted rate (per annum)	6.87%	6.84%
Expected rate of return on plan assets (per annum)	8.50%	8.50%
Expected rate of future salary increase (per annum)		
- For the next 1 year	7.00%	5.00%
- Thereafter starting from the 2nd year	5.00%	5.00%
viii. Experience adjustments		
Defined benefit obligation	1,215.17	1,085.93
Plan assets	(1,232.23)	(1,094.00)
Deficit/(surplus)	**(17.06)**	**(8.07)**
Experience adjustment on plan assets - gain	24.49	49.75

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 ₹ 127.06 crore and ₹ 121.07 crore as at 31st March, 2021 and 31st March, 2020, respectively.

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)**
	Cipla (Mauritius) Limited (Liquidated on 17th May, 2020)
	Cipla Medpro South Africa (Pty) Limited
	Cipla Holding B.V.
	Cipla Biotec Limited (formerly known as Cipla Biotec Private Limited)
	Cipla (EU) Limited
	Cipla Health Limited
	Goldencross Pharma Limited (formerly known as Goldencross Pharma Private Limited)
	Jay Precision Pharmaceuticals Private Limited
	Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited)
	Saba Investment Limited
	Cipla Pharmaceuticals Limited (Incorporated on 19th November, 2019)
(b)	**Subsidiaries (held indirectly)**
	Cipla (UK) Limited (Liquidated on 5th March, 2021)
	Cipla Australia (Pty) Limited
	Medispray Laboratories Private Limited
	Sitec Labs Limited (formerly known as Sitec Labs Private Limited)
	Meditab Holdings Limited
	Cipla Kenya Limited
	Cipla Malaysia Sdn. Bhd.
	Cipla Europe NV

Notes to the standalone financial statements

Note: 41 Related Party Disclosures (Contd.)

Sr. No.	Name of the Company
	Cipla Quality Chemical Industries Limited
	Inyanga Trading 386 (Pty) Limited (under liquidation)
	Cipla Medpro Holdings (Pty) Limited (under liquidation)
	Cape to Cairo Exports (Pty) Limited (De-registered w.e.f. 27th August, 2020)
	Cipla Dibcare (Pty) Limited (under liquidation)
	Cipla Life Sciences (Pty) Limited
	Cipla Medpro (Pty) Limited
	Cipla Medpro Distribution Centre (Pty) Limited
	Cipla Medpro Botswana (Pty) Limited
	Cipla OLTP (Pty) Limited (formerly known as Cipla Nutrition (Pty) Limited)
	Medpro Pharmaceutica (Pty) Limited
	Breathe Free Lanka (Private) Limited
	Cipla Medica Pharmaceutical and Chemical Industries Limited (formerly known as Medica Pharmaceutical Industries Company Limited)
	Cipla Pharma Lanka (Private) Limited (amalgamated with Breathe Free Lanka (Private) Limited)
	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda
	Cipla Maroc SA
	Cipla Middle East Pharmaceuticals FZ-LLC
	Quality Chemicals Limited (ceased to be subsidiary w.e.f. 19th August, 2020)
	Cipla Philippines Inc.
	Cipla USA Inc.
	InvaGen Pharmaceuticals Inc.
	Exelan Pharmaceuticals Inc.
	Anmaraté (Pty) Limited (ceased to be subsidiary w.e.f. 19th August, 2020)
	Cipla Biotec South Africa (Pty) Limited
	Cipla Algérie
	Cipla Technologies LLC
	Cipla Gulf FZ-LLC
	Mirren (Pty) Limited
	Madison Pharmaceuticals Inc.
	Cipla (Colombia) SAS (incorporated on 25th April, 2019)
	Cipla (China) Pharmaceutical Co., Ltd (incorporated on 20th May, 2019)
	Cipla (Jiangsu) Pharmaceutical Co., Ltd (incorporated on 8th August, 2019)

Sr. No.	Name of the Company
	Cipla Therapeutics Inc. (incorporated on 15th May, 2020)
	Tasfiye Halinde Cipla İlaç Ticaret Anonim Şirketi (formerly known as Cipla İlaç Ticaret Anonim Şirketi) (Liquidated on 7th October, 2019)
(c)	**Associates held directly**
	AMPSolar Power Systems Private Limited (w.e.f. 12th June, 2019)
	GoApptiv Private Limited (Acquisition of 21.85% stake and associate from 27th July, 2020)
(d)	**Associates held indirectly**
	Stempeutics Research Private Limited
	Avenue Therapeutics Inc.
	Brandmed (Pty) Ltd (w.e.f. 24th April, 2019)
B.	**Key Management personnel (KMP)**
	Ms Samina Hamied - Executive Vice-Chairperson
	Mr Umang Vohra – Managing Director and Global Chief Executive Officer
	Mr Kedar Updhaye - Global Chief Financial Officer
	Dr Raghunathan Ananthanarayanan - 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
E.	**Entities over which Company is able to exercise control/significant influence**
	Cipla Foundation
	Chest Research Foundation (formerly known as Hamied Foundation upto 14th October, 2019)
	Cipla Cancer and AIDS Foundation
F.	**Post-employment benefit trusts**
	Cipla Limited Employees Provident Fund
	Cipla Limited Employees Gratuity Fund
G.	**Trust over which entity has control/significant influence**
	Cipla Employees Stock Option Trust
	Cipla Health Employees Stock Option Trust

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A. Equity component of ICD converted on account of loan conversion		
Meditab Specialities Limited (refer note 5)	-	50.70
	-	**50.70**
B. Investment in equity shares of Subsidiaries		
Cipla (EU) Limited	1,191.48	2,093.48
Cipla (EU) Limited (Allotment pending)	32.72	-
Cipla Health Limited	136.01	40.00
Meditab Specialities Limited (refer note 5)	-	224.15
Cipla Pharmaceuticals Limited	-	20.00
	1,360.21	**2,377.63**
C. Investment in equity shares of Associates		
AMPSolar Power Systems Private Limited (refer note 5)	-	0.09
GoApptiv Private Limited (refer note 5)	1.80	-
	1.80	**0.09**
D. Investment in Compulsory Convertible Preference Share of Associates		
GoApptiv Private Limited (refer note 5)	7.20	-
	7.20	**-**
E. Investment in Compulsory Convertible Debentures of Associates		
AMPSolar Power Systems Private Limited (refer note 5)	-	8.91
	-	**8.91**

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
F. Sale/buy- back of investment in equity shares		
Cipla (Mauritius) Limited (refer note 5)	-	1.27
	-	**1.27**
G. Share cancellation		
Cipla Holding B.V. (refer note 5)	-	94.07
	-	**94.07**
H. Loan repaid		
Meditab Specialities Limited (refer note 5)	-	173.45
	-	**173.45**
I. Loans given/ unwinding of interest		
Meditab Specialities Limited	-	4.37
	-	**4.37**
J. Outstanding payables		
Goldencross Pharma Limited	37.82	42.47
Sitec Labs Limited	41.23	23.41
Medispray Laboratories Private Limited	137.38	68.02
Cipla Malaysia Sdn. Bhd.	2.90	2.10
Jay Precision Pharmaceuticals Private Limited	13.07	12.16
Cipla Biotec Limited	8.86	4.10
Meditab Specialities Limited	14.50	9.60
Cipla Gulf FZ LLC	-	0.89
Cipla Kenya Limited	13.17	14.24
Cipla (China) Pharmaceutical Co., Ltd	12.27	5.19
Cipla Colombia SAS	0.75	-
Cipla Holding B.V.	5.07	-
Cipla Life Sciences (Pty) Ltd	-	0.02
InvaGen Pharmaceuticals Inc.	0.31	-

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Saba Investment Limited	0.33	-
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda	9.69	10.23
	297.35	**192.43**
K. Outstanding receivables		
Cipla Gulf FZ LLC	19.45	-
Quality Chemicals Limited	-	12.07
Breathe Free Lanka (Private) Limited	62.27	75.88
Cipla Quality Chemical Industries Limited	42.11	41.64
Cipla Australia Pty Limited	91.95	28.69
Cipla USA Inc.	759.23	910.26
Cipla Medpro South Africa (Pty) Limited	41.26	260.70
Medpro Pharamaceutica (Pty) Limited	333.36	-
Cipla Holding B.V.	-	0.03
Cipla Health Limited	19.23	27.48
Mirren (Pty) Limited	0.40	-
Cipla Middle East Pharmaceuticals FZ-LLC	86.57	87.44
Cipla Maroc S.A.	3.90	2.99
Exelan Pharmaceuticals Inc.	22.13	15.74
Cipla Technologies LLC	3.51	7.49
Cipla Medica Pharmaceutical and Chemical Industries Limited (formerly known as Medica Pharmaceutical Industries Company Limited)	0.97	0.63
Cipla (EU) Limited	85.99	35.24
Cipla Colombia SAS	-	21.65
Cipla Europe NV	50.19	35.15
Stempeutics Research Private Limited	0.00	-
InvaGen Pharmaceuticals Inc.	-	6.14
Saba Investment Limited	-	0.01
	1,622.52	**1,569.23**
L. Capital advance		
Meditab Specialities Limited	55.74	55.74
	55.74	**55.74**
M. Electricity charges paid		
AMPSolar Power Systems Private Limited	2.42	-
	2.42	**-**
N. Interest received		
Meditab Specialities Limited	-	4.37
Cipla Medpro South Africa (Pty) Limited	1.47	-
Cipla (EU) Limited (Guarantee commission)	3.66	6.80
InvaGen Pharmaceuticals Inc. (Guarantee commission)	5.37	10.08
Cipla Australia Pty Limited (Guarantee commission)	0.11	0.04
	10.61	**21.29**
O. Remuneration to Key Management Personnel and Directors		
Short-term employee benefits	19.63	16.54
Post-employment benefits*	0.51	0.51
Commission to directors	11.37	10.27

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Sitting fee	0.77	0.59
Share-based payments expense	5.23	5.27
	37.51	**33.18**
* 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.		
P. Purchase of goods		
Goldencross Pharma Limited	73.86	102.71
Medispray Laboratories Private Limited	133.53	142.64
Meditab Specialities Limited	3.45	0.04
Jay Precision Pharmaceuticals Private Limited	91.36	96.84
Cipla Quality Chemical Industries Limited	0.20	1.08
Cipla Health Limited	20.70	1.07
InvaGen Pharmaceuticals Inc.	0.01	0.41
Sitec Labs Limited	(0.06)	-
	323.06	**344.79**
Q. Commission paid		
Cipla Kenya Limited	5.15	-
	5.15	**-**
R. Processing charges paid		
Goldencross Pharma Limited	56.48	52.00
Medispray Laboratories Private Limited	44.29	48.19
Meditab Specialities Limited	30.71	36.19
Exelan Pharmaceuticals Inc.	(0.23)	-
	131.26	**136.38**
S. Testing and analysis charges paid		
Sitec Labs Limited	82.82	82.98
Stempeutics Research Private Limited	-	2.06
Cipla Biotec Limited	0.44	0.09
	83.26	**85.13**
T. Freight charges paid		
Goldencross Pharma Limited	0.14	0.28
Meditab Specialities Limited	-	0.00
Stempeutics Research Private Limited	-	0.02
	0.14	**0.30**
U. Sale of goods		
Goldencross Pharma Limited	1.10	3.69
Meditab Specialities Limited	0.36	0.30
Medispray Laboratories Private Limited	29.21	20.86
Cipla Quality Chemical Industries Limited	10.11	24.44
Cipla Health Limited	21.59	1.01
Sitec Labs Limited	0.49	0.45
Cipla Biotec Limited	1.41	-
Cipla (EU) Limited	113.64	46.77
Cipla Europe NV	102.13	110.95
Cipla Medpro South Africa (Pty) Limited	15.47	17.27
Cipla Australia Pty Limited	56.16	10.99
Cipla USA Inc.	1,384.05	1,516.03
Quality Chemicals Limited	0.70	9.49
InvaGen Pharmaceuticals Inc.	5.18	2.37
Cipla Kenya Limited	11.85	2.39
Cipla Maroc S.A.	22.38	15.41
Cipla Middle East Pharmaceuticals FZ-LLC	166.74	112.04
Breathe Free Lanka (Private) Limited	122.14	87.93
Cipla Colombia SAS	4.42	20.50

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cipla Colombia SAS*	(11.89)	-
Cipla Gulf FZ-LLC	40.68	32.20
Cipla Life Sciences (Pty) Limited	-	0.18
Medpro Pharamaceutica (Pty) Limited	482.40	474.79
Exelan Pharmaceuticals Inc.	120.99	48.40
	2,701.32	**2,558.46**
* relates to subvention		
V. Sale of assets		
Cipla Quality Chemical Industries Limited	0.55	-
Meditab Specialities Limited	-	0.01
Medispray Laboratories Private Limited	0.50	0.23
Mirren (Pty) Limited	0.42	-
Cipla Medpro South Africa (Pty) Limited	0.28	-
Medpro Pharamaceutica (Pty) Limited	2.28	-
Cipla Biotec Limited	-	0.02
InvaGen Pharmaceuticals Inc.	0.32	0.17
	4.35	**0.43**
W. Purchase of assets		
Cipla Biotec Limited	0.05	0.64
Cipla (EU) Limited	25.19	-
InvaGen Pharmaceuticals Inc.	0.55	-
Meditab Specialities Limited	0.78	-
Medispray Laboratories Private Limited	0.08	-
Goldencross Pharma Limited	0.09	-
Stempeutics Research Private Limited	2.00	-
	28.74	**0.64**

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
X. Processing charges received		
Meditab Specialities Limited	-	0.83
Medispray Laboratories Private Limited	0.89	1.91
	0.89	**2.74**
Y. Contribution to provident fund and other fund		
Cipla Limited Employee Gratuity Fund	28.10	15.00
Cipla Limited Employee Provident Fund	39.64	41.30
	67.74	**56.30**
Z. Service charges paid		
Cipla Biotec Limited	13.93	13.90
Cipla (EU) Limited	5.16	9.59
Cipla (UK) Limited	-	0.39
Cipla Australia Pty Limited	13.50	14.38
Cipla Maroc S.A.	(0.05)	-
Cipla USA Inc.	0.04	40.73
Cipla Malaysia Sdn. Bhd.	10.26	12.27
Cipla Europe NV	0.18	23.59
Quality Chemicals Limited	0.47	2.20
Cipla Health Limited	1.03	1.21
Cipla (China) Pharmaceutical Co., Ltd	8.25	5.41
Cipla Gulf FZ-LLC	7.32	14.99
Exelan Pharmaceuticals Inc.	-	13.14
Cipla Quality Chemical Industries Limited	0.00	-
GoApptiv Private Limited	0.48	-
Cipla Holding B.V.	5.19	-
Stempeutics Research Private Limited	1.16	-
	70.19	**151.80**

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
AA. Service charges received		
Cipla Biotec Limited	0.01	2.67
Cipla Health Limited	32.78	16.99
Cipla (EU) Limited	0.80	1.59
Cipla (UK) Limited	-	0.01
Cipla Europe NV	0.17	0.10
Cipla Holding B.V.	0.06	0.04
Cipla Technologies LLC	3.50	5.62
Cipla USA Inc.	1.36	0.38
InvaGen Pharmaceuticals Inc.	1.02	1.64
Goldencross Pharma Private Limited	0.04	0.07
Medispray Laboratories Private Limited	0.15	0.18
Cipla Quality Chemical Industries Limited	0.19	0.19
Cipla Australia Pty Limited	0.05	0.01
Breathe Free Lanka (Private) Limited	0.01	0.01
Cipla Kenya Limited	0.00	0.00
Cipla Maroc S.A.	0.09	0.01
Exelan Pharmaceuticals Inc.	0.06	0.08
Meditab Specialities Limited	0.05	0.09
Cipla Malaysia Sdn. Bhd.	0.00	0.00
Sitec Labs Limited	0.29	0.11
Medpro Pharamaceutica (Pty) Limited	0.44	0.45
Cipla Gulf FZ-LLC	0.55	0.26
	41.62	**30.50**
AB. Donations given		
Cipla Foundation	30.75	35.11
Chest Research Foundation	-	2.00
	30.75	**37.11**

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
AC. Rent received		
Dr Y K Hamied (₹ 20,040/- in both the years)	0.00	0.00
Cipla Biotec Limited	1.33	1.33
	1.33	**1.33**
AD. Reimbursement of operating/other expenses		
Cipla Biotec Limited	-	0.09
Cipla Maroc S.A.	-	0.13
Cipla Quality Chemical Industries Limited	0.24	0.18
Meditab Specialities Limited	0.01	0.02
InvaGen Pharmaceuticals Inc.	8.55	8.83
Cipla Health Limited	17.71	15.24
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda	9.20	10.23
Cipla Kenya Limited	0.41	0.58
Cipla USA Inc.	24.12	10.01
Stempeutics Research Private Limited	-	0.31
Cipla (UK) Limited	-	0.01
Cipla Colombia SAS	2.78	4.09
Cipla Technologies LLC	0.01	0.06
Medispray Laboratories Private Limited	0.17	0.00
Medpro Pharamaceutica (Pty) Limited	0.26	0.95
Quality Chemicals Limited	-	0.02
GoApptiv Private Limited	13.46	-
Cipla Gulf FZ-LLC	0.50	-
	77.42	**50.75**

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
AE. Reimbursement received of operating/other expenses		
Goldencross Pharma Limited	0.36	0.61
Meditab Specialities Limited	0.33	0.46
Jay Precision Pharmaceuticals Private Limited	0.04	0.36
Cipla Health Limited	0.43	3.48
Cipla Gulf FZ-LLC	0.03	0.01
Cipla (EU) Limited	0.59	1.13
Cipla Australia Pty Limited	0.10	0.10
Cipla (UK) Limited	-	0.00
Cipla Quality Chemical Industries Limited	0.43	0.37
Cipla USA Inc.	0.92	2.23
Medispray Laboratories Private Limited	0.80	0.89
Cipla Biotec Limited	2.44	0.01
Sitec Labs Limited	0.34	0.39
Cipla Europe NV	0.71	1.12
InvaGen Pharmaceuticals Inc.	1.04	1.52
Breathe Free Lanka (Private) Limited	0.23	0.23
Cipla Malaysia Sdn. Bhd.	0.05	0.05
Cipla Maroc S.A.	0.14	0.30
Cipla Holding B.V.	0.19	0.16
Cipla Technologies LLC, USA	0.02	1.63
Exelan Pharmaceuticals Inc.	0.19	0.05
Cipla Kenya Limited	-	0.08
Medpro Pharamaceutica (Pty) Ltd	2.25	2.13
Cipla Brasil Importadora E Distribuidora De Medicamentos Limiteda	0.01	0.00
Cipla Colombia SAS	0.03	0.01
	11.67	**17.32**
AF. Royalty received		
Cipla Health Limited	7.20	4.00
Cipla Quality Chemical Industries Limited	10.90	7.44
Cipla Medpro South Africa (Pty) Limited	55.68	44.58
	73.78	**56.02**
AG. Technical Know-How fees Received		
Cipla Health Limited	17.22	1.55
	17.22	**1.55**
AH. Royalty paid		
Cipla (EU) Limited	3.53	4.19
	3.53	**4.19**
AI. Dividend received		
Cipla Medpro South Africa (Pty) Limited	-	476.73
Saba Investment Limited	-	15.05
Jay Precision Pharmaceuticals Private Limited	-	18.29
Goldencross Pharma Limited	-	18.39
Cipla Holding B.V.	-	8.75
Meditab Specialities Limited	-	28.30
	-	**565.51**
AJ. Corporate guarantee given on behalf of subsidiary Companies*		
Cipla (EU) Limited	446.92	833.72
InvaGen Pharmaceuticals Inc.	647.92	1,250.67
	1,094.84	**2,084.39**

* To the extent of loan outstanding

Notes to the standalone financial statements

Note 41: Related Party Disclosures (Contd.)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
AK. Performance guarantee given on behalf of subsidiary Companies		
Cipla Australia Pty Limited	25.07	20.73
	25.07	**20.73**
AL. Dividend paid to Key Management Personnel and Directors		
	-	**151.81**
AM. Payable to Key Management Personnel and Directors (Performance Bonus and Commission)		
	17.72	**15.17**
AN. Contribution payable to gratuity/provident fund		
Cipla Limited Employee Provident Fund	11.02	10.37
Cipla Limited Employee gratuity fund	4.26	27.94
	15.28	**38.31**

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 schemes

A. Employee stock option scheme ('ESOP')

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 ESOS plans and grants stock options to 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	15th May, 2020	2,54,140	2.00	2 Year	5 years from Vesting date
ESOS 2013 - A	15th May, 2020	12,319	2.00	1 Year	5 years from Vesting date

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2 each.

Weighted average share price for options exercised during the year :

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	744.97

Stock option activity under the scheme(s) for the year ended 31st March, 2021 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	**9,25,007**	**2.00**	**2.00**	**4.57**
Granted during the year	2,66,459	2.00	2.00	-
Forfeited/cancelled during the year	94,099	2.00	2.00	-
Lapsed during the year	41,120	2.00	2.00	
Exercised during the year	2,24,040	2.00	2.00	-
Outstanding at the end of the year	**8,32,207**	**2.00**	**2.00**	**4.79**
Exercisable at the end of the year	3,08,586	2.00	2.00	3.38

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 (%)	1.05%
Expected volatility	26.67%
Risk-free interest rate	5.46%
Weighted average share price (₹)	569.75
Exercise price (₹)	2.00
Expected life of options granted in years	4.45
Weighted average fair value of options (₹)	542.15

Notes to the standalone financial statements

Note 42: Employee stock option scheme (Contd.)

The effect of share-based payment transactions on the entity's profit or loss for the period and earnings per share is presented below:

Particulars	31st March, 2021	31st March, 2020
Profit after tax as reported (₹ in Crore)	2,468.28	2,318.17
Share-based payment expense (₹ in Crore)	14.78	18.56
Earnings per share		
Basic (₹)	30.79	28.99
Diluted (₹)	30.76	28.95

B. Employee Stock Appreciation Rights ('ESARs')

The Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR Scheme 2021 / the Scheme')" as approved by the shareholders by postal ballot on 25th March, 2021. The plan will cover all the employees, including director(s) other than independent directors of the Company and its subsidiaries [collectively "eligible employees"]. The nomination and remuneration committee of the Board of Cipla Limited will administer this scheme and grant ESARs to the eligible employees. Further, the maximum number of Employee Stock Appreciation Rights (ESARs) that may be granted under the Scheme shall not exceed 1,75,00,000 and the maximum number of equity shares that may be issued towards appreciation of the ESARs to be granted under the Scheme shall not exceed 33,00,000 of ₹ 2/- each, i.e. face value. As at 31st March, 2021 no ESARs have been granted.

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, 2021	Maximum balance during the year	As at 31st March, 2020	Maximum balance during the year
1	Meditab Specialities Limited	Loan	-	-	-	173.45

(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, 2021	For the year ended 31st March, 2020
1	Meditab Specialities Limited (refer note 5(viii) and 41)	-	4.37

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.

Notes to the standalone financial statements

Note 44: Details of loans given, investment made and guarantee given (Contd.)

c) Refer note 5 for investments.

d) Corporate guarantees given by the Company in respect of loans obtained by subsidiaries*

₹ in Crores

Name of the Company	As at 31st March, 2021	As at 31st March, 2020
Cipla (EU) Limited (refer note 41)	446.92	833.72
InvaGen Pharmaceuticals Inc. (refer note 41)	647.92	1,250.67
	1,094.84	**2,084.39**

* To the extent of loan outstanding

e) Corporate guarantees given by the Company in respect of performance obligation of subsidiaries

₹ in Crores

Name of the Company	As at 31st March, 2021	As at 31st March, 2020
Cipla Australia Pty Ltd	25.07	20.73
	25.07	**20.73**

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.

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, 2021 and 31st March, 2020 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.

Note 45: Financial instruments (Contd.)

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 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.

Notes to the standalone financial statements

Note 45: Financial instruments (Contd.)

The carrying value and fair value of financial instruments by categories as on 31st March, 2021, 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)	123.79	-	-	182.56
Investments - National savings certificate (refer note 5)	0.00	-	-	0.00
Investments in associate (refer note 5)	0.61	-	-	0.61
Financial assets at fair value through profit or loss				
Investments in mutual funds (refer note 11)	2,004.84	2,004.84	-	-
Investments - Saraswat Co-operative Bank Limited (refer note 5)	0.00	-	-	0.00
Derivatives not designated as hedge (refer note 16)	1.90	-	1.90	-
Financial assets at fair value through other comprehensive income				
Derivatives designated as hedge (refer note 16)	59.71	-	59.71	-
Investments Limited liability Partnership (refer note 5)	40.00	-	-	40.00
Financial liabilities:				
Financial liabilities at amortised cost				
Lease liabilities (refer note 20 and 25)	52.12	-	-	52.12

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 savings 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

Notes to the standalone financial statements

Note 45: Financial instruments (Contd.)

₹ in Crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
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	-

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 include trade receivables, security deposits, loans and advances, etc., arises from its operation.

The Company has constituted a Risk Management Committee consisting of a 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 the adverse impact on the business objectives and enhance the Company’s competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying 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 othe 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, 2021	As at 31st March, 2020
Forward contracts - Sold	USD	INR	2,885.12	2,178.37
Forward contracts - Sold	ZAR	INR	660.27	348.09
Forward contracts - Sold	AUD	INR	94.68	-
Forward contracts - Sold	GBP	INR	90.68	-
Foreign exchange currency options contracts - Sold and bought	USD	INR	270.50	227.00
Unhedged foreign exchange exposures:				
Trade and other receivables			381.60	829.30
Cash and cash equivalents			0.67	1.77
Trade and other payables			(261.41)	(463.11)

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, 2021					
	USD	EUR	GBP	ZAR	Other Currency	Total
Trade and other receivables	241.05	78.36	-	32.60	29.59	381.60
Cash and cash equivalents	0.28	-	-	-	0.39	0.67
Trade and other payables	(152.89)	(51.68)	(19.81)	(3.89)	(33.14)	(261.41)
Net assets / (liabilities)	**88.44**	**26.68**	**(19.81)**	**28.71**	**(3.16)**	**120.86**

₹ 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**

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, 2020 - 5%) 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, 2021	For the year ended 31st March, 2020
Movement in exchange rate		
USD - INR	5%	5%
EUR - INR	5%	5%
GBP - INR	5%	5%
ZAR - INR	5%	5%
Other currency	5%	5%
Impact on profit/ loss		
USD - INR	4.42	12.41
EUR - INR	1.33	0.68
GBP - INR	(0.99)	1.21
ZAR - INR	1.44	2.06
Other currency	(0.16)	2.04

(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, 2021, the investments in debt mutual funds amounts to ₹ 2004.84 crore (31st March, 2020: ₹ 834.43 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 ₹ 20.04 crore gain in profit or loss (31st March, 2020: ₹ 8.34 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, 2021	As at 31st March, 2020
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, 2021.

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, 2021	2,280.18	665.07	62.57	123.19	3,131.01
As at 31st March, 2020	2,688.88	748.53	129.35	157.32	**3,724.08**

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.

Note 45: Financial instruments (Contd.)

The details of changes in allowance for credit losses during the year ended 31st March, 2021 and 31st March, 2020 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, 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**
Provided during the year	-	-	-	72.23	**72.23**
Reversals of provision	-	(0.08)	-	(133.31)	**(133.39)**
Effect of changes in the foreign exchange rates	-	-	-	(7.09)	**(7.09)**
As at 31st March, 2021	**2.25**	**0.78**	**0.46**	**95.64**	**99.13**

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, the 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, 2021 and 31st March, 2020. 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, 2021:

₹ in Crores

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
Non derivative:				
Trade payables	1,495.49	-	-	**1,495.49**
Other financial liabilities	261.19	30.04	53.05	**344.28**
	1,756.68	**30.04**	**53.05**	**1,839.77**

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, 2020:

₹ in Crores

Particulars	Less than 1 year	1-5 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	47.84	56.75	**362.58**
Derivative:		-		
Derivatives not designated as hedge - carried at fair value through profit or loss (refer note 45)	17.88	-	-	**17.88**
Derivatives designated as hedge - carried at fair value through OCI (refer note 45)	38.03	-	-	**38.03**
	1,932.08	**47.84**	**56.75**	**2,036.67**

(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	Nominal amount	Carrying amount		Maturity date	Hedge ratio*	Weighted average strike price/rate
		Assets	Liabilities			
31st March, 2021						
Cash flow hedge						
Foreign exchange risk						
i) Foreign exchange forward contracts (refer note 16)	3,172.31	58.40	-	April 2021 - March 2022	1:1	USD 1 = INR 77.59 ZAR 1 = INR 4.70
ii) Foreign exchange currency options contracts sold (refer note 16)	270.50	(2.23)	-	April 2021 - March 2022	1:1	USD 1 = INR 79.68
iii) Foreign exchange currency options contracts bought (refer note 16)	270.50	3.54	-	April 2021 - March 2022	1:1	USD 1 = INR 74.32
Fair value hedge						
Foreign exchange risk						
i) Foreign exchange forward contracts (refer note 16)	558.43	1.90	-	April 2021 - March 2022	1:1	USD 1 = INR 74.16 ZAR 1 = INR 4.90 AUD 1 = INR 56.76 GBP 1 = INR 102.55

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, 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

* 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 profit or loss
31st March, 2021				
Foreign exchange risk				
(i) Cash flow hedge	15.84	-	21.24	-
(ii) Fair value hedge	-	-	-	19.78

₹ 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 profit or loss
31st March, 2020				
Foreign exchange risk				
(i) Cash flow hedge	(28.33)	-	(43.80)	-
(ii) Fair value hedge	-	-	-	(37.70)

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 relationship 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, 2021	As at 31st March, 2020
Opening balance	**(16.91)**	**32.22**
Add: Changes in fair value	15.84	(28.33)
Less: Amount reclassified to profit or loss	21.24	(43.80)
Less: Deferred tax relating to above	(9.33)	23.00
Closing balance	**10.84**	**(16.91)**

Note 46: Corporate social responsibility (CSR) expenditure

The Company has incurred ₹ 42.84 crore (31st March, 2020: ₹ 36.31 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 Company during the year ₹ 42.80 crore (31st March, 2020: ₹ 36.24 crore).

The above includes contribution of ₹ 30.75 crore (31st March, 2020: ₹ 35.11 crore) to Cipla Foundation which is a trust, with the main objective of working in the areas of social, economic and environmental issues.

Note 46: Corporate social responsibility (CSR) expenditure (Contd.)

The Company has not carried any provisions for Corporate social responsibility expenses for current year and previous year.

The Company does not wish to set-off any excess CSR amount spent during the year 2019-20 against current year's CSR obligation.

The Company does not have any ongoing projects as at 31st March, 2021 as defined under Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended).

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, 2021	As at 31st March, 2020
Total debt	-	6.06
Less: Cash and cash equivalent (including current investment and bank deposit with original maturity between 3 to 12 months)	2,868.52	1,346.05
Net debt (A)	(2,868.52)	(1,339.99)
Total equity (B)	19,927.56	17,402.96
Net debt to equity ratio (A/B)	**(0.14)**	**(0.08)**

Notes to the standalone financial statements

Note 47: Capital management (Contd.)

B. Dividend on equity share

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Dividend on equity shares paid during the year		
Final dividend for the year [FY 2019-20 ₹ Nil (FY 2018-19 ₹ 3.00) per equity share of ₹ 2.00 each]	-	241.77
Dividend distribution tax on final dividend	-	34.23
	-	**276.00**
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**
(b) Proposed dividend on equity share not recongised as liability	403.23	-

During the year, the Board of Directors of the Company at its meeting held on 14th May, 2021 has recommended a final dividend of ₹ 5.00 per equity share which is subject to approval at the ensuing Annual General Meeting of the Company and hence was not recognised as a liability.

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, 2021	For the year ended 31st March, 2020
Profit after tax as per profit or loss (₹ in Crore)	2,468.28	2,318.17
Basic weighted average number of equity shares outstanding	80,63,58,447	80,60,17,621
Basic earnings per share of par value ₹ 2/- per share	₹ 30.61	₹ 28.76
Add- Dilutive impact of employee stock options	9,38,507	10,58,934
Diluted weighted average number of equity shares outstanding	80,72,96,954	80,70,76,555
Diluted earnings per share of par value ₹ 2/- per share	₹ 30.57	₹ 28.72

Notes to the standalone financial statements

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 other subsequent events that occurred after the reporting date.

Note 51: Unforeseeable losses

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material forseeable 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: Impact of Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13th November, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

Note 53: Authorisation of financial statements

The financial statements for the year ended 31st March, 2021 were approved by the Board of Directors on 14th May, 2021.

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, 14th May, 2021

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, 14th May, 2021

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, 2021, 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, 2021 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 judgement 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 ('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 (DPCO) as disclosed in Note 45B to the consolidated financial statements, relating to overcharging of certain drugs under DPCO.	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;

Key audit matter	How our audit addressed the key audit matter
According to NPPA's public disclosure, the total demand against the Group aggregates to ₹ 3,676.07 crore as at 31st March, 2021, of which: a) ₹ 3,456.39 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 1st August, 2003 under protest pursuant to direction of Honourable Supreme Court of India; and b) ₹ 219.68 crore relates to other matters, wherein based on facts and legal advice, the Group has recorded a charge of ₹ 6.89 crore (including interest) during the year ended 31st March, 2021 and carries a total provision of ₹ 111.15 crore (including interest) as at 31st March, 2021. 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 or not, 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 judgement in predicting the outcome of the matter, DPCO matters have been considered to be a key audit matter for the current period audit.	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 are 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, 2021, the Group has goodwill balance of ₹ 3,007.29 crore relating to multiple Cash Generating Units ('CGUs'). Further, the Group is carrying product-related capitalised intangibles and intangibles under development aggregating to ₹ 1,430.21 crore and ₹ 398.05 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 ₹ 46.32 crore during the year ended 31st March, 2021. 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; e) Involved auditor's experts to assess the appropriateness of the valuation methodologies used by the management and its expert to determine the recoverable values;

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.	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.
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.	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), judgements in estimation and accounting treatment of discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid compliance requirements;

Key audit matter	How our audit addressed the key audit matter
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. 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 judgements and estimates in relation to contractual agreements/commercial terms across various geographies. Any change in these estimates can have a significant financial impact. These estimates are particularly unique in US healthcare environment which involves multi-layered product discounting due to competitive pricing pressure apart from regulatory requirements such as Medicaid; b) The nature of development and commercialisation arrangements are often inherently complex and unusual, requiring significant management judgements 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	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; 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

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
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.	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.

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 financial position, 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. 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.

Independent Auditor's Report

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 consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgements 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 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 financial statements, including the disclosures, and whether the 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.

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 42 subsidiaries, whose financial statements reflects total assets of ₹ 2,735.77 crore and net assets of ₹ 845.25 crore as at 31st March, 2021, total revenues of ₹ 3,863.23 crore and net cash flows amounting to ₹ 78.57 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 ₹ 1.69 crore for the year ended 31st March, 2021, 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, 39 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 ₹ (11.10) crore for the year ended 31st March, 2021, as considered in the consolidated financial statements, in respect of 3 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, these 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.

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, 3 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 have not paid or provided for any managerial

remuneration during the year. Also, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 3 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 31st March, 2021 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, 2021 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 in Note 45 to the consolidated financial statements;

Independent Auditor's Report

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 54 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, 2021; and

iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th 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: 21504662AAAADI6831

Place: New Delhi
Date: 14th May, 2021

Annexure I

List of entities included in the consolidated financial statement[1]

List of 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 (Pty) 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, (liquidated w.e.f 5th March, 2021)
13. Cipla Australia Pty Limited, Australia
14. Meditab Holdings Limited, Mauritius
15. Tasfiye Halinde Cipla Ilac Ticaret Anonim Sirketi, Turkey (formerly known as Cipla Ilac Ticaret Anonim Sirketi) (liquidated w.e.f 7th October, 2019)
16. Cipla USA Inc., United States of America
17. Cipla 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. Inyanga Trading 386 (Pty) Limited, South Africa (under liquidation)
23. Cipla Medpro Holdings (Pty) Limited, South Africa (under liquidation)
24. Cape to Cairo Exports (Pty) Limited, South Africa (Deregistered w.e.f. 27th August, 2020)
25. Cipla Dibcare (Pty) Limited, South Africa (under liquidation)
26. Cipla Life Sciences (Pty) Limited, South Africa
27. Cipla-Medpro (Pty) Limited, South Africa
28. Cipla-Medpro Distribution Centre (Pty) Limited, South Africa
29. Cipla Medpro Botswana (Pty) Limited, South Africa
30. Cipla Algérie, Algeria
31. Cipla Biotec South Africa (Pty) Limited, South Africa
32. Cipla OLTP (Pty) Limited, South Africa (formerly known as Cipla Nutrition (Pty) Limited)
33. Medpro Pharmaceutica (Pty) Limited, South Africa
34. Breathe Free Lanka (Private) Limited, Sri Lanka
35. Cipla Medica Pharmaceutical and Chemical Industries Limited, Yemen (formerly known as Medica Pharmaceutical Industries Company Limited, Yemen)
36. Cipla (Mauritius) Limited, Mauritius (liquidated w.e.f 17th May, 2020)
37. Cipla Pharma Lanka (Private) Limited, Sri Lanka (amalgamated with Breathe Free Lanka (Private) Limited with effect from 1st May, 2020 vide order of amalgamation dated 21st July, 2020 and therefore, ceased to exist).
38. Cipla Maroc SA, Morocco
39. Cipla Middle East Pharmaceuticals FZ-LLC, United Arab Emirates
40. Quality Chemicals Limited, Uganda (ceased to be a subsidiary from 19th August, 2020)
41. Cipla Philippines Inc., Philippines

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Annexure I

42. InvaGen Pharmaceuticals Inc., United States of America
43. Exelan Pharmaceuticals Inc., United States of America
44. Anmaraté (Pty) Limited, South Africa (ceased to be a subsidiary from 19th August, 2020)
45. Cipla Technologies LLC, United States of America
46. Cipla Gulf FZ-LLC, United Arab Emirates
47. Mirren (Pty) Ltd, South Africa
48. Madison Pharmaceuticals Inc., United States of America
49. Cipla Colombia SAS, Colombia (incorporated on 25th April, 2019)
50. Cipla (China) Pharmaceutical Co., Ltd., China (incorporated on 20th May, 2019)
51. Cipla (Jiangsu) Pharmaceutical Co., Ltd., China (incorporated on 8th August, 2019)
52. Cipla Pharmaceuticals Limited, India (incorporated on 19th November, 2019)
53. Cipla Therapeutics Inc., USA (incorporated on 15th May, 2020)
54. Cipla Health Employees Stock Option Trust, India
55. Cipla Employee Stock Option Trust, India

List of Associates:

1. Stempeutics Research Private Limited, India (w.e.f. 2nd July, 2020 stake is changed from 40.78% to 40.25%)
2. Avenue Therapeutics Inc., United States of America
3. Brandmed (Pty) Limited, South Africa (acquired 30% stake on 24th April, 2019)
4. AMPSolar Power Systems Private Limited, India (acquired 26% stake on 12th June, 2019) - (Share of loss/profit not required to be considered)
5. GoApptiv Private Limited, India [w.e.f 29th October, 2020 stake is changed from 15.26% to 21.85% (on fully diluted basis)]

Annexure II to the Independent Auditor's Report of even date to the members of Cipla Limited on the consolidated financial statements for the year ended 31st March, 2021

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, 2021, 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 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 31st March, 2021, 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 ₹ 115.48 crore and net assets of ₹ 102.48 crore as at 31st March, 2021, total revenues of ₹ 0.54 crore and net cash flows amounting to ₹ 28.36 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 2 associate companies, which are companies covered under the Act, in respect of which, the Group’s share of net profit (including other comprehensive income) of ₹ 0.73 crore for the year ended 31st March, 2021 has been considered in the consolidated financial statements. The internal

financial controls with reference to financial statements of these associate companies, which are covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act in so far as it relates to the aforesaid associate companies, which are 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 companies. 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 companies. 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: 21504662AAAADI6831

Place: New Delhi
Date: 14th May, 2021

Consolidated Balance Sheet

as at 31st March, 2021

₹ in Crores

Particulars	Notes	As at 31st March, 2021	As at 31st March, 2020
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	4,618.14	4,805.32
(b) Right-of-use assets	2.2	338.13	322.73
(c) Capital work-in-progress	2.1	570.84	421.00
(d) Investment properties	3	121.75	124.30
(e) Goodwill	4	3,007.29	2,934.00
(f) Intangible assets	5	1,430.21	1,496.54
(g) Intangible assets under development	5	398.05	403.53
(h) Investment in associates	6	228.38	234.97
(i) Financial assets			
(i) Investments	7	195.30	219.53
(ii) Loans	8	52.99	52.39
(iii) Other financial assets	9	42.88	42.04
(j) Income tax assets (net)	10	468.16	468.62
(k) Deferred tax assets (net)	10	314.69	239.77
(l) Other non-current assets	11	155.57	191.64
Total non-current assets		**11,942.38**	**11,956.38**
(2) Current assets			
(a) Inventories	12	4,669.18	4,377.60
(b) Financial assets			
(i) Investments	13	2,286.37	1,016.52
(ii) Trade receivables	14	3,445.68	3,891.31
(iii) Cash and cash equivalents	15	793.29	742.38
(iv) Bank balances other than cash and cash equivalents	16	607.94	261.53
(v) Loans	17	2.58	5.60
(vi) Other financial assets	18	481.66	522.28
(c) Other current assets	19	894.33	886.62
Total current assets		**13,181.03**	**11,703.84**
(3) Assets classified as held-for-sale	2.3	28.48	2.34
Total assets		**25,151.89**	**23,662.56**
Equity and liabilities			
(1) Equity			
(a) Equity share capital	20	161.29	161.25
(b) Other equity	21	18,165.24	15,601.75
Equity attributable to owner		**18,326.53**	**15,763.00**
(c) Non-controlling interest	22	259.06	294.28
Total equity		**18,585.59**	**16,057.28**
(2) Share application money pending allotment [i]		-	0.00
(3) Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	1,202.75	2,369.28
(ii) Other financial liabilities	24	295.61	276.90
(b) Provisions	25	116.17	133.27
(c) Deferred tax liabilities (net)	10	296.61	365.21
(d) Other non-current liabilities	26	63.61	67.48
Total non-current liabilities		**1,974.75**	**3,212.14**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	334.73	447.15
(ii) Trade payables	27		
- Total outstanding dues of micro enterprises and small enterprises		69.33	81.19
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,997.49	2,200.62
(iii) Other financial liabilities	28	733.99	530.36
(b) Other current liabilities	29	359.22	176.29
(c) Provisions	25	1,078.32	948.19
(d) Income tax liabilities (net)	10	18.06	9.34
Total current liabilities		**4,591.14**	**4,393.14**
(4) Liabilities directly associated with assets classified as held for sale	2.3	0.41	-
Total liabilities		**6,566.30**	**7,605.28**
Total equity and liabilities		**25,151.89**	**23,662.56**
i. Represents ₹ Nil as at 31st March, 2021 (₹ 7,820 as at 31st March, 2020)			
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, 14th May, 2021

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, 14th May, 2021

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2021

₹ in Crores

Particulars	Notes	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(1) Income			
(a) Revenue from operations			
(i) Revenue from sale of products	30	18,988.52	16,694.85
(ii) Other operating revenue	31	171.07	437.14
		19,159.59	**17,131.99**
(b) Other income	32	265.99	344.20
Total income		**19,425.58**	**17,476.19**
(2) Expenditure			
(a) Cost of materials consumed	33	4,886.43	4,376.81
(b) Purchases of stock-in-trade	34	2,658.17	1,859.37
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	35	(192.71)	(244.76)
(d) Employee benefits expense	36	3,251.83	3,027.01
(e) Finance costs	37	160.70	197.36
(f) Depreciation, impairment and amortisation expense	38	1,067.66	1,174.65
(g) Other expenses	39	4,303.44	4,907.57
Total expenditure		**16,135.52**	**15,298.01**
(3) Profit before tax		**3,290.06**	**2,178.18**
(4) Tax expense (net)			
(a) Current tax	10	1,052.72	682.87
(b) Deferred tax	10	(163.96)	(51.67)
(5) Profit after tax before share of profit/(loss) from associates		**2,401.30**	**1,546.98**
(6) Share of profit/(loss) from associates	44	(12.79)	(47.46)
(7) Profit for the year		**2,388.51**	**1,499.52**
(8) Other comprehensive income/(loss)	40		
(a) (i) Items that will not be reclassified to profit or loss		(38.41)	(14.90)
(ii) Income tax relating to these items		0.95	5.48
(b) (i) Items that will be reclassified to profit or loss		203.18	(149.88)
(ii) Income tax relating to these items		(4.23)	29.90
Other comprehensive income/(loss) for the year		**161.49**	**(129.40)**
(9) Total comprehensive income for the year		**2,550.00**	**1,370.12**
(10) Profit for the year attributable to			
(a) Owners		**2,404.87**	**1,546.52**
(b) Non-controlling interest		(16.36)	(47.00)
(11) Total comprehensive income attributable to			
(a) Owners		**2,579.96**	**1,385.23**
(b) Non-controlling interest		(29.96)	(15.11)
(12) Earnings per equity share of face value of ₹ 2 each	41		
Basic (in ₹)		29.82	19.19
Diluted (in ₹)		29.79	19.16
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, 14th May, 2021

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, 14th May, 2021

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2021

(a) Equity share capital (refer note 20)

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning of the year	161.25	161.14
Changes in equity share capital during the year on exercise of employee stock options (ESOSs)	0.04	0.11
Balance at the end of the year	**161.29**	**161.25**

(b) Other equity (refer note 21)

₹ in Crores

Particulars	Attributable to the owners of the Company									Other equity	Non-controlling interest	Total
	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 (refer note 22 C)	Retained earnings	Foreign currency translation reserve	Financial instruments fair value through other comprehensive income	Hedge reserve			
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 43 C)	-	-	-	-	-	(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 22 C)	(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**
Profit for the year	-	-	-	-	-	2,404.87	-	-	-	2,404.87	(16.36)	2,388.51
Other comprehensive income/ (loss) (net of tax)	-	-	-	-	-	14.23	194.38	(51.66)	18.14	175.09	(13.60)	161.49
Payment of dividend (including tax on dividend)	-	-	-	-	-	-	-	-	-	-	(5.26)	(5.26)
Transfer to General Reserve	-	-	2.02	(2.02)	-	-	-	-	-	-	-	-
Consideration relating to ESOP of subsidiary	(18.81)	-	-	(17.20)	-	-	-	-	-	(36.01)	-	(36.01)
Exercise of employee stock options	-	11.28	-	(11.28)	-	-	-	-	-	-	-	-
Share-based payments expense	-	-	-	19.54	-	-	-	-	-	19.54	-	19.54
Balance as at 31st March, 2021	**(165.95)**	**1,613.31**	**3,144.64**	**42.09**	**-**	**13,536.98**	**2.70**	**1.40**	**(9.93)**	**18,165.24**	**259.06**	**18,424.30**

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, 14th May, 2021

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, 14th May, 2021

Consolidated Statement of Cash Flows

for the year ended 31st March, 2021

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cash flow from operating activities		
Profit before tax	**3,290.06**	**2,178.18**
Adjustments for:		
Depreciation, impairment and amortisation expense	1,067.66	1,174.65
Interest expense	160.70	197.36
Unrealised foreign exchange (gain)/loss (net)	(8.64)	(31.90)
Share-based payment expense	19.54	23.45
Allowances for credit loss (net)	39.48	180.27
Interest income on income tax refund	(7.04)	(9.28)
Interest income	(40.22)	(58.39)
Dividend income	(21.64)	(0.06)
Sundry balances written back	(0.06)	(2.41)
Net gain on sale of current investment carried at fair value through profit or loss	(52.79)	(125.92)
Loss on liquidation of subsidiaries (net)	3.78	4.66
Net fair value (gain)/loss on financial instruments at fair value through profit or loss	(12.08)	25.18
Net gain on sale/disposal of property, plant and equipment	(3.01)	(2.62)
Rent income	(14.77)	(9.46)
Operating profit before working capital changes	**4,420.97**	**3,543.71**
Adjustments for working capital:		
Increase in inventories	(254.32)	(331.55)
Decrease in trade and other receivables	422.93	217.26
Increase in trade payables and other liabilities	203.05	487.28
Cash generated from operations	**4,792.63**	**3,916.70**
Income tax paid (including tax deducted at source)	(1,037.43)	(848.25)
Net cash flows generated from operating activities (a)	**3,755.20**	**3,068.45**
Cash flow from investing activities		
Purchase of property, plant and equipment {refer note (ii) below}	(629.66)	(572.77)
Purchase of intangible assets (including intangible asset under development)	(189.26)	(427.24)
Proceeds from sale of property, plant and equipment {refer note (ii) below}	22.05	14.32
Proceeds from sale of intangible assets	5.48	-
Proceeds from sale/liquidation of investments in subsidiaries	2.60	1.27
Investment in associates	(13.65)	(33.32)
Purchase of non-current investments	(40.00)	-
Sale/(purchase) of current investments (net)	(1,204.98)	1,210.01
Change in other bank balance and cash not available for immediate use	(416.72)	(147.84)
Interest received	40.55	50.09
Dividend received	21.64	0.06
Rent received	14.77	9.46
Net cash flow (used in)/ generated from investing activities (b)	**(2,387.18)**	**104.04**

Consolidated Statement of Cash Flows

for the year ended 31st March, 2021

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cash flow from financing activities		
Proceeds from issue of equity shares (ESOSs)	0.05	0.11
Transaction with non-controlling interest (net)	(5.36)	(383.02)
Consideration paid on buyback of ESOP rights relating to subsidiary	(36.00)	-
Settlement of Put option liability	-	21.83
(Repayment)/proceeds from current borrowings (net)	(132.26)	51.92
Payment of lease liabilities	(84.33)	(75.83)
Proceeds from non-current borrowings	70.49	211.63
Repayment of non-current borrowings	(1,021.75)	(1,947.74)
Interest paid	(120.74)	(163.52)
Dividend paid	-	(564.26)
Tax paid on dividend	-	(99.94)
Net cash flow used in financing activities (c)	**(1,329.90)**	**(2,948.82)**
Net increase in cash and cash equivalents (a+b+c)	**38.12**	**223.67**
Cash and cash equivalents at the beginning of the year	742.38	508.36
Exchange difference on translation of foreign currency cash and cash equivalents	12.79	10.35
Cash and cash equivalents at the end of the year (refer note 15)	**793.29**	**742.38**

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.

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, 14th May, 2021

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, 14th May, 2021

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, 2021 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.

These financial statements have been prepared by the Group as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31st March, 2021.

(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 amendments for the first time for their annual reporting period commencing 1st April, 2020:

- Amendment to Ind AS 103, *Business Combinations*, Definition of business
- Amendment to Ind AS 116, *Leases*, lease modification accounting for COVID-19, rent concession
- Amendment to Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Change in definition of materiality
- Amendment to Ind AS 109, *Financial Instruments*, Temporary exceptions from applying hedge accounting
- Amendment to Ind AS 107, *Financial Instruments: Disclosures*, Disclosure for uncertainty arising from interest rate benchmark reform.

- Amendment to Ind AS 10, *Events after reporting period*, Definition for non-adjusting events and its effective date of application.

- Amendment to Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets*, Consequential amendment and accounting of restructuring plan.

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 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 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 de-recognises 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 "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 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 companies also files tax returns in other foreign jurisdictions. Significant judgements are involved in determining the provision for income taxes including judgements 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, the 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, the 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 losses may be different from the originally estimated provision.

(v) 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, determining whether control is transferred from one party to another and whether acquisition constitute a business or asset acquisition. 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.

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 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.

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 judgement. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

(vii) Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, Management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, the 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, the 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, the 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.

(vii) Impact of COVID-19

The Group continues to closely monitor the impact of the COVID-19 pandemic on all aspects of its business, including how it has impacted and 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 goodwill, investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Group's financial statements for the year ended 31st March, 2021.

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 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

Notes to the consolidated financial statements

(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.

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:

Property, plant and equipment	**Useful life**
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.

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.

Notes to the consolidated financial statements

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.

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

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. 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 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.

Notes to the consolidated financial statements

(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.

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) Profit Sharing Revenues

The Group from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Group sells its products to the business partners at a non-refundable base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue in an amount equal to the base sale price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

(vi) 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.

(vii) 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

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. 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.

(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 plans

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.

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.

(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 reasonably 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.

(iii) Uncertain tax positions

Accruals for uncertain tax positions require Management to make judgement of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the tax positions will probably be accepted by the tax authorities. This is based upon Management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, the Management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

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 fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(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 commencement 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 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.

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.

Notes to the consolidated financial statements

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.

(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 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 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

The Group assesses at each reporting date whether a financial asset or a group of financial assets is impaired. 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 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 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:

- 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 de-recognised 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 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

On 24th March, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1st April, 2021. The Group is evaluating the effect of the amendments on its consolidated financial statements.

Notes to the consolidated financial statements

Annexure 'A' to Note 1: Significant accounting policies and key accounting estimates and judgements

Sr.	Name of the company	Country of Incorporation	% Ownership Interest		With effect from
			As at 31st March, 2021	As at 31st March, 2020	
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%	27/01/2011
4	Cipla Medpro South Africa (Pty) 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	India	100%	100%	27/08/2015
11	Cipla Pharmaceuticals Limited	India	100%	100%	19/11/2019
b.	**Subsidiaries (held indirectly)**				
12	Cipla (UK) Limited ##	United Kingdom	-	100%	27/01/2011
13	Cipla Australia Pty Limited	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	-	-	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 (Pty) Limited ^	South Africa	100%	100%	15/07/2013
24	Cipla Medpro Holdings (Pty) Limited ^	South Africa	100%	100%	15/07/2013
25	Cape to Cairo Exports (Pty) Limited**	South Africa	100%	100%	15/07/2013
26	Cipla Dibcare (Pty) Limited ^	South Africa	100%	100%	15/07/2013
27	Cipla Life Sciences (Pty) Limited	South Africa	100%	100%	15/07/2013
28	Cipla-Medpro (Pty) Limited	South Africa	100%	100%	15/07/2013
29	Cipla-Medpro Distribution Centre (Pty) Limited	South Africa	100%	100%	15/07/2013
30	Cipla Medpro Botswana (Pty) Limited	Botswana	100%	100%	15/07/2013
31	Cipla OLTP (Pty) Limited (formerly known as Cipla Nutrition (Pty) Limited)	South Africa	100%	100%	15/07/2013
32	Medpro Pharmaceutica (Pty) 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, 2021	% Ownership Interest As at 31st March, 2020	With effect from
34	Cipla Medica Pharmaceutical and Chemical Industries Limited[1] (formerly known as Medica Pharmaceutical Industries Company Limited)	Yemen	50.49%	50.49%	02/10/2014
35	Cipla Pharma Lanka (Private) Limited [5]	Sri Lanka	-	100%	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%	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 (Pty) 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 (Pty) Limited	South Africa	100%	100%	22/10/2018
49	Madison Pharmaceuticals Inc.	USA	100%	100%	26/10/2018
50	Cipla Colombia SAS	Colombia	100%	100%	25/04/2019
51	Cipla (China) Pharmaceutical Co., Ltd	China	100%	100%	20/05/2019
52	Cipla (Jiangsu) Pharmaceutical Co., Ltd	China	80%	80%	08/08/2019
53	Cipla Therapeutics Inc.[4]	USA	100%	-	15/05/2020
c.	**Associates (held directly)**				
54	AMPSolar Power Systems Private Limited	India	26%	26%	12/06/2019
55	GoApptiv Private Limited [2]	India	21.85%	-	27/07/2020
d.	**Associates (held indirectly)**				
56	Stempeutics Research Private Limited [3]	India	40.25%	40.78%	01/10/2010
57	Avenue Therapeutics, Inc.	USA	32.50%	33.30%	08/02/2019
58	Brandmed (Pty) Limited	South Africa	30%	30%	24/04/2019
e.	**Other consolidating entities**				
59	Cipla Employee Stock Option Trust	India	100%	100%	09/10/2015
60	Cipla Health Employee Stock Option Trust	India	100%	100%	14/03/2016

Liquidated w.e.f. 17th May, 2020

Liquidated w.e.f. 5th March, 2021

* Liquidated w.e.f. 7th October, 2019

** Deregistered w.e.f. 27th August, 2020

^ In process of liquidation

~ Ceased to be a subsidiary w.e.f. 19th August, 2020

1. Name changed with effect from 11th October, 2020
2. Acquisition of 21.85% stake and associate from 27th July, 2020
3. Stake changed w.e.f. 2nd July, 2020 from 40.78% to 40.25%
4. Incorporated on 15th May, 2020
5. Amalgamated with Breathe Free Lanka (Private) Limited w.e.f. 1st May, 2020 vide order of amalgamation dated 21st July, 2020 and therefore, ceased to exist

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, 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**
Additions for the year	-	-	2.05	34.23	413.19	5.74	6.16	1.62	462.99
Transfer to Assets classified as held for sale {refer note 2.3 (a)}	-	-	-	(4.84)	(23.41)	(0.47)	-	-	(28.72)
Deletions and adjustments during the year	(2.08)	-	(1.87)	(7.36)	(64.92)	(2.13)	(1.08)	(1.63)	(81.07)
Foreign currency translations adjustments	-	-	9.40	(2.62)	18.74	2.49	1.47	0.19	29.67
Balance as at 31st March, 2021	**74.75**	**-**	**258.34**	**2,337.09**	**5,259.50**	**161.36**	**109.59**	**11.45**	**8,212.08**
Depreciation and impairment									
Accumulated balance as at 1st April, 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**
Depreciation charge for the year	-	-	16.83	76.41	477.90	12.94	11.22	1.86	597.16
Impairment charge for the year	-	-	-	-	16.00	-	-	-	16.00
Transfer to Assets classified as held for sale {refer note 2.3 (a)}	-	-	-	(0.58)	(4.64)	(0.06)	-	-	(5.28)
Deletions and adjustments during the year	-	-	(1.87)	(0.10)	(45.70)	(1.93)	(0.94)	(1.07)	(51.61)
Foreign currency translations adjustments	-	-	6.53	(1.18)	5.75	1.81	0.79	0.08	13.78
Accumulated balance as at 31st March, 2021	**-**	**-**	**138.06**	**434.62**	**2,839.45**	**93.62**	**81.66**	**6.53**	**3,593.94**
Net block									
As at 31st March, 2021	**74.75**	**-**	**120.28**	**1,902.47**	**2,420.05**	**67.74**	**27.93**	**4.92**	**4,618.14**
As at 31st March, 2020	**76.83**	**-**	**132.19**	**1,957.61**	**2,525.76**	**74.87**	**32.45**	**5.61**	**4,805.32**

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 ₹ 24.14 crore (31st March, 2020: ₹ 46.01 crore) used for research and development.

iii. The impairment charge for the year ₹ 16.00 crore (31st March, 2020: ₹ 21.68 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, 2021	As at 31st March, 2020
Opening balance	**421.00**	**331.05**
Additions during the year	583.37	464.53
Deletions during the year	(3.29)	(0.03)
Capitalised during the year	(432.33)	(377.82)
Impairment during the year[i]	(2.22)	(0.07)
Transfer to Assets classified as held for sale {refer note 2.3 (a)}	(0.35)	-
Foreign currency translation adjustments	4.66	3.34
Closing balance	**570.84**	**421.00**

i. 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:

₹ 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 / adjustments 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**
Additions during the year	20.14	79.26	-	-	**99.40**
Deletions / modifications / adjustments during the year	(1.03)	(1.79)	-	(0.42)	**(3.24)**
Depreciation charge for the year	(3.01)	(75.17)	(10.48)	(0.16)	**(88.82)**
Translation difference	0.36	7.69	-	0.01	**8.06**
Balance as of 31st March, 2021	**98.82**	**230.20**	**8.49**	**0.62**	**338.13**

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:

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current lease liabilities	60.96	89.69
Non-current lease liabilities	197.89	183.08
Total	**258.85**	**272.77**

Notes to the consolidated financial statements

Note 2.2: Lease Accounting (Contd.)

The following is the movement in lease liabilities:

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Opening balance	272.77	327.89
Additions during the year	60.05	33.41
Deletions / modifications/ adjustments during the year	1.03	(9.68)
Prepaid rent	-	(3.32)
Finance cost accrued during the year	20.21	24.76
Payment of lease liabilities	(104.54)	(100.59)
Translation difference	9.42	0.30
Lease concession	(0.09)	-
Closing balance	**258.85**	**272.77**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Less than one year	74.46	102.28
One to five years	171.73	179.99
More than five years	75.72	59.88
Total	**321.91**	**342.15**

Right-of-use assets	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 ₹ 75.86 crore for the year ended 31st March, 2021 (31st March, 2020: ₹ 68.44 crore).

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, 2021 and 31st March, 2020:

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Opening balance	1.19	-
Addition	-	1.75
Deletion	(0.63)	-
Lease receipts	(0.26)	(0.68)
Lease receipts write off	(0.26)	-
Translation difference	(0.04)	0.12
Closing balance	**-**	**1.19**

The table below provides details regarding the contractual maturities of net investment in sublease of Right-of-use assets on an undiscounted basis:

₹ in Crores

Particulars	As at 31st March, 2021	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 2.3 (a): Assets classified as held-for-sale

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Plant and equipments* [refer note (i) and (ii)]	20.20	2.34
Buildings and flats* [refer note (i)]	4.26	-
Furniture and fixtures* [refer note (i)]	0.41	-
Right-of-use assets * [refer note (i)]	0.11	-
Capital work-in-progress [refer note (i)]	0.35	-
Software* [refer note (i)]	0.02	-

Notes to the consolidated financial statements

Note 2.3 (a): Assets classified as held-for-sale (Contd.)

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other assets [refer note (i)]	3.13	-
	28.48	**2.34**

* net of accumulated depreciation and amortisation

Note 2.3 (b): Liabilities directly associated with assets classified as held-for-sale

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other liabilities [refer note (i)]	0.41	-
	0.41	**-**

i. The Board of directors of the Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited) ('Meditab'), a wholly owned subsidiary of the Group, had approved the plan for selling Meditab's manufacturing units. The plan involves transferring all the tangible and intangible assets, contracts, permission, consents, rights, registrations, employees, other assets and liabilities on a slump sale basis to the prospective buyers. As at 31st March, 2021, the transfer of business is yet to be completed. Hence, the Group has classified the assets and liabilities directly attributable for the such transaction as held for sale.These assets and liabilities have been carried at cost of ₹ 27.05 crore and ₹ 0.41 crore respectively, as these are lower than the fair value expected out of the slump sale.

ii. Plant and equipment includes power plant at Goa and other assets impaired in earlier years. Fair market value for such assets is valued at ₹ 1.43 crore as at 31st March, 2021 (31st March, 2020: ₹ 2.34 crore).

Note 3: Investment properties

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Gross Block		
Opening balance	**139.50**	**67.78**
Transfer from property, plant and equipment (refer note 2.1)	-	71.72
Closing balance	**139.50**	**139.50**
Accumulated depreciation		
Opening balance	**15.20**	**5.93**
Transfer from property, plant and equipment	-	6.63
Depreciation for the year (refer note 38)	2.55	2.64
Closing balance	**17.75**	**15.20**
Net block	**121.75**	**124.30**
Fair value	**162.70**	**139.37**

Rental income recognised in profit or loss for investment properties aggregates to ₹ 14.50 crore (31st March, 2020: ₹ 7.45 crore).

Estimation of fair value

The fair valuation of the assets is based on the perception about the macro and micro economics factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities, etc.

This 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 consolidated financial statements

Note 4: Goodwill

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Opening balance	**2,934.00**	**2,869.14**
Foreign currency translation adjustments	73.29	64.86
Closing balance	**3,007.29**	**2,934.00**

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, 2021	As at 31st March, 2020
United States of America	1,769.00	1,830.82
South Africa	980.42	840.86
Yemen	127.21	131.66
India	75.46	75.46
Uganda	52.67	52.41
Others	2.53	2.79
Total	**3,007.29**	**2,934.00**

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 5%.

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%.

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 believes 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.

e) Sensitivity

Reasonable sensitivities in key assumptions consequent to the change in estimated growth rate and discount rate is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating units.

Notes to the consolidated financial statements

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, 2019	**208.06**	**2,649.47**	**8.36**	**499.40**	**18.79**	**31.16**	**3,415.24**
Additions for the year (refer note 5.2)	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**
Additions for the year (refer note 5.2)	34.18	49.92	-	20.05	-	65.37	169.52
Deletions and adjustments for the year	(2.11)	-	-	(14.74)	-	-	(16.85)
Foreign currency translations adjustments	2.11	38.37	(0.14)	68.70	1.66	(1.11)	109.59
Transfer to asset held for sale {refer note 2.3 (a)}	(0.39)	-	-	-	-	-	(0.39)
Balance as at 31st March, 2021	**263.68**	**3,054.50**	**8.57**	**645.15**	**19.40**	**98.25**	**4,089.55**
Amortisation and impairment							
Balance as at 1st April, 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 (refer note 5.1)	-	21.17	-	2.88	-	-	24.05
Deletions and adjustments for the year	(4.52)	-	-	(0.37)	-	-	(4.89)
Foreign currency translations 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**
Amortisation charge for the year	39.31	211.07	0.34	51.43	-	12.44	314.59
Impairment charge for the year (refer note 5.1)	-	17.32	-	3.14	-	-	20.46
Deletions and adjustments for the year	(2.08)	-	-	(15.25)	-	-	(17.33)
Foreign currency translation adjustments	0.99	(26.35)	(0.13)	35.08	2.06	(0.80)	10.85
Transfer to asset held for sale {refer note 2.3 (a)}	(0.37)	-	-	-	-	-	(0.37)
Balance as at 31st March, 2021	**208.28**	**2,111.28**	**8.57**	**290.07**	**17.08**	**24.06**	**2,659.34**
Net block							
As at 31st March, 2021	**55.40**	**943.22**	**-**	**355.08**	**2.32**	**74.19**	**1,430.21**
As at 31st March, 2020	**59.46**	**1,056.97**	**0.35**	**355.47**	**2.72**	**21.57**	**1,496.54**

Intangible assets under development

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening balance	**403.53**	**345.13**
Additions during the year (refer note 5.2)	186.89	352.83
Capitalised during the year	(149.68)	(292.21)
Deletions during the year	(5.48)	-
Impairment charge during the year (refer note 5.1)	(25.86)	(28.90)
Foreign currency translations adjustments	(11.35)	26.68
Closing balance	**398.05**	**403.53**

Notes to the consolidated financial statements

Note 5: Intangible assets (Contd.)

Note 5.1: Impairment charge during the year

Due to uncertain regulatory developments and change in business plan certain intangible assets and intangible assets under development relating to US generics business, the Group recorded an impairment charge of ₹ 38.65 crore (31st March, 2020: ₹ 42.49 crore) and impairments related to other marketing intangible and trademarks amounting to ₹ 7.67 crore (31st March, 2020: ₹ 10.46 crore).

Note 5.2: Acquisition of intangibles

a) Significant acquisitions during current year

Product	Group Entity	Date of agreement/ completion	₹ in Crores	Type of deal
Brand Elores - Novel and patented anti-infective product	Cipla Limited	1st July, 2020	65.37	Acquisition of Brand

b) Significant acquisitions during previous year

During the previous 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.

Product	Group Entity	Date of agreement/ completion	₹ 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**	

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 Company and future economic benefits are probable.

Contingent consideration (On achievement of sale target as per agreement)

As at 31st March, 2021 and 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 determinable. 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 6: Investment in associates

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Investments in unquoted equity instruments (refer note 44)		
375 (31st March, 2020 - 375) equity shares of Brandmed (Pty) Limited of ZAR 1 each, fully paid	27.81	25.38
2,05,02,525 (31st March, 2020 - 2,05,02,525) equity shares of Stempeutics Research Private Limited of ₹ 10 each, fully paid $	-	-
90,000 (31st March, 2020 - 90,000) equity shares of AMPSolar Power Systems Private Limited of ₹ 10 each, fully paid *	0.01	0.01
6,927 (31st March, 2020 - Nil) equity shares of GoApptiv Private Limited of ₹ 10 each, fully paid #	2.43	-
Investments in quoted equity instruments (refer note 44)		
58,33,333 (31st March, 2020 - 58,33,333) equity shares of Avenue Therapeutics, Inc. of $ 0.001 each, fully paid	190.33	209.03
Investments in 0.001% compulsory convertible preference shares		
27,706 (31st March, 2020 - Nil) preference share of GoApptiv Private Limited of ₹ 10 each, fully paid #	7.20	-
Investments in debentures - carried at amortised cost		
89,100 (31st March, 2020 - 89,100) 0.01% Compulsory Convertible debentures of AMPSolar Power Systems Private Limited of ₹ 1000 each, fully paid	0.60	0.55
	228.38	**234.97**

*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 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.

On 9th June 2020, the Company has signed Amended and Restated Shareholders' Agreement with GoApptiv Private Limited to acquire 21.85% stake on fully diluted basis for a total consideration of ₹ 9.00 crore. Pursuant to this, the Company acquired 6,927 equity shares of ₹ 10 each from the sellers via Share Purchase Agreement for a total consideration of ₹ 1.80 crore and via Share Subscription Agreement with GoApptiv Private Limited to acquire 27,706, 0.001% compulsorily convertible preference Shares of ₹ 10 each for a total consideration of ₹ 7.20 crore. 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".

$ The Group's share of losses of the Company (an associate) exceeds its interest in the Company and the hence the Group has discontinued recognising its share of further losses.

Note 7: Non-current financial assets - other investments

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Investments in equity instruments (unquoted)*		
Investments at fair value through OCI		
16.50% (31st March, 2020 - 16.50%) Equity interest in Shanghai Desano Pharmaceuticals Co., Ltd.	138.13	202.36
9.97 % (31st March, 2020 - 10.96%) Equity interest in Wellthy Therapeutics Private Limited	17.17	17.17

Notes to the consolidated financial statements

Note 7: Non-current financial assets - other investments (Contd.)

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
12.5% (31st March, 2020 - Nil) share in profit/loss of ABCD Technologies LLP $	40.00	-
Investment carried at fair value through profit or loss		
1,000 (31st March, 2020 - 1,000) Equity shares of The Saraswat co-operative bank Ltd of ₹ 10 each, fully paid ₹ 10,000 (31st March, 2020 - ₹ 10,000)	0.00	0.00
Investment in government securities carried at amortised cost		
National saving certificates ₹ 41,000 (31st March, 2020 - ₹41,000)	0.00	0.00
	195.30	**219.53**
Aggregate amount of unquoted investments	195.30	219.53

$ On 30th March, 2021, the Company has signed Restated and 2nd Amended Limited Liability Partnership Agreement ("LLP Agreement") to make a strategic investment of ₹ 40 crore in ABCD Technologies LLP (to be renamed as IndoHealth Services LLP). The investment is accounted as fair value through other comprehensive income (FVTOCI) as per Company's election in accordance with Ind AS 109 - Financial Instruments.

*Refer Note 42 for information on fair value of investments.

Note 8: Non-current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Unsecured, considered good, except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Deposits with body corporates and others		
Considered good	52.95	52.35
Considered doubtful	0.78	0.86
Less: Allowance for bad and doubtful advances	(0.78)	(0.86)
Other loans and advances	0.04	0.04
	52.99	**52.39**

Note 9: Non-current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Margin deposits*	5.37	5.29
Capital subsidy receivable	30.26	30.26
Amount recoverable from supplier	7.25	6.49
	42.88	**42.04**

*Amount held as margin money under lien to tax authority and electricity department.

Notes to the consolidated financial statements

Note 10: Income taxes

The major components of income tax expense for the years ended 31st March, 2021 and 31st March, 2020 are:

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(A) Profit or loss section		
Current income tax charge	1,052.72	682.87
MAT credit utilisation/entitlement	2.37	229.49
Adjustment in respect of deferred tax of previous year	7.31	32.39
Deferred tax on account of temporary differences	(173.64)	(313.55)
	888.76	**631.20**
(B) Other comprehensive income section		
Income tax relating to re-measurements gain/(loss) on defined benefit plans	(4.79)	7.60
Income tax relating to changes in fair value of FVTOCI equity instrument	5.74	(2.12)
Income tax relating to cash flow hedge	(4.23)	29.90
	(3.28)	**35.38**

Reconciliation of tax expense and the profit multiplied by tax rate applicable to respective tax jurisdiction for 31st March, 2021 and 31st March, 2020:

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit before tax	3,290.06	2,178.18
At Income tax rates applicable to respective tax jurisdiction	846.34	801.34
Effect for:		
Prior year adjustments to deferred tax	7.31	32.39
Weighted deductions and exemptions	-	(239.46)
Non-deductible expenses for tax purposes	53.89	77.50
Deferred tax not recognised (net)	8.08	16.14
Differential tax impact	0.14	(37.82)
Others	(27.00)	(18.89)
Income tax expense reported in the profit or loss	**888.76**	**631.20**
Effective income tax rate	**27.01%**	**28.98%**

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, 2021	As at 31st March, 2020
Unabsorbed depreciation and Business Loss	617.44	575.09
Capital Loss	129.50	129.50
MAT credit not recognised	18.32	31.51

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 has 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

Notes to the consolidated financial statements

Note 10: Income taxes (Contd.)

treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances and transfer pricing adjustments.

The Group has contingent liability of ₹ 51.63 crore (31st March, 2020: ₹ 51.67 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 ₹ 1,725.06 crore (31st March, 2020: ₹ 1,544.74 crore).

Deferred tax:

Movement in deferred tax assets and liabilities during the year ended 31st March, 2021:

₹ in Crores

Particulars	As at 31st March, 2020	Profit or loss	Other comprehensive income	Business combination/ Disposal#	Foreign currency translation	As at 31st March, 2021
Property, plant and equipment and intangible assets	(702.00)	74.01	-	0.25	(29.81)	(657.55)
Employee benefits expense	82.05	4.71	(4.79)	(0.07)	1.57	83.47
Others*	183.09	58.25	1.51	1.91	8.91	253.67
Allowance for credit loss	75.07	(13.39)	-	(1.22)	0.13	60.59
Deferred revenue	15.23	(1.26)	-	-	-	13.97
Provision for right of return, discounts and others	140.42	24.51	-	-	(1.03)	163.90
Tax loss carried forward (refer note below)	74.98	19.51	-	-	2.20	96.69
Mat credit entitlement/utilised	5.72	(2.38)	-	-	-	3.34
Deferred tax assets/(liabilities) (net)	**(125.44)**	**163.96**	**(3.28)**	**0.87**	**(18.03)**	**18.08**
Deferred tax assets	239.77					314.69
Deferred tax liabilities	(365.21)					(296.61)
Total	**(125.44)**					**18.08**

*Others includes inventory reserves, provision for claims – DPCO, Hedge reserve, etc.

Pertain to Quality Chemicals Limited (ceased to be a subsidiary from 19th August, 2020)

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/ Disposal	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

Notes to the consolidated financial statements

Note 10: Income taxes (Contd.)

₹ in Crores

Particulars	As at 31st March, 2019	Profit or loss	Other comprehensive income	Business combination/ Disposal	Foreign currency translation	As at 31st March, 2020
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 claims – DPCO, Hedge reserve etc.

Note: Based on approved plans and budgets, the Cipla Health Limited (CHL) one of the subsidiaries 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 ₹ 83.78 crore as at 31st March, 2021 (31st March, 2020: ₹ 69.23 crore)

The Government of India, on 20th September, 2019 vide the Taxation Laws (Amendment) Ordinance, 2019, inserted a new Section 115BAA in the Income Tax Act, 1961, which provides an option to a 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 Holding Company elected to avail lower tax rate only from the financial year ended 31st March, 2021 and therefore has applied the lower tax rate of 25.17% in measurement and recognition of current tax for the year ended 31st March, 2021.

Certain Indian components of the Group opted for New Tax Regime in FY 2019-20 and restated the opening deferred tax as per New Tax Regime 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. Consequently, deferred tax liabilities (net) reversed by the Group at 31st March, 2020 was not significant.

Tax assets and liabilities:

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Income tax assets (net)	468.16	468.62
Income tax liabilities (net)	18.06	9.34

Notes to the consolidated financial statements

Note 11: Other non-current assets

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Unsecured, considered good, except otherwise stated)		
Capital advances		
Secured, considered good*	0.59	0.64
Unsecured, considered good	116.58	148.94
Prepaid expenses	13.67	12.91
VAT receivable	24.73	29.15
	155.57	**191.64**

* Secured against bank guarantees

Note 12: Inventories

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Lower of cost or net realisable value)		
Raw materials and packing materials	1,914.55	1,827.29
Work-in-progress	846.55	822.87
Finished goods	1,172.92	1,066.11
Stock-in-trade	667.50	605.28
Stores, spares and consumables	67.66	56.05
	4,669.18	**4,377.60**

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Goods-in-transit included above		
Raw materials and packing materials	119.11	64.82
Work-in-progress	15.33	32.37
Finished goods	171.18	108.13
Stock-in-trade	12.73	23.16
	318.35	**228.48**

The Group recorded inventory write down (net) of ₹ 419.7 crore (31st March, 2020: ₹ 382.76 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 12: Inventories (Contd)

As indicated in note 23, a notarial bond over Group inventory of ₹ 426.26 crore (31st March, 2020: ₹ 329.92 crore) (net of stock reserve) has 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, 2021	As at 31st March, 2020
Investment in mutual funds (quoted)	2,286.37	1,016.52
(Carried at fair value through profit or loss)		
Aggregate amount of quoted investments	**2,286.37**	**1,016.52**
Aggregate market value of quoted investments	2,286.37	1,016.52

Note 14: Trade receivables

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Considered good, Unsecured	3,445.68	3,891.31
Considered doubtful, Unsecured	231.54	288.56
Less: Allowance for expected credit loss	(231.54)	(288.56)
	3,445.68	**3,891.31**

- 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.

Notes to the consolidated financial statements

Note 14: Trade receivables (Contd.)

- Trade receivables 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 receivables (except which are already being provided) having significant increase in credit risk and 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, 2021, the amount of trade receivables de-recognised pursuant to the aforesaid arrangement is ₹ 466.59 crore (31st March, 2020: ₹ 445.82 crore).
- As indicated in notes 23, trade receivables of ₹ 587.10 crore (31st March, 2020: ₹ 420.12 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, 2021	As at 31st March, 2020
Balances with banks		
In current accounts	631.17	511.46
In fixed deposits (original maturity less than 3 months)	149.75	189.32
Remittance in transit*	11.50	40.64
Cash on hand	0.87	0.96
	793.29	**742.38**

* Remittance in transit from Group entities.

Note 16: Bank balance other than cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Bank deposits (original maturity between 3 months and 12 months)#	596.82	250.08
Balances earmarked for unclaimed dividend*	11.12	11.45
	607.94	**261.53**

* 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, 2021 and 31st March, 2020.

Amount held as margin money to Government authority ₹ 3.71 crore (31st March, 2020: ₹ Nil).

Note 17: Current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Unsecured, considered good except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Deposits with body corporates and others		
Considered good	1.58	1.92
Considered doubtful	2.25	2.25
Less: Allowance for bad and doubtful advances	(2.25)	(2.25)
	1.58	**1.92**
Loans to employees	1.00	3.68
	2.58	**5.60**

Notes to the consolidated financial statements

Note 18: Current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Incentives/ benefits receivable from Government	144.47	184.16
Deposits (refer note 45 B)	175.08	175.08
Derivatives not designated as hedges -carried at fair value*		
Forward contracts	1.90	14.38
Derivative designated as hedges - carried at fair value*		
Forward contracts	58.40	-
Options	1.31	-
Fixed deposit (having remaining maturity less than 12 months)#	73.89	3.66
Other receivables		
Considered good	26.61	145.00
Considered doubtful	0.46	0.46
Less: Allowance for bad and doubtful advances	(0.46)	(0.46)
	481.66	**522.28**

*Refer note 42 for information about Fair value measurement and effects of hedge accounting in Group's Financial Statement.

Includes amount held as margin money to Government authority ₹ 0.35 crores (31st March, 2020: ₹ 3.66 crores).

Note 19: Other current assets

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance to suppliers	170.34	191.77
Prepaid expenses	105.54	89.51
Balances with statutory/ revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	609.14	598.71
Others (deferred lease assets and other advances)	9.31	6.63
	894.33	**886.62**

Note 20: Equity share capital

₹ in Crores

Particulars	Numbers	As at 31st March, 2021	Numbers	As at 31st March, 2020
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	80,64,63,279	161.29	80,62,35,329	161.25
		161.29		**161.25**
Subscribed and paid-up				
Equity shares of ₹ 2/- each, fully paid up	80,64,63,279	161.29	80,62,35,329	161.25
		161.29		**161.25**

Note 20: Equity share capital (contd.)

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2021	As at 31st March, 2020
Number of shares outstanding at the beginning of the period	80,62,35,329	80,57,01,266
Add: Allotment of equity shares on exercise of employee stock options (ESOS) (refer note 47)	2,27,950	5,34,063
Number of shares outstanding at the end of the period	**80,64,63,279**	**80,62,35,329**

Details of shareholders holding more than 5 % shares in the Company

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	% of Holding	Number of shares	% of Holding
Dr Y K Hamied	16,39,67,687	20.33%	16,39,67,687	20.34%
ICICI Prudential Mutual Fund & Sub-accounts	2,01,54,540	2.50%	5,06,75,897	6.29%
Ms Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%

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 47).

Note 21: Other equity

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital reserve	(165.95)	(147.14)
Securities premium reserve	1,613.31	1,602.03
General reserve	3,144.64	3,142.62
Employee stock options reserve	42.09	53.05
Retained earnings	13,536.98	11,117.88
Foreign currency translation reserve	2.70	(191.68)
Financial instruments fair value through other comprehensive income	1.40	53.06
Hedge reserve	(9.93)	(28.07)
Total	**18,165.24**	**15,601.75**

Notes to the consolidated financial statements

Note 21: Other equity (Contd.)

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 or purchase of ESOPs relating subsidiary (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).

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.

Financial instruments 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 de-recognised/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 derecognition, amounts accumulated in other comprehensive income are taken to profit or loss at the same time as the related cash flow.

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, 2021	As at 31st March, 2020
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%

Ceased to be a subsidiary from 19th August, 2020

B. Information regarding non-controlling interest:

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Accumulated balances of material non-controlling interest:		
Cipla Quality Chemical Industries Limited	133.30	143.22
Saba Investment Limited (Group)	35.69	62.10
Jay Precision Pharmaceuticals Private Limited	57.27	47.68
Cipla Maroc SA	32.79	34.56
Quality Chemicals Limited	-	6.71
Others*	0.01	0.01
Total	**259.06**	**294.28**

* Insignificant amount

Notes to the consolidated financial statements

Note 22: Non-controlling interest (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit/(loss) allocated to material non-controlling interest:		
Cipla Quality Chemical Industries Limited	(11.19)	(23.35)
Saba Investment Limited (Group)	(10.03)	(28.25)
Jay Precision Pharmaceuticals Private Limited	9.63	9.38
Cipla Maroc SA	0.49	(1.40)
Quality Chemicals Limited	(5.26)	(0.01)
Cipla Health Limited (refer note 22 C)	-	(4.06)
Others	-	0.69
Total	**(16.36)**	**(47.00)**

Summarised profit or loss for the year ended 31st March, 2021

₹ 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	569.58	228.97	94.77	116.68	9.44	-
Profit for the year/ period	(18.73)	(9.36)	24.32	2.23	(2.15)	-
Other comprehensive income	-	-	(0.09)	-	-	-
Total comprehensive income	**(18.73)**	**(9.36)**	**24.23**	**2.23**	**(2.15)**	**-**
Dividends paid to non-controlling interests	-	-	-	(5.26)	-	-

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	149.19	99.86	94.32	31.79	49.78
Profit for the year/ period	(42.64)	(46.73)	24.62	(2.41)	(0.03)	(15.52)
Other comprehensive income	-	-	0.12	-	-	(0.02)
Total comprehensive income	**(42.64)**	**(46.73)**	**24.74**	**(2.41)**	**(0.03)**	**(15.54)**
Dividends paid to non-controlling interests	-	(15.22)	(14.70)	(2.87)	-	-

Notes to the consolidated financial statements

Note 22: Non-controlling interest (Contd.)

Summarised balance sheet as at 31st March, 2021

₹ 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
Non-current assets	165.91	148.81	98.78	60.09	-
Non-current liabilities	54.91	-	4.85	-	-
Net non-current assets	**111.00**	**148.81**	**93.93**	**60.09**	**-**
Current assets	290.75	315.94	55.57	64.65	-
Current liabilities	132.34	321.83	5.38	35.56	-
Net current assets	**158.41**	**(5.89)**	**50.19**	**29.09**	**-**
Total equity	**269.41**	**142.92**	**144.12**	**89.18**	**-**

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
Non-current assets	171.91	168.37	102.42	68.61	10.14
Non-current liabilities	5.71	-	4.47	-	0.87
Net non-current assets	**166.20**	**168.37**	**97.95**	**68.61**	**9.27**
Current assets	322.52	316.11	25.67	55.62	27.21
Current liabilities	202.63	323.09	3.73	32.27	22.75
Net current assets	**119.89**	**(6.98)**	**21.94**	**23.35**	**4.46**
Total equity	**286.09**	**161.39**	**119.89**	**91.96**	**13.73**

Summarised cash flow information as at 31st March, 2021

₹ 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
Operating activities	55.07	1.22	32.29	1.44	-
Investing activities	(20.36)	106.51	(5.62)	(0.16)	-
Financing activities	66.55	(104.81)	-	-	-
Net increase/ (decrease) in cash and cash equivalents	**101.26**	**2.92**	**26.67**	**1.28**	**-**

Notes to the consolidated financial statements

Note 22: Non-controlling interest (Contd.)

Summarised cash flow information 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
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**

C. Transactions with non-controlling interest:

a) Cipla Health Limited

During previous year, 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 acquisition 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

During previous year, 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 wolly-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)**

Notes to the consolidated financial statements

Note 23: Financial liabilities: borrowings

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Non-current (refer note 42)		
(Carried at amortised cost, except otherwise stated)		
Secured loans:		
Term loan from banks*	355.32	304.74
Unsecured loans:		
Term loan from banks**	1,065.51	2,064.54
Total non-current borrowings	**1,420.83**	**2,369.28**
Less : Current maturities of non-current borrowings (refer note 28)	**218.08**	**-**
Net non-current borrowings	**1,202.75**	**2,369.28**
(b) Current (refer note 42)		
(Carried at amortised cost, except otherwise stated)		
Secured loans:		
Loans repayable on demand		
Loan from bank#	37.04	118.51
Unsecured loans:		
Loans repayable on demand		
Bank overdraft$	2.86	93.25
Working capital line of credit##	292.44	233.06
Other loans ###	2.39	2.33
Total current borrowings	**334.73**	**447.15**

Note 23: Financial liabilities: borrowings (Contd.)

*** Term loan from banks (Secured)**

Term loan of ₹ 355.32 crore (31st March, 2020: ₹ 304.74 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 (Pty) Limited and trade receivables, insurance proceeds and claims of Cipla Medpro South Africa (Pty) Limited and Medpro Pharmaceutica (Pty) Limited.

**** Term loan from banks (Unsecured)**

Includes loans of ₹ 999.09 crore (31st March, 2020: ₹ 2,064.54 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 instalments of ₹ 200.6 crore on 18th July, 2021 and ₹ 798.49 crore 18th July, 2022 respectively.

Includes loan of ₹ 66.42 crore (31st March, 2020: ₹ Nil) taken by Cipla Quality Chemical Industries Limited from Standard Chartered Bank Uganda Limited. The term loan is repayable in equal quarterly instalment of $ 475,000 per quarter. This loan carries an interest at 3.5 % above 3 months LIBOR p.a.

 # Loan repayable on demand (Secured)

Loan repayable on Demand of ₹ 37.04 crore (31st March, 2020: ₹ 118.51 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 (Pty) Limited and trade receivables, Insurance proceeds and claims of Cipla Medpro South Africa (Pty) Limited and Medpro Pharmaceutica (Pty) Limited.

$ Bank overdraft

Bank overdraft pertains to overdraft facility obtained by Cipla Quality Chemical Industries Limited from Standard Chartered Bank Uganda Limited at an interest rate of 3% above 6 months LIBOR (31st March, 2020: 4% above 3 months LIBOR).

Notes to the consolidated financial statements

Note 23: Financial liabilities: borrowings (Contd.)

Working capital line of credit

Bank	Entity	Interest Rate	As at 31st March, 2021	As at 31st March, 2020
HDFC Bank	Cipla USA, Inc.	31st March, 2021 - 1.35% to 1.46% p.a.	292.44	-
HSBC Bank USA N.A.	Cipla USA, Inc.	31st March, 2020 - 2.80% to 3.94% p.a.	-	227.00
HSBC Bank	Cipla Limited	31st March, 2020 - 7.95% p.a.	-	6.06
Total			**292.44**	**233.06**

Other loans

Other borrowings consist of loans obtained by Cipla Maroc SA of ₹ 2.39 crore (31st March, 2020: ₹ 2.22 crore) which is repayable on demand carries interest rate of 5.01% p.a (31st March, 2020 - 5.01% p.a)

Reconciliation of borrowings

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening balance		
Non-current borrowings	2,369.28	3,830.07
Current borrowings	447.15	486.16
Current maturity of non-current borrowings	-	-
	2,816.43	**4,316.23**
Movement of borrowings		
Proceeds from non-current borrowings	70.49	211.63
Repayment of non-current borrowings	(1,021.75)	(1,947.74)
(Repayments)/proceed of current borrowings (net)	(132.26)	51.92
Foreign exchange movement	12.31	200.81
Other non-cash items	10.35	(16.42)
	(1,060.86)	**(1,499.80)**
Closing balance		
Non-current borrowings	1,202.75	2,369.28
Current borrowings	334.73	447.15
Current maturity of non-current borrowings	218.08	-
	1,755.56	**2,816.43**

Note 24: Other financial liabilities - non-current

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Security deposits	56.01	55.23
Deferred consideration	13.45	15.00
Lease liabilities (refer note 2.2)	197.89	183.08
Put option liability - Fair value through profit or loss {refer note (a) below}	28.26	23.59
	295.61	**276.90**

Notes to the consolidated financial statements

Note 24: Other financial liabilities - non-current (Contd.)

(a) Cipla (Jiangsu) Pharmaceutical Co., Ltd

Cipla (Jiangsu) Pharmaceutical Co., Ltd ('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 ₹ 28.26 crore (including ₹ 4.95 crore for interest accrued) {31st March, 2020: ₹ 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.

Note 25: Provisions

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Non-current		
Provision for employee benefits (refer note 46)	116.17	133.27
	116.17	**133.27**
Current		
Provision for employee benefits (refer note 46)	282.43	219.25
Provision for Claims - DPCO (refer note below and note 45B)	111.15	104.26
Provision for anticipated claims on pricing	24.98	22.15
Provision for right of return/discounts and others (refer note below)	656.23	599.66
Provision for amount payable to partner	3.53	2.87
	1,078.32	**948.19**

Note 25: Provisions (Contd.)

Movement of provisions for Claims - DPCO, Provision for anticipated claims on pricing and provision for right of return/discounts and others:

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for Claims - DPCO (refer note 45B)		
Balance at the beginning of the year	**104.26**	**98.49**
Provided during the year	6.89	7.00
Utilised/reversed/payout during the year	-	(1.23)
Balance at the end of the year	**111.15**	**104.26**
Provision for anticipated claims on pricing		
Balance at the beginning of the year	**22.15**	**10.27**
Provided during the year	2.83	11.88
Utilised/reversed/payout during the year	-	-
Balance at the end of the year	**24.98**	**22.15**
Provision for right of return/discounts and others		
Balance at the beginning of the year	**599.66**	**454.97**
Provided during the year	1,083.84	1,104.74
Utilised/reversed/payout during the year	(1,023.31)	(981.52)
Foreign currency translation	(3.96)	21.47
Balance at the end of the year	**656.23**	**599.66**

Note 26: Other non-current liabilities

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred government grant	7.58	8.91
Deferred revenue	55.01	57.07
Deferred lease income	1.02	1.50
	63.61	**67.48**

Notes to the consolidated financial statements

Note 27: Trade payables

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Total outstanding dues of micro enterprises and small enterprises	69.33	81.19
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,997.49	2,200.62
	2,066.82	**2,281.81**

- 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, 2021, 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, 2021	As at 31st March, 2020
(Carried at amortised cost, except otherwise stated)		
Current maturities of non-current borrowings	218.08	-
Unclaimed dividend *	11.12	11.45
Security deposits	3.33	3.38
Capital creditors	55.60	61.34

Note 28: Other financial liabilities - current (Contd.)

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Employee dues	145.04	100.00
Derivative designated as hedge - carried at fair value (refer note 42)		
Forward contracts	16.98	31.07
Options	-	6.96
Interest rate swap	9.70	16.75
Derivative not designated as hedge - carried at fair value (refer note 42)	-	17.88
Import advance licences	22.13	42.39
Deferred consideration	39.77	22.23
Lease liabilities (refer note 2.2)	60.96	89.69
Accrued expenses	151.28	127.22
	733.99	**530.36**

* 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, 2021	As at 31st March, 2020
Advance from customers	19.01	22.92
Amount refundable/ adjustable to customers	20.64	10.86
Income received in advance	5.01	7.25
Other payables:		
Statutory dues	188.93	125.14
Deferred government grant	0.75	0.75
Deferred revenue	124.64	9.00
Others	0.24	0.37
	359.22	**176.29**

Note 30: Revenue from sale of products

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Sale of products (refer note below)	18,988.52	16,694.85
	18,988.52	**16,694.85**

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(i) Disaggregation of revenue

The Group's revenue disaggregated by business unit is as follows:

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Sale of products		
(1) India - Trade and Branded Generics	7,735.55	6,740.56
(2) North America (USA)	4,080.59	3,820.08
(3) South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)	3,449.57	3,084.40
(4) Emerging Markets (EM)	1,851.31	1,440.02
(5) Europe	981.72	780.61
(6) Active Pharmaceutical Ingredient (API)	797.57	751.81
(7) Others	92.21	77.37
	18,988.52	**16,694.85**

(ii) Reconciliation of revenue from sale of products with the contracted price

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Contracted price	28,056.25	26,694.09
Less: trade discounts, chargeback, sales and expiry return, Medicaid, etc.	(9,067.73)	(9,999.24)
Sale of products	**18,988.52**	**16,694.85**

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, 2021, the Group has ₹ 19.64 crore (31st March, 2020: ₹ 17.41 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

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Advance from customers	19.01	22.92
Amount refundable/ adjustable to customers	20.64	10.86
Deferred revenue	179.65	66.07

Deferred revenue

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Balance at the beginning of the year	66.07	68.67
Revenue recognised during the year	(40.80)	(10.79)
Milestone payment received during the year	7.24	8.19
Variable consideration	147.14	-
Balance at the end of the year	**179.65**	**66.07**

(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, 2021 and 2020, respectively.

Notes to the consolidated financial statements

Note 31: Other operating revenue

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Rendering of services	8.31	8.73
Export incentives#	97.34	252.32
Technical know-how and licensing fees	6.57	16.72
Scrap sales	20.54	31.00
Sale of marketing and product license	11.24	77.11
Goods and service tax area based incentive	18.52	22.53
Miscellaneous income*	8.55	28.73
	171.07	**437.14**

* Income below 1% of revenue from operation is aggregated in accordance with Schedule III to the Companies Act, 2013.

\# Pursuant to withdrawal of Export incentive under MEIS the Indian entities of the Group have recognised the benefit upto 31st August, 2020 only.

Note 32: Other income

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest income		
Bank deposit	32.02	36.59
Others	15.24	31.08
Dividend income*	21.64	0.06
Government grants $	1.37	2.07
Net gain on foreign currency transaction and translation	29.22	103.71
Net gain on sale of investment -		
-Current investments carried at FVTPL	52.79	125.92
-Non-current investments	(3.78)	0.07
Net gain on disposal of property, plant and equipments (refer note 2.1)	3.01	2.62

Note 32: Other income (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Fair value gain on financial instruments at fair value through profit or loss	12.08	(25.18)
Sundry balances written back	0.06	2.41
Insurance claim	1.52	35.50
Rent income	14.77	9.46
Litigation settlement income (refer note (i) below)	67.01	-
Miscellaneous income #	19.04	19.89
	265.99	**344.20**

$ 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 is aggregated in accordance with Schedule III to the Companies Act, 2013.

* Dividend has been received from Shanghai Desano Pharmaceuticals Co. Ltd. - FVOCI investment.

Note:

(i) Includes Litigation settlement income received from innovator pursuant to a settlement agreement entered into on 18th December, 2020. The agreement effectively settles all outstanding claims in the litigation. Innovator has agreed to provide Cipla with a license to its patent required to manufacture and sell certain volume-limited amounts of a certain product in the US beginning on a confidential date that is some time after March 2022. For each consecutive twelve-month period (or part thereof) following the volume-limited entry date until 31st January, 2026, the volume of a certain product sold by Cipla cannot exceed certain agreed-upon percentages. In addition, Innovator has agreed to provide Cipla with a license to its patent required to manufacture and sell an unlimited quantity of a certain product in the US beginning no earlier than 31st January, 2026.

Notes to the consolidated financial statements

Note 33: Cost of materials consumed

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cost of materials consumed	4,886.43	4,376.81
	4,886.43	**4,376.81**

Note 34: Purchases of stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Purchases of stock-in-trade	2,658.17	1,859.37
	2,658.17	**1,859.37**

Note 35: Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Opening Stock		
Work-in-progress	822.87	858.71
Finished goods	1,066.11	941.37
Stock-in-trade	605.28	449.42
	2,494.26	**2,249.50**
Less: Closing Stock (refer note 12)		
Work-in-progress	846.55	822.87
Finished goods	1,172.92	1,066.11
Stock-in-trade	667.50	605.28
	2,686.97	**2,494.26**
(Increase)/decrease	**(192.71)**	**(244.76)**

Note 36: Employee benefits expense

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries and wages	2,929.18	2,735.66
Contribution to provident and other funds (refer note 46)	148.16	137.00
Share-based payments expense (refer note 47)	19.54	23.45
Staff welfare expenses	154.95	130.90
	3,251.83	**3,027.01**

Note 37: Finance costs

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest expense on long-term and short-term borrowings	117.82	149.67
Interest on Lease Liabilities (refer note 2.2)	20.18	24.76
Interest on discounting of trade receivables	8.09	7.80
Interest on provision for claims - DPCO	6.89	7.00
Other finance cost (including interest on taxes)	7.72	8.13
	160.70	**197.36**

Note 38: Depreciation, impairment and amortisation expense

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Depreciation on property, plant and equipment (refer note 2.1)	597.16	635.70
Impairment of property, plant and equipment (refer note 2.1)	16.00	21.68
Impairment of capital work-in-progress (refer note 2.1)	2.22	0.07
Depreciation on ROU assets (refer note 2.2)	88.82	97.51
Depreciation on investment properties (refer note 3)	2.55	2.64
Amortisation of intangible assets (refer note 5)	314.59	364.10
Impairment of intangibles and intangible assets under development (refer note 5)	46.32	52.95
	1,067.66	**1,174.65**

Notes to the consolidated financial statements

Note 39: Other expenses

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Manufacturing expenses	547.36	476.80
Stores and spares	121.13	141.16
Repairs and maintenance:		
Buildings	31.72	37.82
Plant and equipment	122.76	118.80
Insurance	62.60	47.59
Rent (refer note 2.2)	75.86	68.44
Rates and taxes	68.06	59.51
Power and fuel	308.26	327.43
Travelling and conveyance	126.88	369.86
Sales promotion expenses	800.43	773.92
Commission on sales	200.51	234.49
Freight and forwarding	297.68	243.63
Allowance for credit loss (net) (refer note 42)	39.48	180.27
Contractual services	250.63	242.93
Non-executive directors remuneration (refer note 48)	10.02	9.40
Postage and telephone expenses	29.71	29.76

Note 39: Other expenses (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Legal and professional fees	609.29	701.79
Payment to auditors:		
Audit fees	2.19	1.79
Taxation matters	0.35	0.34
For other services (includes consolidation fees, certification, etc.)	0.99	0.39
Reimbursement of expenses	0.06	0.26
Corporate social responsibility (CSR) expenditure (refer note 49)	45.27	38.70
Donations*	5.37	17.19
Research - clinical trials, samples and grants	132.73	354.52
Miscellaneous expenses#	414.10	430.78
	4,303.44	**4,907.57**

*Includes ₹ Nil towards donation to Electoral fund (31st March, 2020: ₹ 15.00 crore).

Expense below 1% of revenue from operation is aggregated in accordance with Schedule III to the Companies Act, 2013.

Revenue expenditure aggregating to ₹ 866.74 crore (31st March, 2020: ₹ 1,118.54 crore) 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, 2021	For the year ended 31st March, 2020
A. (1) Items that will not be reclassified to profit or loss		
(i) Re-measurements of post-employment benefit obligation (refer note 46 (e))	18.98	(23.31)
(ii) Changes in fair value of FVTOCI financial instruments	(57.39)	8.41
	(38.41)	**(14.90)**

Notes to the consolidated financial statements

Note 40: Other comprehensive income (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(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	(4.79)	7.60
(ii) Income tax relating to changes in fair value of FVTOCI financial instruments	5.74	(2.12)
	0.95	**5.48**
	(37.46)	**(9.42)**
B. (1) Items that will be reclassified to profit or loss		
(i) Exchange difference on translation of foreign operations	180.81	(21.45)
(ii) Cash flow hedge and interest rate swap (refer note 42)	22.37	(128.43)
	203.18	**(149.88)**
(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	(4.23)	29.90
	(4.23)	29.90
	198.95	**(119.98)**
	161.49	**(129.40)**

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, 2021	For the year ended 31st March, 2020
Profit after tax as per profit or loss (₹ in Crore)	2,404.87	1,546.52
Basic weighted average number of equity shares outstanding	80,63,58,447	80,60,17,621
Basic earnings per share of par value ₹ 2/- per share	29.82	19.19
Add: Dilutive impact of employee stock options	9,38,507	10,58,934
Diluted weighted average number of equity shares outstanding	80,72,96,954	80,70,76,555
Diluted earnings per share of par value ₹ 2/- per share	29.79	19.16

Notes to the consolidated financial statements

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, 2021 and 31st March, 2020 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 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:

Note 42: Financial Instrument (Contd.)

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, 2021 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)	121.75	-	-	162.70
Investment in associates (refer note 6)	0.60	-	-	0.60
Investment (refer note 7)	0.00	-	-	0.00
Financial assets at fair value through profit or loss				
Investments in mutual funds (refer note 13)	2,286.37	2,286.37	-	-
Investment (refer note 7)	0.00	-	-	0.00
Other forward contracts (refer note 18)	1.90	-	1.90	-

Note 42: Financial Instrument (Contd.)

₹ in Crores

Particulars	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income				
Investments in equity instrument (refer note 7)	155.30	-	-	155.30
Derivative designated as hedge (refer note 18)	59.71	-	59.71	-
Investment in limited liability partnership firm (refer note 7)	40.00	-	-	40.00
Financial liabilities:				
Financial liabilities at amortised cost				
Lease liabilities (refer note 24 and 28)	258.85	-	-	258.85
Borrowings (refer note 23)	1,755.56	-	-	1,755.56
Financial liabilities at fair value through profit or loss:				
Put option liability (refer note 24)	28.26	-	-	28.26
Financial liabilities at fair value through other comprehensive income				
Interest rate swap used for hedging (refer note 28)	9.70	-	9.70	-
Derivative designated as hedge (refer note 28)	16.98	-	16.98	-

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)	0.55	-	-	0.55
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
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	-

Notes to the consolidated financial statements

Note 42: Financial Instrument (Contd.)

B. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Group's 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's has constituted a Risk Management Committee consisting of a 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 the 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.

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

Note 42: Financial Instrument (Contd.)

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, 2021	As at 31st March, 2020
Forward contracts - Sold	USD	INR	2,885.12	2,178.37
Option contracts - Sold and Bought	USD	INR	270.50	227.00
Forward contracts - Sold	ZAR	INR	660.27	348.09
Forward contracts - Sold	AUD	INR	94.68	-
Forward contracts - Sold	GBP	INR	90.68	-
Forward contracts - Bought	USD	ZAR	258.47	127.34

Note 42: Financial Instrument (Contd.)

₹ in Crores

Nature of instrument	Currency	Cross currency	As at 31st March, 2021	As at 31st March, 2020
Forward contracts - Bought	EUR	ZAR	23.06	15.45
Unhedged foreign exchange exposures:				
- Trade and other receivables			577.66	1,051.98
- Cash and cash equivalents			71.14	50.47
- Trade and other payables			(364.49)	(566.09)
- Borrowings			(48.62)	(93.69)

Note: The Group uses foreign exchange forward and currency option contracts for hedging purposes.

(ii) Foreign currency risk from financial instruments:

₹ in Crores

Particulars	As at 31st March, 2021					
	US Dollars	Euro	GBP	ZAR	Other	Total
Trade and other receivables	380.61	80.38	36.54	33.27	46.86	577.66
Cash and cash equivalents	37.11	3.86	29.77	-	0.40	71.14
Trade and other payables	(242.46)	(57.67)	(23.67)	(3.89)	(36.80)	(364.49)
Borrowings	(48.62)	-	-	-	-	(48.62)
Net assets / (liabilities)	**126.64**	**26.57**	**42.64**	**29.38**	**10.46**	**235.69**

₹ in Crores

Particulars	As at 31st March, 2020					
	US dollars	Euro	GBP	ZAR	Other	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**

(iii) Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31st March, 2020: 5%) 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, 2021	For the year ended 31st March, 2020
Movement in exchange rate		
USD - INR	5%	5%
Euro - INR	5%	5%

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
GBP - INR	5%	5%
ZAR - INR	5%	5%
Other currency	5%	5%
Impact on profit/loss		
USD - INR	6.33	13.22
Euro - INR	1.33	0.97
GBP - INR	2.13	2.93
ZAR - INR	1.47	2.06
Other currency	0.52	2.96

Notes to the consolidated financial statements

Note 42: Financial Instrument (Contd.)

(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, 2021, the investments in debt mutual funds amounts to ₹ 2,286.37 crore (31st March, 2020: ₹ 1,016.52 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 ₹ 22.86 crore gain in profit or loss (31st March, 2020: ₹ 10.16 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.

Note 42: Financial Instrument (Contd.)

The Group's 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, 2021 and 31st March, 2020, the Group borrowings at variable rate were mainly denominated in USD and ZAR.

Exposure to interest rate risk

The 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, 2021	As at 31st March, 2020
Variable rate instruments		
Financial liabilities	1,755.56	2,816.43

₹ in Crores

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Weighted average interest cost	Balance	%of total loans	Weighted average interest cost	Balance	%of total loans
Borrowings	3.42%	1,755.56	100%	3.24%	2,816.43	100%
Interest rate swap (notional principal amount)		804.21		2.30%	2,080.79	
Net exposure to cash flow interest rate risk		951.35			735.64	

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.

Note 42: Financial Instrument (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Impact on profit/loss		
Increase	(4.76)	(3.68)
Decrease	4.76	3.68

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 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.

Note 42: Financial Instrument (Contd.)

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, 2021.

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, 2021	2,563.15	766.69	131.80	215.58	3,677.22
As on 31st March, 2020	2,573.42	1,087.30	212.93	306.22	4,179.87

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.

Notes to the consolidated financial statements

Note 42: Financial Instrument (Contd.)

The details of changes in allowance for credit losses during the year ended 31st March, 2021 and 31st March, 2020 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, 2019	**2.25**	**0.85**	**0.46**	**127.60**	**131.16**
Provided during the year	-	0.01	-	212.40	**212.41**
Reversals of provision	-	-	-	(32.13)	**(32.13)**
Written off during the year	-	-	-	(37.93)	**(37.93)**
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**
Provided during the year	-	-	-	96.66	**96.66**
Reversals of provision	-	(0.08)	-	(57.18)	**(57.26)**
Written off during the year	-	-	-	(85.90)	**(85.90)**
Effects of changes in foreign exchange rate	-	-	-	(7.41)	**(7.41)**
Other adjustment	-	-	-	(3.19)	**(3.19)**
As at 31st March, 2021	**2.25**	**0.78**	**0.46**	**231.54**	**235.03**

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, 2021 and 31st March, 2020. 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, 2021:

₹ in Crores

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
Non-derivative:				
Borrowings				
Current borrowings	334.73	-	-	334.73
Current maturities of non-current borrowings	218.08	-	-	218.08
Non-current borrowings	-	1,202.75	-	1,202.75
Trade payables	2,066.82	-	-	2,066.82
Other financial liabilities	733.99	191.45	104.15	1,029.60
Derivative:				
Derivative designated as hedge	26.68	-	-	26.68
	3,380.30	**1,394.20**	**104.15**	**4,878.66**

Notes to the consolidated financial statements

Note 42: Financial Instrument (Contd.)

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	1-5 years	Above 5 years	Total
Non-derivative:				
Borrowings				
Current borrowings	447.15	-	-	447.15
Non-current borrowings	-	2,369.28	-	2,369.28
Trade payables	2,281.81	-	-	2,281.81
Other financial liabilities	530.36	162.32	114.58	807.26
Derivative:				
Derivative not designated as hedge	17.88	-	-	17.88
Derivative designated as hedge	54.78	-	-	54.78
	3,331.98	**2,531.60**	**114.58**	**5,978.16**

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			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
31st March, 2021						
Cash flow hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 28)	281.53	-	16.98	April 2021 - March 2022	1:1	USD 1 = ZAR 15.94 EUR 1 = ZAR 18.51
Foreign exchange forward contracts (refer note 18)	3,172.31	58.40	-	April 2021 - March 2022	1:1	USD 1 = ₹ 77.59 ZAR 1 = ₹ 4.70
Foreign exchange currency option contracts - Sold (refer note 18)	270.50	(2.23)	-	April 2021 - March 2022	1:1	USD 1 = ₹ 79.68
Foreign exchange currency option contracts - Bought (refer note 18)	270.50	3.54	-	April 2021 - March 2022	1:1	USD 1 = ₹ 74.32
Interest rate risk						
Interest rate swap (refer note 28)	804.21	-	9.70	April 2021 - March 2022	1:1	2.30%
Fair value hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 18)	558.43	1.90	-	April 2021 - March 2022	1:1	USD 1 = ₹ 74.16 ZAR 1 = ₹ 4.90 AUD 1 = ₹ 56.76 GBP 1 = ₹ 102.55

Notes to the consolidated financial statements

Note 42: Financial Instrument (Contd.)

₹ 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						
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 option contracts - Sold (refer note 28)	227.00	-	(0.53)	April 2020 - March 2021	1:1	USD 1 = ₹ 75.25
Foreign exchange currency 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

* The foreign currency forward contracts 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 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, 2021			
Cash flow hedge			
i) Foreign exchange risk contracts (refer note 40)	(22.19)	-	37.45
ii) Interest rate swap (refer note 40)	7.11	-	-
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)	-	-

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.

Note 42: Financial Instrument (Contd.)

c) Movement in cash flow hedge reserve and cost of hedge reserve

₹ in Crores

Derivative Instruments	As at 31st March, 2021			As at 31st March, 2020		
	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	**(6.65)**	**(21.42)**	**(28.07)**	**32.22**	**38.24**	**70.46**
Add: Changes in fair value	(22.19)	7.11	**(15.08)**	(17.27)	(70.56)	**(87.83)**
Less: Amount reclassified to profit or loss	37.45	-	**37.45**	(40.60)	-	**(40.60)**
Less: Deferred tax relating to above (net)	(3.22)	(1.01)	**(4.23)**	19.00	10.90	**29.90**
Closing balance	**5.39**	**(15.32)**	**(9.93)**	**(6.65)**	**(21.42)**	**(28.07)**

Note 43: Capital Management

(A) Risk Management

The Group'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 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 balance sheet, including non-controlling interest.

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total debt	1,755.56	2,816.43
Less: Cash and cash equivalent including mutual fund and bank deposit with original maturity between 3 to 12 months.	3,676.48	2,008.98
Net debt (A)	(1,920.92)	807.45
Total equity (B)	18,585.59	16,057.28
Net debt to equity ratio (A/B)	**(0.10)**	**0.05**

(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

(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.

Notes to the consolidated financial statements

Note 43: Capital Management (Contd.)

(C) Dividend on equity share

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Dividend on equity shares paid during the year		
Final dividend for the year		
[FY 2019-20 ₹ Nil (FY 2018-19 ₹ 3.00) per equity share of ₹ 2.00 each]	-	241.77
Dividend distribution tax on final dividend	-	34.23
	-	**276.00**
Interim dividend (including one time special dividend) for the FY 2020-21 ₹ Nil (FY 2019-20 ₹ 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
	-	**664.20**
b) Proposed dividend on equity share not recognised as liability	403.23	-

The Board of Directors of the Company at the meeting held on 14th May, 2021 has recommended a final dividend of ₹ 5.00 per equity share which is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

Note 44: Investment in an Associate

₹ in Crores

Name of entity	Place of Business	% of Ownership interest		Accounting Method	Quoted fair value		Carrying value	
		31st March, 2021	31st March, 2020		31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
Material associates:								
Avenue Therapeutics Inc. [1]	USA	32.50%	33.30%	Equity	258.87	394.59	190.33	209.03
Brandmed (Pty) Limited [2]	South Africa	30.00%	30.00%	Equity	-*	-*	27.81	25.38
Other immaterial associates (refer note below)							10.24	0.56
							228.38	**234.97**

* Unlisted entity- no quoted price available.

1. Avenue Therapeutics is a specialty pharmaceutical company whose mission is to develop IV tramadol, a potential alternative that could reduce the use of conventional opioids, for patients suffering from acute pain in the U.S.

2. 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.

Note 44: Investment in an Associate (Contd.)

Individually immaterial associates

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening balance	0.56	6.95
Addition/unwinding during the year	9.05	0.56
Profit/(loss) for the year	0.63	(6.95)
Other comprehensive income	-	-
Aggregate carrying amount of individually immaterial associates	**10.24**	**0.56**

Financial information of associates that are material to Group as at 31st March, 2021 is provided below:

A) Avenue Therapeutics, Inc.

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current assets	14.21	40.82
Intangible assets under development	596.27	534.99
Current liabilities	(3.38)	(6.98)
Equity	**607.10**	**568.83**
Group ownership	32.50%	33.30%
Equity proportion of the Group ownership	197.31	189.42
Translation adjustment arising out of translation of foreign currency balances	(6.98)	19.61
Carrying amount of the investment	190.33	209.03

Note 44: Investment in an Associate (Contd.)

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Revenue from sale of products	-	-
Profit/(loss) for the year	(36.09)	(114.45)
Total comprehensive income for the year	(36.09)	(114.45)
Group's share of profit/ (loss) for the year	**(11.73)**	**(38.11)**

On 12th October, 2020, Avenue Therapeutics, Inc. ('Avenue') an associate company of the Group announced that it had received a Complete Response Letter ("CRL") from the FDA regarding the Company's NDA for IV Tramadol. The CRL cited deficiencies related to terminal sterilisation validation and stated that IV Tramadol, intended to treat patients in acute pain who require an opioid, is not safe for the intended patient population. On 12th February, 2021, Avenue resubmitted its NDA to the FDA for IV Tramadol on receipt of official minutes from a Type A meeting with the FDA. The resubmission included revised language relating to the proposed product label and a report relating to terminal sterilisation validation. The FDA assigned a PDUFA goal date of 12th April, 2021, however, the FDA stated that it is still reviewing the NDA resubmission application. The Group has communicated to Avenue that it believes a Material Adverse Effect {as defined in the stock purchase and merger agreement (SPMA)} citing CRL, impact of COVID-19 and impact on account of change in product label. In addition, the Group has retained the right to terminate the SPMA as the second closing did not happen on or before 30th April, 2021.

Avenue does not generate revenue and has incurred operating losses since its inception and expects significant operating losses to continue for the foreseeable future as it executes its product development plan. As of 31st March, 2021, Avenue had an accumulated deficit of USD 74.27 million. Avenue's ability to potentially commercialise IV Tramadol, and the timing of potential commercialisation, is dependent on the FDA's review of Avenue's resubmission of its NDA for IV Tramadol, ultimate FDA approval, and potentially, additional capital.

In light of the above events, the Management identified impairment indicators in relation to the investment in Avenue. These impairment indicators prompted

Notes to the consolidated financial statements

Note 44: Investment in an Associate (Contd.)

the Group Management to perform an impairment assessment, whereby Management determined that the fair value less cost of disposal is the best approach to determine its recoverable value. As Avenue is listed in the U.S. stock exchange, the market price of Avenue on the valuation date was considered as the basis for determining fair value less cost to sell, basis which the Management concluded that the investment in Avenue is not impaired as on 31st March, 2021.

B) Brandmed (Pty) Limited

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current assets	6.63	5.44
Non-current assets	3.25	9.38
Current liabilities	(0.28)	(0.29)
Non-current liabilities	(0.33)	(0.24)
Equity	**9.27**	**14.29**
Group ownership	30.00%	30.00%
Equity proportion of the Group ownership	2.78	4.29
Goodwill	20.91	24.93
Translation adjustment arising out of translation of foreign currency balances	4.12	(3.84)
Carrying amount of the investment	27.81	25.38

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Revenue from sale of products	8.97	1.08
Profit/(loss) for the year	(5.63)	(8.00)
Total comprehensive income for the year	**(5.63)**	**(8.00)**
Group's share of profit/(loss) for the year	(1.69)	(2.40)

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, 2021	As at 31st March, 2020
Contingent liabilities		
Claims against the Group not acknowledged as debt	161.88	321.04
Financial guarantees	186.79	183.80
Letters of credit	81.40	67.28
Income tax on account of disallowances/additions	51.63	51.67
Excise duty/service tax on account of valuation/cenvat credit	132.27	129.71
Sales tax on account of credit/classification	8.12	7.72
	622.09	**761.22**
Commitments		
Estimated amount of contracts unexecuted on capital account	556.33	620.97

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 our pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in our financial statements. The Group does not expect the outcome of these proceedings to

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

have a materially adverse effect on the 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 ₹ 3,676.07 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 Judgement dated 21st October, 2016, allowed the Appeals filed by the Government against the Judgement 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.

The Company had filed amendment applications before the Honourable Bombay High Court to incorporate the effect of a ruling by the

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

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 the amendment applications and set 25th January, 2021 for further hearing but the case was not listed 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 ₹ 3,281.31 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 ₹ 111.15 crore as of 31st March, 2021 for products not part of the referenced writ proceedings. Further, no new recovery notices were received by the Company during the year, thus not requiring any fresh cases to be filed by the Company in that regard. Due to COVID-19, courts are hearing only urgent cases, hence the writs that are pending will be heard in due course.

(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 a Special Economic Zone (SEZ) for the 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 Honourable 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 Honourable Supreme Court and in which parties were directed to maintain status quo. Also by order dated 18th October, 2013 the Honourable 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 Honourable 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 Honourable 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, 2021 (31st March, 2020: ₹ 10.48 crore)

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, 2021 and 31st March, 2020 amounted to ₹ 3,251.83 crore and ₹ 3,027.01 crore respectively.

Disclosure in respect of contributions to provident and other funds as follows:

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Defined contribution plans		
Employees' pension scheme	36.51	33.15
Provident fund	19.65	18.09
Contribution for 401(k) fund*	13.31	16.26
Others - ESIS, Labour welfare fund, etc.	11.14	4.42
	80.61	**71.92**
Defined benefit plan		
Gratuity (refer table 1 below)	27.94	23.78
Provident fund (refer table 2 below)	39.61	41.30
	67.55	**65.08**
Total contribution to provident fund and other fund	**148.16**	**137.00**

*The Group maintains a 401(k) plan, pursuant to which employees may make contributions which are not to exceed statutory limits. Employer matching contributions are equal to 100% of employee contribution.

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

Note 46: Employee Benefits (Contd.)

Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Holding Company and Indian subsidiaries make 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 set up 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 their 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 have 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	2021 Gratuity (Funded Plan)	2020 Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	179.52	147.46
Interest cost	11.91	11.49
Current service cost	25.62	24.22
Actuarial changes arising from changes in demographic assumptions	1.34	18.41
Actuarial changes arising from changes in financial assumptions	0.82	9.61
Actuarial changes arising from changes in experience assumptions	(15.16)	(9.05)
Benefits paid	(18.21)	(22.62)
Liability at the end of the year	**185.84**	**179.52**
ii. Change in fair value of assets		
Opening fair value of plan assets	145.48	153.07
Expected return on plan assets	9.59	11.93
Return on plan assets excluding interest income	5.98	(4.34)
Contributions by employer	33.54	16.03
Benefits paid	(15.84)	(31.21)

Note 46: Employee Benefits (Contd.)

₹ in Crores

Particulars	2021 Gratuity (Funded Plan)	2020 Gratuity (Funded Plan)
Closing fair value of plan assets	**178.75**	**145.48**
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(185.84)	(179.52)
Fair value of plan assets as at year end	178.75	145.48
Net asset/ (liability) recognised	**(7.09)**	**(34.04)**
iv. Expenses recognised in profit or loss		
Current service cost	25.62	24.22
Interest on defined benefit obligation	11.91	11.49
Expected return on plan assets (Interest income only)	(9.59)	(11.93)
Total expense recognised in profit or loss	**27.94**	**23.78**
v. Expenses recognised in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions	1.34	18.41

Notes to the consolidated financial statements

Note 46: Employee Benefits (Contd.)

₹ in Crores

Particulars	2021 Gratuity (Funded Plan)	2020 Gratuity (Funded Plan)
Actuarial changes arising from changes in financial assumptions	0.82	9.61
Actuarial changes arising from changes in experience assumptions	(15.16)	(9.05)
Actuarial gain/ (loss) return on plan assets, excluding interest income	(5.98)	4.34
Net (income)/ expense for the period recognised in OCI	**(18.98)**	**23.31**
vi. Actual return on plan assets		
Expected return on plan assets	9.59	11.93
Actuarial gain/ (loss) on plan assets	5.98	(4.34)
Actual return on plan assets	**15.57**	**7.59**
vii. Asset information		
Insurer managed funds	100%	100%
viii. Expected employer's contribution for the next year	20.49	48.58

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:

Note 46: Employee Benefits (Contd.)

Principal actuarial assumptions used	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Discounted rate (per annum)	6.33% to 6.87%	6.82% to 6.87%
Expected rate of return on plan assets	6.33% to 6.87%	6.82% to 6.87%
Expected rate of future salary increase		
- For the next 1 year (31st March, 2020 for next 2 years)	7.00%	5 % to 7%
- Thereafter starting from the 2nd/ 3rd year	5.00%	5.00%
Demographic assumptions:		
Mortality rate (Holding Company)	Indian assured lives Mortality (2012-14) Ultimate	Indian assured lives Mortality (2006-08) Ultimate
Mortality rate (Indian Domestic Subsidiaries)	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 %

Note 46: Employee Benefits (Contd.)

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 occurring at the end of the reporting period, while holding all other assumptions constant.

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Discount rate (1% movement increase)	(15.37)	(15.59)
Discount rate (1% movement decrease)	18.09	18.05
Future salary growth (1% movement increase)	18.46	18.54
Future salary growth (1% movement decrease)	(15.65)	(15.72)
Attrition rate (1% movement increase)	2.49	2.55
Attrition rate (1% movement decrease)	(2.81)	(2.90)

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.

Note 46: 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, 2021	As at 31st March, 2020
1st following year	13.80	11.14
2nd following year	15.52	11.32
3rd following year	13.43	12.77
4th following year	17.69	15.41
5th following year	14.99	16.46
Sum of years 6 to 10	70.61	64.04
Sum of years 11 and above	231.86	235.44

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 actuarial report

₹ in Crores

Particulars	2021 Provident Fund (Funded Plan)	2020 Provident Fund (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	1,085.93	945.15
Interest cost	92.81	82.13
Current service cost	39.61	41.30
Employee contribution	85.76	82.43
Liability transferred in	15.06	25.63
Benefits paid	(128.49)	(140.46)
Other experience adjustment	24.49	49.75
Liability at the end of the year	**1,215.17**	**1,085.93**
ii. Change in fair value of assets		
Opening fair value of plan assets	1,094.00	962.45

Notes to the consolidated financial statements

Note 46: Employee Benefits (Contd.)

₹ in Crores

	Particulars	2021 Provident Fund (Funded Plan)	2020 Provident Fund (Funded Plan)
	Expected return on plan assets	92.81	82.13
	Actuarial gain	24.49	49.75
	Contributions by employer	125.37	123.73
	Transfer of plan assets	15.06	25.63
	Benefits paid	(128.49)	(140.46)
	Other experience adjustment	8.99	(9.23)
	Closing fair value of plan assets	**1,232.23**	**1,094.00**
iii.	**Amount recognised in balance sheet**		
	Present value of obligations as at year end	(1,215.17)	(1,085.93)
	Fair value of plan assets as at year end	1,232.23	1,094.00
	Funded status	(17.06)	(8.07)
	Net asset/(liability) recognised	**-**	**-**
iv.	**Expenses recognised in profit or loss**		
	Current service cost	39.61	41.30
	Interest cost	92.81	82.13
	Expected return on plan assets	(92.81)	(82.13)
	Total expense recognised in profit or loss	**39.61**	**41.30**
v.	**Actual return on plan assets**		
	Expected return on plan assets	92.81	82.13
	Actuarial gain on plan assets	24.49	49.75
	Actual return on plan assets	**117.30**	**131.88**

Note 46: Employee Benefits (Contd.)

₹ in Crores

	Particulars	2021 Provident Fund (Funded Plan)	2020 Provident Fund (Funded Plan)
vi.	**Asset information**		
	Investment in PSU bonds	513.62	475.27
	Investment in government securities	565.90	502.73
	Bank special deposit	15.58	15.58
	Investment in other securities	41.12	42.10
	Equity/insurer managed funds/ mutual funds	93.71	52.67
	Cash and cash equivalents	2.30	5.65
	Total assets at the end of the year	**1,232.23**	**1,094.00**
vii.	**Principal actuarial assumptions used**		
	Discounted rate (per annum)	6.87%	6.84%
	Expected rate of return on plan assets (per annum)	8.50%	8.50%
	Expected rate of future salary increase (per annum)		
	- For the next 1 year	7.00 %	5.00 %
	- Thereafter starting from the 2nd year	5.00%	5.00%
viii.	**Experience adjustments**		
	Defined benefit obligation	1215.17	1,085.93
	Plan assets	(1,232.23)	(1,094.00)
	Deficit/(surplus)	**(17.06)**	**(8.07)**
	Experience adjustment on plan assets gain	24.49	49.75

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 ₹ 168.12 crore and ₹ 161.29 crore as at 31st March, 2021 and 31st March, 2020, respectively.

Note 46: Employee Benefits (Contd.)

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, 2021, there was ₹ 5.63 crore (31st March, 2020: ₹ 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 scheme

1. Parent Company

Cipla Limited

A. 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	15th May, 2020	2,54,140	2.00	2 year	5 years from vesting date
ESOS 2013 - A	15th May, 2020	12,319	2.00	1 year	5 years from vesting date

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2 each.

Weighted average share price for options exercised during the year:

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	744.97

Note 47: Employee scheme (Contd.)

Stock option activity under the scheme(s) for the year ended 31st March, 2021 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	**9,25,007**	**2.00**	**2.00**	**4.57**
Granted during the year	2,66,459	2.00	2.00	-
Forfeited/cancelled during the year	94,099	2.00	2.00	-
Lapsed during the year	41,120	2.00	2.00	-
Exercised during the year	2,24,040	2.00	2.00	-
Outstanding at the end of the year	**8,32,207**	**2.00**	**2.00**	**4.79**
Exercisable at the end of the year	3,08,586	2.00	2.00	3.38

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 (%)	1.05%
Expected volatility	26.67%
Risk-free interest rate	5.46%
Weighted average share price (₹)	569.75
Exercise price (₹)	2.00
Expected life of options granted in years	4.45
Weighted average fair value of Options (₹)	542.15

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, 2021	31st March, 2020
Profit after tax as reported (₹ in Crore)	2,468.58	2,318.17
Share-based payment expense (₹ in Crore)*	14.82	18.92
Earnings per share adjusted		
Basic (₹)	30.79	28.99
Diluted (₹)	30.76	28.95

* includes ₹ 0.04 crore (31st March, 2020: ₹ 0.36 crore) pertaining to Jay Precision Pharmaceuticals Private Limited.

B. Employee Stock Appreciation Rights Scheme

The Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR Scheme 2021/the Scheme')" as approved by the shareholders by postal ballot on 25th March, 2021. The plan will cover all the employees, including director(s) other than independent directors of the Company and its subsidiaries [collectively "eligible employees"]. The Nomination and Remuneration Committee of the Board of Cipla Limited will administer this scheme and grant ESARs to the eligible employees. Further, the maximum number of Employee Stock Appreciation Rights (ESARs) that may be granted under the scheme shall not exceed 1,75,00,000 and the maximum number of equity shares that may be issued towards appreciation of the ESARs to be granted under the scheme shall not exceed 33,00,000 of ₹ 2/- each, i.e., face value. As at 31st March, 2021, no ESARs have been granted.

Notes to the consolidated financial statements

Note 47: Employee 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	30th April, 2020	825	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, 2021 was ₹ 6.40 crore (31st March, 2020: ₹ 18.88 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, 2021	For the year ended 31st March, 2020
Expense arising from equity-settled share-based payment transactions	4.72	4.53

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, 2021		As at 31st March, 2020	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	89,774	10.00	66,746	10.00
Granted during the year	825	10.00	27,329	10.00
Forfeited/Cancelled during the year	8,714	10.00	4,301	10.00
Extinguishment of rights during the year*	61,588	10.00	-	-
Outstanding at the end of the year	**20,297**	**10.00**	**89,774**	**10.00**
Exercisable at the end of the year	-	10.00	-	10.00

Note 47: Employee scheme (Contd.)

The following table lists the inputs to the models used for the years ended 31st March, 2021 and 31st March, 2020, respectively.

Particulars	As at 31st March, 2021	As at 31st March, 2020
Dividend yield (%)	0%	0%
Expected volatility (%)	25.13%	25.13%
Risk free investment rate (%)	7.08%	7.08%
Exercise price at date of grant	10	10
Share price at date of grant	₹ 6,155.00	₹ 6,155.00
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

*During the year ended 31st March, 2021, the ESOP holders entered into a tripartite agreement with the Holding Company and Cipla Health Limited wherein they agreed to extinguish their right of exercise of ESOPs vested against the total payment of ₹ 36.01 crore from the Holding Company. On account of this ESOP reserve amounting to ₹ 17.20 crore was reversed and differential amount of ₹ 18.81 crores has been booked as capital reserve. Further payment made has been classified as part of financing activity in the Consolidated Cash Flow Statement.

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, 2021

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)

GoApptiv Private Limited (w.e.f. 27th July, 2020)

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

Note 48: Related party disclosures (Contd.)

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

Dr Peter Mugyenyi

Mr S Radhakrishnan

Mr Peter Lankau (upto 30th June, 2019)

E. Entities over which the Company is able to exercise significant influence/control

Cipla Foundation

Chest Research Foundation (formerly known as Hamied Foundation upto 14th October, 2019)

Cipla Cancer and AIDS Foundation

F. Post-employment benefit trusts

Cipla Limited Employees Provident Fund

Cipla Limited Employees Gratuity Fund

Goldencross Pharma Private Limited Employees Group Gratuity Fund

Meditab Specialities Limited Employees Comprehensive Gratuity Scheme

Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme

Cipla Biotec Private Limited Employees Gratuity Fund

Sitec Labs Private Limited Employees Group Gratuity Scheme

Cipla Health Limited Employees Gratuity scheme

Jay Precision Pharmaceuticals Employees Group Gratuity Trust

Notes to the consolidated financial statements

Note 48: Related party disclosures (Contd.)

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, 2021	For the year ended 31st March, 2020
A. Investment in equity shares of Associates		
GoApptiv Private Limited	1.80	-
Brandmed (Pty) Limited	-	31.61
AMPSolar Power Systems Private Limited	-	0.09
	1.80	**31.70**
B. Investment in Compulsory Convertible Debentures of Associates		
AMPSolar Power Systems Private Limited	-	8.91
	-	**8.91**
C. Investment in 0.001% Compulsory Convertible Preference Share of Associates		
GoApptiv Private Limited	7.20	-
	7.20	**-**
D. Remuneration to Key Management Personnel and Directors		
Short-term employee benefits	19.62	17.08
Post-employment benefits*	0.51	0.51
Commission to directors	11.46	10.36
Sitting fee	0.98	0.78
Share-based payments expense	5.23	5.27
	37.80	**34.00**

* 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.

Note 48: Related party disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
E. Contribution to provident fund and other fund		
Cipla Limited Employees Gratuity Fund	28.10	15.00
Cipla Limited Employees Provident Fund	39.64	41.30
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	1.53	0.13
Meditab Specialities Limited Employees Comprehensive Gratuity Scheme	1.20	0.90
Sitec Labs Private Limited Employees Group Gratuity Scheme	1.98	-
Goldencross Pharma Private Limited Employees Group Gratuity Fund	0.80	-
	73.25	**57.33**
F. Service Charges and reimbursement paid		
GoApptiv Private Limited	15.34	-
Stempeutics Research Private Limited	1.16	-
	16.50	**-**
G. Donations given		
Cipla foundation	33.19	37.50
Chest Research Foundation	-	2.00
	33.19	**39.50**
H. Rent Received		
Dr Y K Hamied (₹ 20,040/- in both the years)	0.00	0.00
	0.00	**0.00**

Notes to the consolidated financial statements

Note 48: Related party disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I. Testing and analysis charges paid		
Stempeutics Research Private Limited	-	2.06
	-	**2.06**
J. Purchase of assets		
Stempeutics Research Private Limited	2.00	-
	2.00	**-**
K. Freight charges paid		
Stempeutics Research Private Limited	-	0.02
	-	**0.02**
L. Reimbursement of operating/other expenses		
GoApptiv Private Limited	0.65	-
Stempeutics Research Private Limited	-	0.31
	0.65	**0.31**
M. Electricity charges paid		
AMPSolar Power Systems Private Limited	2.42	-
	2.42	**-**
N. Payable to Key Management Personnel and Directors (Performance Bonus and Commission)		
	17.72	**15.17**
O. Dividend paid to Key Management Personnel and Directors		
	-	**151.81**
P. Contribution payable to provident/gratuity fund		
Cipla Limited Employees Provident fund	11.02	10.37
Cipla Health Limited Employees Gratuity scheme	0.95	0.50

Note 48: Related party disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Meditab Specialities Pvt Ltd Employees Comprehensive Gratuity Scheme	-	0.92
Cipla Limited Employees Gratuity fund	4.26	27.94
Sitec Labs Private Limited Employees Group Gratuity Scheme	0.08	1.92
Goldencross Pharma Private Limited Employees Group Gratuity Fund	0.12	0.74
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	0.22	1.00
	16.65	**43.39**
Q. Advances receivable from gratuity fund		
Sitec Labs Private Limited Employees Group Gratuity Scheme	1.11	0.91
Goldencross Pharma Private Limited Employees Group Gratuity Fund	0.04	0.02
Cipla Biotec Private Limited Employees Gratuity Fund	0.01	0.02

Notes to the consolidated financial statements

Note 48: Related party disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Meditab Specialities Pvt Ltd Employees Comprehensive Gratuity Scheme	0.01	-
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	0.12	0.46
	1.29	**1.41**

Note 48: Related party disclosures (Contd.)

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
R. Payable to associates		
GoApptiv Private Limited	0.29	-
	0.29	**-**
S. Payable towards acquisition of stake in associate		
Brandmed (Pty) Limited	2.47	-
	2.47	**-**
T. Purchase of goods		
Brandmed (Pty) Limited	4.99	-
	4.99	**-**

Notes to the consolidated financial statements

Note 49: Corporate social responsibility (CSR) expenditure

The Group has incurred ₹ 45.27 crore (31st March, 2020: ₹ 38.70 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 ₹ 45.23 crore (31st March, 2020: ₹ 38.63 crore).

The above includes contribution of ₹ 33.19 crore (31st March, 2020: ₹ 37.50 crore) to Cipla Foundation which is a trust, with the main objective of working in the areas of social, economic and environmental issues.

The Group has not carried any provisions for corporate social responsibility expenses for current year and previous year.

The Group does not wish to set-off any excess CSR amount spent during the year 2019-20 against current year's CSR obligation.

The Group does not have any ongoing projects as at 31st March, 2021 as defined under Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended).

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 other subsequent events that occurred after the reporting date.

Note 52: Impact of Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13th November, 2020, and has invited suggestions from stakeholder which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact are published.

Note 53: Scheme of arrangement

The Board in its meeting held on 29th January, 2021 has approved a draft scheme of arrangement (Scheme) which entails demerger of the US business undertaking (Demerged Undertaking 1) of Cipla Limited (Demerged Company) into its wholly-owned subsidiary, Cipla BioTec Limited (Resulting Company 1) and consumer business undertaking (Demerged Undertaking 2) of Cipla Limited into its wholly-owned subsidiary, Cipla Health Limited (Resulting Company 2) pursuant to Sections 230 to 232 and the other relevant provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Scheme would be subject to the receipt of requisite approvals including from the National Company Law Tribunal, BSE Limited, National Stock Exchange of India Limited and Securities and Exchange Board of India, the shareholders and/or creditors of the Demerged Company, Resulting Company 1 and Resulting Company 2.

Note 54: 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 55: On 10th May, 2021, Cipla Technologies LLC ('Ciptec'), a subsidiary of the Group has received an anticipatory material breach notice under Development and Commercialisation Agreement with Pulmatrix on co-development of Pulmazole. The Company will suitably respond to the said notice.

Note 56: 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").

Note 56: Segment Information (Contd.)

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.

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Segment wise revenue and results		
Segment revenues:		
a) Pharmaceuticals	18,878.24	16,958.67
b) New ventures	401.27	219.17
Total	**19,279.51**	**17,177.84**
Less : Inter segment revenue	119.92	45.85
Total Income from Operations	**19,159.59**	**17,131.99**
Segment results:		
Profit/(loss) before tax and interest from each segment		
a) Pharmaceuticals	3,633.71	2,574.17
b) New ventures	(182.95)	(198.63)
Total	**3,450.76**	**2,375.54**
Less: Finance cost	160.70	197.36
Total profit/(loss) before tax	**3,290.06**	**2,178.18**

Note 56: Segment Information (Contd.)

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
2021	7,735.73	4,091.40	2,303.00	5,029.46	19,159.59
2020	6,740.56	3,873.82	2,206.42	4,311.19	17,131.99

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
2021	4,999.37	2,852.03	1,982.71	805.88	10,639.99
2020	5,116.62	3,090.03	1,755.15	737.25	10,699.05

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

₹ 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	108.74%	19,927.56	102.64%	2,468.29	23.68%	41.46	97.28%	2,509.75
Subsidiaries								
Indian								
Goldencross Pharma Limited (formerly known as Goldencross Pharma Private Limited)	1.70%	311.51	0.45%	10.89	0.07%	0.13	0.43%	11.02
Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited)	2.05%	376.04	0.21%	4.93	(0.03%)	(0.05)	0.19%	4.88
Jay Precision Pharmaceuticals Private Limited	0.79%	144.12	1.01%	24.32	(0.05%)	(0.09)	0.94%	24.23
Medispray Laboratories Private Limited	1.85%	339.10	2.06%	49.66	0.03%	0.05	1.93%	49.71
Sitec Labs Limited (formerly known as Sitec Labs Private Limited)	0.55%	100.73	0.55%	13.19	0.25%	0.43	0.53%	13.62
Cipla Biotec Limited (formerly known as Cipla Biotec Private Limited)	0.46%	85.13	(0.28%)	(6.81)	0.00%	0.00	(0.26%)	(6.81)
Cipla Health Limited	0.76%	139.27	(2.55%)	(61.31)	0.01%	0.02	(2.38%)	(61.29)
Cipla Pharmaceuticals Limited	0.11%	19.50	(0.01%)	(0.25)	0.00%	-	(0.01%)	(0.25)
Foreign								
Cipla (Mauritius) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Medpro South Africa (Pty) Limited	(0.86%)	(158.48)	1.35%	32.53	(8.97%)	(15.71)	0.65%	16.82
Cipla Holding BV	0.48%	88.46	0.05%	1.15	0.00%	-	0.04%	1.15
Cipla (EU) Limited	21.17%	3,880.58	(0.49%)	(11.89)	1.17%	2.05	(0.38%)	(9.84)
Saba Investment Limited	1.39%	255.30	0.09%	2.07	0.00%	-	0.08%	2.07
Cipla (UK) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Australia Pty Limited	0.03%	6.20	(0.28%)	(6.68)	0.00%	-	(0.26%)	(6.68)
Meditab Holdings Limited	2.16%	395.79	0.86%	20.76	(29.50%)	(51.66)	(1.20%)	(30.90)
Cipla USA Inc.	0.98%	180.35	(0.87%)	(20.82)	0.00%	-	(0.81%)	(20.82)
Cipla Kenya Limited	0.01%	2.30	0.03%	0.78	0.00%	-	0.03%	0.78
Cipla Malaysia Sdn. Bhd.	0.02%	3.61	0.02%	0.37	0.00%	-	0.01%	0.37
Cipla Europe NV	0.37%	68.49	0.10%	2.42	0.00%	-	0.09%	2.42
Cipla Quality Chemical Industries Limited	1.47%	269.41	(0.78%)	(18.73)	0.00%	-	(0.73%)	(18.73)
Quality Chemicals Limited	0.00%	-	(0.09%)	(2.15)	0.00%	-	(0.08%)	(2.15)
Inyanga Trading 386 (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Medpro Holdings (Pty) Limited	0.00%	-	0.01%	0.14	0.00%	-	0.01%	0.14
Cape to Cairo Exports (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Dibcare (Pty) Limited	0.00%	-	0.00%	0.00	0.00%	-	0.00%	0.00
Cipla Life Sciences (Pty) Limited	0.71%	129.92	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
Cipla-Medpro (Pty) Limited	2.30%	420.90	1.44%	34.55	0.00%	-	1.34%	34.55
Cipla-Medpro Distribution Centre (Pty) Limited	(0.01%)	(1.97)	(0.01%)	(0.35)	0.00%	-	(0.01%)	(0.35)
Cipla Medpro Botswana (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla OLTP (Pty) Limited (formerly known as Cipla Nutrition (Pty) Limited)	(0.10%)	(18.40)	0.25%	5.98	0.00%	-	0.23%	5.98
Medpro Pharmaceutica (Pty) Limited	1.07%	196.58	1.72%	41.33	0.00%	-	1.60%	41.33
Mirren (Pty) Limited	0.24%	44.46	(0.17%)	(4.14)	0.00%	-	(0.16%)	(4.14)
Anmarate (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Breathe Free Lanka (Private) Limited	0.04%	7.69	0.13%	3.02	0.00%	-	0.12%	3.02

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 Medica Pharmaceutical and Chemical Industries Limited	0.03%	6.25	(0.13%)	(3.06)	0.00%	-	(0.12%)	(3.06)
Cipla Gulf FZ-LLC	0.05%	8.53	(0.30%)	(7.33)	0.00%	-	(0.28%)	(7.33)
Cipla Pharma Lanka (Private) Limited	0.00%	-	0.00%	0.02	0.00%	-	0.00%	0.02
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	0.09%	15.58	(0.01%)	(0.33)	0.00%	-	(0.01%)	(0.33)
Cipla Maroc SA	0.49%	89.17	0.09%	2.23	0.00%	-	0.09%	2.23
InvaGen Pharmaceuticals Inc.	14.81%	2,713.28	(2.62%)	(62.94)	2.31%	4.05	(2.28%)	(58.89)
Cipla Middle East Pharmaceuticals FZ-LLC	0.06%	10.88	0.30%	7.14	0.00%	-	0.28%	7.14
Cipla Philippines Inc.	0.00%	0.63	(0.01%)	(0.16)	0.00%	-	(0.01%)	(0.16)
Cipla Algérie	0.00%	0.00	0.00%	0.00	0.00%	-	0.00%	0.00
Cipla BioTec South Africa (Pty) Limited	0.00%	0.00	0.00%	0.00	0.00%	-	0.00%	0.00
Cipla Colombia SAS	0.07%	12.85	0.25%	5.96	0.00%	-	0.23%	5.96
Cipla (Jiangsu) Pharmaceutical Co., Ltd	1.10%	201.92	(0.32%)	(7.81)	0.00%	-	(0.30%)	(7.81)
Cipla (China) Pharmaceutical Co., Ltd	0.07%	12.26	0.01%	0.33	0.00%	-	0.01%	0.33
Exelan Pharmaceuticals Inc.	0.46%	84.79	1.80%	43.26	0.00%	-	1.68%	43.26
Cipla Technologies LLC	1.10%	201.89	0.07%	1.59	0.00%	-	0.06%	1.59
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		**30,572.18**		**2,562.13**		**(19.32)**		**2,542.81**
Inter-company Elimination and Consolidation Adjustments	(66.65%)	(12,214.97)	(6.69%)	(160.83)	103.27%	180.81	0.77%	19.98
Non-controlling Interest in Subsidiaries	(1.41%)	(259.06)	0.68%	16.36	7.77%	13.60	1.16%	29.96
Share of Profit/(loss) in Associates	1.25%	228.38	(0.53%)	(12.79)	0.00%	-	(0.50%)	(12.79)
Grand Total		**18,326.53**		**2,404.87**		**175.09**		**2,579.96**

Note: Net assets and share in profit or loss for the Parent Company, subsidiaries, 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, 2021 were approved by the Board of Directors on 14th May, 2021.

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, 14th May, 2021

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, 14th May, 2021

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	Reporting period	Exchange rate as on 31st March 2021	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	April - March	1.0000	4.01	140.11	154.35	10.23	-	94.77	32.93	8.61	24.32	-	60%	India
2	Meditab Specialities Limited (formerly known as Meditab Specialities Private Limited)	INR	April - March	1.0000	0.71	375.32	454.50	78.47	6.90	34.47	4.25	(0.67)	4.92	-	100%	India
3	Medispray Laboratories Private Limited	INR	April - March	1.0000	0.05	339.05	399.82	60.72	106.50	268.87	66.90	17.25	49.65	-	100%	India
4	Goldencross Pharma Limited (formerly known as Goldencross Pharma Private Limited)	INR	April - March	1.0000	0.05	311.47	329.09	17.57	124.11	130.91	15.46	4.58	10.88	-	100%	India
5	Sitec Labs Limited (formerly known as Sitec Labs Private Limited)	INR	April - March	1.0000	0.02	100.72	121.44	20.70	-	89.94	17.80	4.60	13.20	-	100%	India
6	Cipla Health Limited	INR	April - March	1.0000	2.33	136.95	268.40	129.12	32.00	381.86	(76.13)	(14.82)	(61.31)	-	100%	India
7	Cipla Biotec Limited (formerly known as Cipla Biotec Private Limited)	INR	April - March	1.0000	258.71	(173.57)	92.07	6.93	28.89	14.40	(6.81)	-	(6.81)	-	100%	India
8	Cipla Pharmaceuticals Limited[1]	INR	April - March	1.0000	20.00	(0.50)	21.74	2.24	0.31	-	(0.23)	0.02	(0.25)	-	100%	India
9	Cipla Medpro South Africa (Pty) Limited	ZAR	April - March	4.9350	0.22	(158.70)	879.32	1,037.80	-	932.71	50.18	17.65	32.53	-	100%	South Africa
10	Cipla BioTec South Africa (Pty) Limited[2]	ZAR	April - March	4.9350	0.00	(0.00)	-	-	-	-	(0.00)	-	(0.00)	-	100%	South Africa
11	Cipla Quality Chemical Industries Limited	USH	April - March	0.0200	91.30	178.11	456.66	187.25	-	569.58	(15.95)	2.78	(18.73)	-	51.18%	Uganda
12	Meditab Holdings Limited	USD	April - March	73.1100	326.22	69.58	395.86	0.06	138.13	-	22.92	2.16	20.76	-	100%	Mauritius
13	Cipla Algérie	DZD	January - December	0.5449	0.05	(0.05)	0.07	0.07	-	-	(0.00)	0.00	(0.00)	-	40%	Algeria
14	Cipla Europe NV	EUR	April - March	85.7500	60.88	7.61	176.36	107.87	-	129.94	3.49	1.07	2.42	-	100%	Belgium
15	Cipla Holding B.V.	EUR	April - March	85.7500	86.06	2.39	91.55	3.10	-	15.47	1.47	0.32	1.15	-	100%	Netherlands
16	Saba Investment Limited	USD	April - March	73.1100	249.83	5.48	272.97	17.66	-	-	2.07	-	2.07	-	51%	UAE
17	Cipla Medica Pharmaceutical and Chemical Industries Limited (Formerly known as Medica Pharmaceutical Industries Company Limited)	USD	April - March	73.1100	2.21	4.04	188.87	182.62	-	-	(3.83)	0.77	(3.06)	-	50.49%	Yemen

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	Reporting period	Exchange rate as on 31st March 2021	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
18	Cipla Middle East Pharmaceuticals FZ-LLC	USD	April - March	73.1100	0.30	10.59	149.04	138.15	-	228.97	7.14	-	7.14	-	51%	UAE
19	Cipla Gulf FZ - LLC	USD	April - March	73.1100	23.48	(14.95)	34.48	25.95	-	55.73	(7.33)	-	(7.33)	-	100%	UAE
20	Cipla Malaysia Sdn. Bhd.	MYR	April - March	17.6325	1.02	2.59	3.90	0.29	-	10.30	0.49	0.12	0.37	-	100%	Malaysia
21	Breathe Free Lanka (Private) Limited	LKR	April - March	0.3669	4.77	2.92	74.40	66.71	-	150.74	4.40	1.38	3.02	-	100%	Sri Lanka
22	Cipla Maroc SA	MAD	April - March	8.0646	110.34	(21.17)	124.73	35.56	-	116.68	11.54	9.31	2.23	-	60%	Morocco
23	Cipla Australia Pty Limited	AUD	April - March	55.7025	15.81	(9.60)	208.97	202.76	-	232.47	(9.25)	(2.56)	(6.69)	-	100%	Australia
24	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda	BRL	January - December	12.7319	18.67	(3.09)	21.14	5.56	-	-	(0.13)	0.20	(0.33)	-	100%	Brazil
25	Cipla (EU) Limited	USD	April - March	73.1100	3,890.59	(10.01)	4,517.94	637.36	-	148.17	(11.89)	-	(11.89)	-	100%	United Kingdom
26	Cipla Phillippines Inc.	PHP	April - March	1.5086	1.43	(0.80)	0.78	0.15	-	-	(0.16)	(0.00)	(0.16)	-	100%	Philippines
27	Cipla Colombia SAS	COP	January - December	0.0198	14.00	(1.15)	22.51	9.66	-	32.73	9.19	3.23	5.96	-	100%	Cololmbia
28	Cipla (Jiangsu) Pharmaceutical Co., Ltd.[3]	CNY	January - December	11.1375	209.65	(7.74)	277.86	75.95	-	-	(7.81)	-	(7.81)	-	80%	China
29	Cipla (China) Pharmaceutical Co., Ltd.	CNY	January - December	11.1375	11.60	0.65	14.99	2.74	-	9.28	0.35	0.02	0.33	-	100%	China
30	Cipla USA Inc.	USD	April - March	73.1100	17.55	162.80	1,685.41	1,505.06	-	2,847.46	(26.86)	(6.04)	(20.82)	-	100%	USA
31	InvaGen Pharmaceuticals Inc.	USD	April - March	73.1100	3,779.79	(1,066.50)	3,842.63	1,129.34	-	1,289.25	(99.03)	(36.09)	(62.94)	-	100%	USA
32	Exelan Pharmaceuticals Inc.	USD	April - March	73.1100	3.66	81.13	429.18	344.39	-	895.03	57.93	14.67	43.26	-	100%	USA
33	Cipla Technologies LLC	USD	April - March	73.1100	300.48	(98.59)	200.66	(1.23)	-	-	2.01	0.42	1.59	-	100%	USA
34	Madison Pharmaceuticals Inc.	USD	April - March	73.1100	0.00	-	0.00	-	-	-	-	-	-	-	100%	USA
35	Cipla Kenya Limited	KES	April - March	0.6677	0.01	2.30	48.61	46.30	-	37.87	1.54	0.76	0.78	-	100%	Kenya
36	Cipla Therapeutics Inc.[4]	USD	April - March	73.1100	-	-	-	-	-	-	-	-	-	-	100%	USA

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	Reporting period	Exchange rate as on 31st March 2021	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
37	Inyanga Trading 386 (Pty) Limited#	ZAR	April - March	4.9350	0.00	0.00	0.00	0.00	-	-	-	-	-	-	100%	South Africa
38	Cipla Medpro Holdings (Pty) Limited#	ZAR	April - March	4.9350	0.00	(0.00)	-	-	-	0.14	0.14	-	0.14	-	100%	South Africa
39	Cipla Dibcare (Pty) Limited#	ZAR	April - March	4.9350	0.00	(0.00)	-	-	-	0.00	0.00	-	0.00	-	100%	South Africa
40	Cipla Life Sciences (Pty) Limited	ZAR	April - March	4.9350	0.00	129.92	129.92	0.00	-	-	(0.03)	0.01	(0.02)	-	100%	South Africa
41	Cipla-Medpro (Pty) Limited	ZAR	April - March	4.9350	0.00	420.90	424.36	3.46	-	55.64	47.97	13.42	34.55	-	100%	South Africa
42	Cipla-Medpro Distribution Centre (Pty) Limited	ZAR	April - March	4.9350	0.00	(1.97)	46.17	48.14	-	57.14	-	0.35	(0.35)	-	100%	South Africa
43	Cipla Medpro Botswana (Pty) Limited [5]	ZAR	April - March	4.9350	0.00	-	0.00	-	-	-	-	-	-	-	100%	Botswana
44	Cipla OLTP (Pty) Limited (formerly known as Cipla Nutrition (Pty) Limited)	ZAR	April - March	4.9350	0.00	(18.40)	8.07	26.47	-	2.62	0.01	5.97	5.98	-	100%	South Africa
45	Medpro Pharmaceutica (Pty) Limited	ZAR	April - March	4.9350	0.00	196.58	1,562.26	1,365.68	-	1,581.72	58.85	17.51	41.34	-	100%	South Africa
46	Mirren (Pty) Limited	ZAR	April - March	4.9350	0.00	44.46	83.00	38.54	-	59.95	(5.56)	1.43	(4.13)	-	100%	South Africa
47	Cipla Health Employees Stock Option Trust	INR	April - March	1.0000	-	-	-	-	-	-	-	-	-	-	100%	India
48	Cipla Employee Stock Option Trust	INR	April - March	1.0000	-	-	-	-	-	-	-	-	-	-	100%	India

* Converted using average rate

Entities under Liquidation

Subsidiaries which are yet to commence operations:

1 Cipla Pharmaceuticals Limited (Incorporated on 19th November, 2019)

2 Cipla BioTec South Africa (Pty) Limited

3 Cipla (Jiangsu) Pharmaceutical Co., Ltd. (Incorporated on 8th August, 2019)

4 Cipla Therapeutics Inc. (Incorporated on 15th May, 2020)

5 Cipla Medpro Botswana (Pty) Limited

Subsidiaries which have been liquidated or sold during the year:

Cipla (Mauritius) Limited (liquidated w.e.f 17th May, 2020)

Quality Chemicals Limited (ceased to be a subsidiary from 19th August, 2020)

Cape to Cairo Exports (Pty) Limited (Deregistered w.e.f 27th August, 2020)

Cipla (UK) Limited (liquidated w.e.f 5th March, 2021)

Anmarate (Pty) Limited (ceased to be a subsidiary from 19th August, 2020)

Cipla Pharma Lanka (Private) Limited (Amalgamated with Breathe Free Lanka (Private) Limited w.e.f 1st May, 2020 vide order of amalgamation dated 21st July, 2020 and therefore, ceased to exist)

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, 2021					Profit/Loss for the year ended 31st March, 2021			
Sr. No.	Name of the associate	Latest Audited Balance Sheet Date	No. of shares	Amount of Investment in Associate (In Crore)	Extent of Holding %	Networth attributable to Shareholding (In Crore)	Considered in Consolidation (In Crore)	Not Considered in Consolidation	Description of how there is significant influence	Reason why the associate is not considered
1	Stempeutics Research Private Limited	31/03/21	2,05,02,525.00	69.97	40.25%	-	-	(3.62)	-	-
2	Avenue Therapeutics Inc.	31/12/20	58,33,333.00	242.05	32.50%	190.33	(11.73)	-	-	-
3	Brandmed (Pty) Limited	31/03/21	375.00	31.62	30.00%	27.81	(1.69)	-	-	-
4	AMPSolar Power Systems Private Limited	31/03/21	90,000.00	9.00	26.00%	0.60	-	-	-	-
5	GoApptiv Private Limited #	31/03/21	34,633.00	9.00	21.85%	9.63	0.63	-	-	-

No of shares include 27,706 compulsory convertible Preference Shares and 6,927 equity shares

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, 14th May, 2021

GRI Standard Index[1]

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
General Disclosures		
Organisational Profile		
GRI 102: General Disclosures 2016	102-1 Name of the organisation	About Cipla (Page 003)
	102-2 Activities, brands, products, and services	About Cipla (Page 003)
	102-3 Location of headquarters	Corporate Information (Page 015)
	102-4 Location of operations	BRR Section A (Page 177)
	102-5 Ownership and legal form	Shareholding Pattern (Page 213)
	102-6 Markets served	Global Reach (Page 010) BRR Section A (Page 177)
	102-7 Scale of the organisation	BRR Section A (Page 177)
	102-8 Information on employees and other workers	Human Capital (Page 088)
	102-9 Supply Chain	Business Model (Page 046) Relationship Capital (Page 106)
	102-10 Significant changes to the organisation and its supply chain	Relationship Capital (Page 106) Shareholding Pattern (Page 213)
	102-11 Precautionary principle or approach	Risk Management (Page 052-059)
	102-12 External initiatives	About Cipla (Page 003) Relationship Capital (Page 102)
	102-13 Membership of associations	Relationship Capital (Page 102)
Strategy		
GRI 102: General Disclosures 2016	102-14 Statement from senior decision maker	Chairman's message (Page 016) Executive Vice-Chairperson's Message (Page 018) MD & GCEO's Message (Page 020)
Ethics and Integrity		
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	OneCipla Credo (Page 008)
Governance		
GRI 102: General Disclosures 2016	102-18 Governance structure	Board of Directors (Page 012), Sustainability council (Page 044)
Stakeholder Engagement		
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Stakeholder Engagement (Page 048)
	102-41 Collective bargaining agreements	Human Capital (Page 095)
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement (Page 048)
	102-43 Approach to stakeholder engagement	Stakeholder Engagement (Page 048)
	102-44 Key topics and concerns raised	Stakeholder Engagement (Page 048)

[1] GRI 102-55

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	Annexure 1 (Page 323)
	102-46 Defining report content and topic boundaries	About this Report (Page 002)
	102-47 List of material topics	Materiality Assessment (Page 050)
	102-48 Restatements of information	No restatements
	102-49 Changes in reporting	No significant changes with respect to FY 2019-20 in list of material topics and topic boundaries
	102-50 Reporting period	About this Report (Page 002)
	102-51 Date of most recent report	Our most recent Integrated Annual Report was released in FY 2019-20 with the theme 'Caring for Life'
	102-52 Reporting cycle	About this Report (Page 002)
	102-53 Contact point for questions regarding the report	About this Report (Page 002)
	102-54 Claims of reporting in accordance with the GRI Standards	About this Report (Page 002)
	102-55 GRI content index	GRI Index (Page 421)
	102-56 External assurance	Assurance Statement (Page 218)
Material Issue 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 129-152)
	103-2 The Management approach and its components	Management discussion and Analysis (Page 129-152)
	103-3 Evaluation of the Management approach	Management discussion and Analysis (Page 129-152)
Growth opportunities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Strategy for Sustainable Growth (Page 034-043)
	103-2 The Management approach and its components	Strategy for Sustainable Growth (Page 034-043)
	103-3 Evaluation of the management approach	Strategy for Sustainable Growth (Page 034-043)
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 060-065)
	103-2 The Management approach and its components	Financial Capital (Page 060-065)
	103-3 Evaluation of the Management approach	Financial Capital (Page 060-065)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Manufacturing Capital		
Ensuring product quality and safe product destruction		
Ensuring product quality and safe product destruction	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page 066-073)
	103-2 The Management approach and its components	Manufacturing Capital (Page 066-073)
	103-3 Evaluation of the Management approach	Manufacturing Capital (Page 066-073)
Pharmacovigilance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page 073)
	103-2 The Management approach and its components	Manufacturing Capital (Page 073)
	103-3 Evaluation of the Management approach	Manufacturing Capital (Page 073)
Systems and Processes		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page 066-073)
	103-2 The Management approach and its components	Manufacturing Capital (Page 066-073)
	103-3 Evaluation of the Management approach	Manufacturing Capital (Page 066-073)
Data Integrity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page 072)
	103-2 The Management approach and its components	Manufacturing Capital (Page 072)
	103-3 Evaluation of the Management approach	Manufacturing Capital (Page 072)
Intellectual Capital		
Investment in R&D		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Intellectual Capital (Page 074-075) Management Discussion and Analysis (Page 138)
	103-2 The Management approach and its components	Intellectual Capital (Page 074-075) Management Discussion and Analysis (Page 138)
	103-3 Evaluation of the Management approach	Intellectual Capital (Page 074-075) Management Discussion and Analysis (Page 138)
Focus on intellectual property		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and is boundary	Intellectual Capital (Page 075-076)
	103-2 The Management approach and its components	Intellectual Capital (Page 075-076)
	103-3 Evaluation of the Management approach	Intellectual Capital (Page 075-076)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Focus on Innovation		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Intellectual Capital (Page 080-082)
	103-2 The Management approach and its components	Intellectual Capital (Page 080-082)
	103-3 Evaluation of the Management approach	Intellectual Capital (Page 080-082)
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Human Resource development		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page 088-090)
	103-2 The Management approach and its components	Human Capital (Page 088-090)
	103-3 Evaluation of the Management approach	Human Capital (Page 089-090)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital (Page 090)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital (Page 093)
	401-3 Parental leave	Human Capital (Page 094)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital (Page 091)
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Human Capital (Page 091)
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital (Page 092)
Ensuring employee health and safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material	Human Capital (Page 095)
	103-2 The management approach and its components	Human Capital (Page 095)
	103-3 Evaluation of the management approach	Human Capital (Page 095)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital (Page 095)
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital (Page 095)
	403-3 Occupational health services	Human Capital (Page 095)
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital (Page 095)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
	403-5 Worker training on occupational health and safety	Human Capital (Page 097)
	403-6 Promotion of worker health	Human Capital (Page 095)
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital (Page 095)
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	Human Capital (Page 097)
Promoting diversity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page 093)
	103-2 The Management approach and its components	Human Capital (Page 093)
	103-3 Evaluation of the Management approach	Human Capital (Page 093)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital (Page 088-089) Corporate Governance Report (Page 185)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page 095)
	103-2 The Management approach and its components	Human Capital (Page 095)
	103-3 Evaluation of the Management approach	Human Capital (Page 095)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Capital (Page 095), Relationship Capital (Page 106)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital (Page 095)
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Capital (Page 095), Relationship Capital (Page 106)
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 095), Relationship Capital (Page 106)
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Human Capital (Page 095), Relationship Capital (Page 106)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page 090)
	103-2 The Management approach and its components	Human Capital (Page 090)
	103-3 Evaluation of the Management approach	Human Capital (Page 090)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Social Capital (Page 108-109)
	103-2 The Management approach and its components	Social Capital (Page 108-109)
	103-3 Evaluation of the Management approach	Social Capital (Page 108-109)
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Social Capital (Page 108)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Relationship Capital (Page 106)
	103-2 The Management approach and its components	Relationship Capital (Page 106)
	103-3 Evaluation of the Management approach	Relationship Capital (Page 106)
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Relationship Capital (Page 106)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Relationship Capital (Page 099-101)
	103-2 The Management approach and its components	Relationship Capital (Page 099-101)
	103-3 Evaluation of the Management approach	Relationship Capital (Page 099-101)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Relationship Capital (Page 103)
	103-2 The Management approach and its components	Relationship Capital (Page 103)
	103-3 Evaluation of the Management approach	Relationship Capital (Page 103)
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Relationship Capital (Page 105)
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labelling	Relationship Capital (Page 105)
	417-2 Incidents of non-compliance concerning product and service information and labelling	
	417-3 Incidents of non-compliance concerning marketing communications	
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 119)
	103-2 The Management approach and its components	Natural Capital (Page 119)
	103-3 Evaluation of the Management approach	Natural Capital (Page 119)
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Natural Capital (Page 120-121)
	302-4 Reduction of energy consumption	Natural Capital (Page 121)
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital (Page 122)
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital (Page 122)
	305-4 Emissions Intensity	Natural Capital (Page 122)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Natural Capital (Page 124-125)
	103-2 The Management approach and its components	Natural Capital (Page 124-125)
	103-3 Evaluation of the Management approach	Natural Capital (Page 124-125)
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural Capital (Page 124-125)
	303-2 Management of water discharge-related impacts	Natural Capital (Page 125)
	303-3 Water withdrawal	Natural Capital (Page 124-125)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Natural Capital (Page 126)
	103-2 The Management approach and its components	Natural Capital (Page 126)
	103-3 Evaluation of the Management approach	Natural Capital (Page 126)
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Natural Capital (Page 126)
	306-2 Management of significant waste related-impacts	Natural Capital (Page 126)
	306-3 Waste generated	Natural Capital (Page 126)
	306-4 Waste directed from disposal	Natural Capital (Page 126, 128)
	306-5 Waste directed to disposal	Natural Capital (Page 126)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Management discussion and Analysis (Page 134-136)
	103-2 The Management approach and its components	Management discussion and Analysis (Page 134-136)
	103-3 Evaluation of the Management approach	Management discussion and Analysis (Page 134-136)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Corporate Governance Report (Page 204) Enterprise Risk Management (Page 052-059) Statutory Reports (Page 129-235)
	103-2 The Management approach and its components	Corporate Governance Report (Page 204) Enterprise Risk Management (Page 052-059) Statutory Reports (Page 129-235)
	103-3 Evaluation of the Management approach	Corporate Governance Report (Page 204) Enterprise Risk Management (Page 052-059) Statutory Reports (Page 129-235)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Corporate Governance Report (Page 156,204)
	103-2 The Management approach and its components	Corporate Governance Report (Page 156,204)
	103-3 Evaluation of the Management approach	Corporate Governance Report (Page 156,204)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Strategic Objectives (Page 034, 037, 042) Manufacturing Capital (Page 069) Intellectual Capital (Page 084)
	103-2 The Management approach and its components	Strategic Objectives (Page 034, 037, 042) Manufacturing Capital (Page 069) Intellectual Capital (Page 084)
	103-3 Evaluation of the Management approach	Strategic Objectives (Page 034, 037, 042) Manufacturing Capital (Page 069) Intellectual Capital (Page 084)

Glossary of Abbreviations

<IR>	Integrated Reporting
ABC	Abacavir
ACE	Accelerated Capability Enhancement
ACPH	Air Change Per Hour
ACT	Artemisinin-based combination therapy
ADL	Analytical Development Laboratory
AFR	Alternative Fuels and Materials
AGM	Annual General Meeting
AHU	Air Handling Unit
AI	Artificial Intelligence
AIDS	Acquired Immuno Deficiency Syndrome
AIIMS	All India Institute of Medical Sciences
ALIVE	Aspire,Learn,Innovate,Voice and Engage
AMF	Access to Medicine Foundation
AMR	Anti-Microbial Resistance
ANDA	Abbreviated New Drug Application
API	Active Pharmaceutical Ingredient
ART	Antiretroviral therapy
ARV	Antiretro Viral
AS	Accounting Standards
ATFD	Agitated Thin Film Dryer
ATMF	Access to Medicine Foundation
AVD	Alternate Vendor Development
B2B	Business-to-business
BARDA	Biomedical Advanced Research and Development Authority
BCP	Business Continuity Planning
BET	Bacterial Endotoxin Test
BP	British Pharmacopeia
bps	Basis points
BRR	Business Responsibility Report
CAGR	Compound Annual Growth Rate
CAPA	Corrective and Preventive Action
CCMDD	Central Chronic Medicine Dispensing Distribution
CDSCO	Central Drugs Standard Control Organisation
CEA	Central Electricity Authority
CEPPWAWU	Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union
CETP	Common Effluent Treatment Plant
CFD	Computational Fluid Dynamics
CFDA	China Food and Drug Administration
CGA	Cipla Global Access

cGMP	Current Good Manufacturing Practices
CGO	Cream, Gels & Ointments
CGST	Central Goods and Service Tax
CGU	Cash Generating Unit
CGWA	Central Ground Water Authority
CHAMP	Cipla Hazard Assessment and Management Programme
CHL	Cipla Health Limited
CII	Confederation of Indian Industry
CIN	Corporate Identity Number
CIS	Commonwealth of Independent States
CLAP	Cipla Leadership Ascent Programme
CLE	Cipla's Leadership Essentials
CLI	Critical Limb Ischemia
CMM	Cipla Medpro Manufacturing
CMO	Contract Manufacturing Organisations
CNC	Controlled not classified
CNS	Central Nervous System
CO2e	Carbon Dioxide equivalent
COC	Code of Conduct
CODM	Chief Operating Decision Maker
COE	Centre of Excellence
COGS	Cost of Goods Sold
COPD	Chronic obstructive pulmonary disease
CORD	Certificate course on Obstructive aiRway Diseases
COSO	Committee of Sponsoring Organisations
COVID-19	Coronavirus disease
CPC	Cipla Palliative Care & Training Centre
CPP	Critical Process Parameters
CQA	Corporate Quality Assurance
CQCIL	Cipla Quality Chemicals Industries Limited
CRISP	Cipla Regulatory Intelligence Shared Platform
CRL	Complete Response Letter
CRM	Customer relationship management
CSIR	Council of Scientific & Industrial Research
CSR	Corporate Social Responsibility
CTO	Chief Technology Officer
CTRI	Clinical Trial Registry-India
CU	Cipla University
CVS	Cardio Vascular System

DCGI	Drug Controller General of India
DDU	Delivered Dose Uniformity
DIN	Directors Identification Number
DISCOM	Distribution Company
D-LEAD	Digital Learning Excellence and Development
DMF	Drug Master Files
DNDi	Drugs for Neglected Diseases Initiative
DPCO	Drugs (Prices Control) Orders Act
DPI	Dry Powder Inhaler
DQA	Development Quality Assurance
DTM	Direct-to-Market
DVS	Dynamic Vapour Sorption
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation
ECD	Early Childhood Development Centres
ECHO	Extension for Community Healthcare Outcomes
ECL	Expected Credit Loss
EDQM	European Directorate for the Quality of Medicines
EET	Efavirenz, Emtricitabine and Tenofovir
EHS	Environment Health and Safety
EHSMS	EHS Management System
EIR	Effective Interest Rate
ELNEC	End-of-Life Nursing Education Consortium
EM	Emerging Markets
EMEU	Emerging markets & Europe
EML	Essential Medicine List
EnMS	Environment Management System
EPEC	Education in Palliative and End-of-Life Care
EPF	Education and Protection fund
EPR	Extended Producer's Responsibility
EPS	Earnings Per Share
ERM	Enterprise Risk Management
ESAR	Employee Stock Appreciation Rights
ESG	Environment,Social and Governance
ESIC	Employee State Insurance Corporation
ESOP	Employee Stock Option
ESOS	Employee Stock Option Scheme
e-TDS	Electronic Test Data Sheet
ETP	Effluent Treatment Plant
EU	European Union
EUA	Emergency Use Authorisation
EUR	Euro
FB	Formoterol and Budesonide
FDA	Food and Drug Administration
FDC	Fixed Dose Combination
FO	Furnace Oil
FOPE	Federation of Pharma Entrepreneurs
FPSM	Fluticasone Propionate Salmeterol
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
FY	Financial Year
GAAP	Generally accepted accounting principles
GBP	Great Britain Pound
GCEO	Global Chief Executive Officer
GCFO	Global Chief Financial Officer
GCP	Good Clinical Practices
GCPO	Global Chief People Officer
GDR	Global Depository Receipts
GHG	Green House Gas
GIDC	Goa Industrial Development Corporation
GIWUSA	General Industrial Workers Union of South Africa
GJ	Giga Joules
GMP	Good Manufacturing Practices
GPG	Good EHS Practices Guide
GRI	Global Reporting Initiative
GST	Goods and Services Tax
GWP	Global Warming Potential
HAZOP	Hazard Operability
HCP	Healthcare Professionals
HFNO	High Flow Nasal Oxygen
HIRA	Hazard Identification and Risk Assessment
HIV	Human Immunodeficiency Virus
HMI	Human Machine Interface
HPLC	High Performance Liquid Chromatography
HSD	High Speed Diesel
HTS	High Throughput Screening
HVAC	Heating, Ventilation, and Air Conditioning
IA	Internal Audit
IBP	Integrated Business Planning

ICAI	Institute of Chartered Accountants of India
ICDS	Integrated Child Development Scheme
ICMR	Indian Council of Medical Research
ICU	Intensive Care Unit
I&D	Inclusion and Diversity
IEPF	Investors Education and Protection Fund
IFC	Internal Financial Controls
IiAS	Institutional Investor Advisory Services
IICT	Indian Institute of Chemical Technology
IIoT	Industrial Internet of Things
IIRC	International Integrated Reporting Council
ILBS	Institute of Liver and Biliary Science
IND	Investigational New Drug
IND AS	Indian Accounting Standards
INR	Indian Rupee
IoT	Internet of Things
IP	Indian Pharmacopeia
IPA	Indian Pharmaceutical Association
IPCC	Intergovernmental Panel On Climate Change
IPD	Integrated Product Development
IPF	Idiopathic Pulmonary Fibrosis
IQ	Investigation Quality
IRMC	Investment and Risk Management Committee
IT	Information Technology
ITI	Industrial Training Institute
JIBAR	Johannesburg Interbank Average Rate
KA	Key Accounts
KFDA	Korea Food and Drug Administration
KL	Kilo Liter
KMP	Key Managerial Persons
KPI	Key Performance Indicators
KW	Kilo Watt
KWH	Kilo Watt Hours
LCMP	Life Cycle Management Process
LED	Light-emitting diode
LLP	Limited Liability Partnership
LMS	Learning Management System
LODR	Listing Obligations and Disclosure Requirements
LOE	Launch on Expiry
LPG	Liquified Petroleum Gas
LPV/r	Lopinavir /ritonavir
M&S	Modeling and Simulation
MA	Marketing Authorisations
MCA	Ministry of Corporate Affairs
MCC	Medicines Control Council
MD	Managing Director
MDI	Metered Dosage Inhaler
MDRS	Morphologically-Directed Raman Spectroscopy
MEE	Multi Effect Evaporators
MEIS	Merchandise Exports From India Scheme
MHRA	Medicines and Healthcare Products Regulatory Agency
MHU	Mobile Health Units
MIC	Minimum Inhibitory Concentration
ML	Milliliters
MMV	Medicines for Malaria Venture
MS	Market Share
MT	Metric Tonnes
MW	Megawatt
NABH	National Accreditation Board for Hospitals & Healthcare Providers
NCI	Non-Controlling Interest
NDA	New Drug Applications
NEAPS	NSE Electronic Application Processing System
NECS	National Electronic Clearing Service
NGO	Non-Governmental Organisation
NHI	National Health Insurance
NLEM	National List of Essential Medicines
NLP	Natural Language Processing
NLRA	National Labor Relations Act
NLT	No Less Than
NPPA	National Pharmaceutical Pricing Authority
NRC	Nomination and Remuneration Committee
NRT	Nicotine Replacement Therapy
NVG	National Voluntary Guidelines
OAVM	Other Audio-Visual Means
OCI	Other Comprehensive Income
OECD	Organisation for Economic Co-Operation and Development
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
OHSMS	Occupational Health and Safety Management System
OTC	Over The Counter
p.a.	Per Annum

PAT	Profit After Tax
PBPK	Physiologically-based Pharmaco Kinetic
PDCA	Plan,Do,Check,Act
PHARMEXCIL	Pharmaceutical Export Promotion Council
PIT	Prohibition of Insider Trading
PK	Pharmacokinetics
PkPD	Pharmacokinetics-pharmacodynamics
PLC	Programmable Logic Controller
PLI	Performance linked Incentive
PMDA	Pharmaceuticals and Medical Devices Agency, Japan
pMdi	Pressured Metered Dose Inhaler
POSH	Prevention of Sexual Harassment
POTW	Publically Owned Treatment Works
PPA	Power Purchase Agreement
PPE	Personal Protective Equipment
PR	Public Relations
PRAKASH	Programmed Approach to Knowledge and Sensitisation on Hepatitis
PXRD	Powder X-Ray Diffractometer
Q1	Quarter 1
Q4	Quarter 4
QbD	Quality by Design
QC	Quality Control
QMS	Quality Management System
R&D	Research and development
RESCO	Renewable Energy Service Company
RFT	Right-First-Time
RO	Reverse Osmosis
RoE	Return on Equity
RoIC	Return on invested capital
ROU	Right-of-Use
RPA	Robotic Process Automation
RPT	Related Party Transactions
SAGA	South Africa, Sub-Saharan Africa, Global Access
SAHPRA	South African Health Products Regulatory Authority
SBEB	Share Based Employee Benefits
SBO	Strategic Business Objectives
SC	Supreme Court
SCADA	Supervisory Control and Data Acquisition
SCM	Supply Chain Management
SEBI	Securities and Exchange Board of India
SEDI	Skill and Entrepreneurship Development Institute
SEMA	Stakeholder Engagement and Materiality Assessment
SEZ	Special Economic Zone
SOC	Security Operations Centre
SOP	Standard Operating Procedure
SPMA	Stock Purchase and Merger Agreement
SPSSA	Share Purchase, Subscription and Shareholder's agreement
SSA	Sub-Saharan Africa
TA	Tentative Approval
TAT	Turn-around-Time
TB	Tuberculosis
TCFD	Taskforce on Climate-Related Financial Disclosures
tCO2e	Tonnes of CO2 Equivalent
TGA	Theoretical Goods Administration
TJ	Tera Joules
TLD	Tenofovir-Lamivudine-Dolutegravir
TRB	Talent Review Board
TRUST	Towards a Robust, Unified and Sustainable (quality) Transformation
TSDF	Treatment,Storage and Disposal Facilities
UA	Under Approval
UPSI	Unpublished price sensitive information
USAID	United States Agency for International Development
USD	US Dollar
USFDA	US Food and Drug Administration
USP	United States Pharmacopeia
UTI	Urinary Tract Infection
VC	Video conferencing
VFD	Variable Frequency Drive
VTFD	Vertical Thin Film Dryer
WACC	Weighted Average Cost of Capital
WAEP	Weighted Average Exercise Prices
WHO	World Health Organisation
WLAP	Work-Life Assistance Programme
XRPD	X-ray Powder Diffraction
Y-o-Y	Year on year
ZAR	South African Rand
ZLD	Zero Liquid Discharge

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Disclaimer

Except for the historical information contained herein, statements in this annual report and the subsequent discussions may constitute "forward-looking statements". These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, our ability to obtain regulatory approvals, technological changes, fluctuation in earnings, foreign exchange rates, our ability to manage international operations and exports, our exposure to market risks, impact of COVID-19 as well as other risks that could cause actual results to differ materially from those suggested by the forward-looking statements.

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