Cipla

CIPLA LIMITED
ANNUAL REPORT
2018-19

Healthcare with a purpose

Dr Y. K. Hamied
Chairman's Message

"Healthcare management is about combining business with a humanitarian outlook."

Samina Vaziralli
Executive Vice-Chairperson's Message

"Our 84-year-old company needs the right talent to build the next 80. This focus on nurturing talent and development will go a long way in making Cipla resilient in the face of the fast-paced changes and help us be future-ready."

Umang Vohra
MD & GCEO's Message

"To further empower patients and ensure business agility, for us there are two key areas – investing in innovation and shaping the future healthcare ecosystem."

Scan this code with a QR reader app on your smartphone or tablet and know more about us

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Healthcare with a purpose

For us, 'Caring for Life' is a tradition and a promise.

It encompasses everything from being ever-vigilant in manufacturing the highest-quality medicines for our patients to thinking ahead about ways to shape the healthcare ecosystem of the future. We want to invest in today for a brighter tomorrow. But even as we grow from strength to strength, 'Caring for Life' will always remain our true north. Because in the end, putting smiles on faces is what purposeful strategy is all about.

About this Report

We are proud to present our second Integrated Report (<IR>) showcasing our sustained value creation journey during FY 18-19.

Introduction

Building on our first <IR>, this report showcases our strategy, governance framework and sustainability performance while providing an overview of our progress from last year. Developed using the guiding principles of <IR> as a foundation, this year we have enhanced the overall scope of our report by including additional performance parameters and enriching our materiality analysis amongst others.

Determining Materiality

In order to assess our key material topics, we have applied the principles of <IR> such as materiality and stakeholder relationships which covers feedback from internal as well as external stakeholders. Our disclosures on these topics demonstrate our commitment towards creating sustained value.

Responsibility Statement

Our Board acknowledges the contents of this report which are prepared under the guidance of senior management and based on the inputs received from various key functions. We believe that this report is a fair representation of Cipla's overall financial, operational and sustainability performance for the reporting year FY 18-19.

Feedback

We encourage you to share your insights and feedback on this report to strengthen our future reporting efforts. Your suggestions may be communicated to Mr Rajendra Chopra, Company Secretary, Cipla Limited, at cosecretary@cipla.com.

Reporting period

1^{st} April 2018 to 31^{st} March 2019. For the purpose of comparability, information pertaining to past year has been provided for select parameters.

Frameworks referred

- The report has been aligned to the International Integrated Reporting Council's (IIRC), Integrated Reporting (<IR>) Framework
- Linkages have been made to the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of business
- Select triple bottom line performance indicators have been aligned to Global Reporting Initiative (GRI) Standards - In Accordance Core

Reporting Boundary

The boundary includes Cipla's global operations. Data related to subsidiaries and joint ventures has been shown wherever required to provide a holistic view of the Company's performance. Exclusions if any, are provided in the respective sections.

Assurance

Our statutory auditor Walker Chandiok & Co LLP, has provided an opinion on the standalone and consolidated financial statements. Please refer page no.175-185 and 248-257 for their opinion.

The non-financial information in this report has been independently assured by DNV GL Business Assurance Pvt. Ltd. The assurance has been conducted by applying the principles of DNV GL VeriSustain. Please refer page no.167-169 for assurance statement.

About Cipla

Established in 1935, Cipla is a global pharmaceutical company focused on responsible and sustainable growth through deep & wide portfolio and strong customer relationships across our home markets of India, South Africa, US and other key regulated and emerging markets.

Our strengths in the respiratory, anti-retroviral, urology, cardiology and CNS segments are well-known. Our 46 manufacturing facilities around the world produce 50+ dosage forms and 1,500+ products using cutting-edge technology platforms to cater to our 80+ markets. Cipla is ranked 3rd largest in pharma in India (IQVIA MAT Mar'19) and 3rd largest in the pharma private market in South Africa (IQVIA MAT Mar'19). For over eight decades, making a difference to patients has inspired every aspect of Cipla's work. Our paradigm-changing offer of a triple anti-retroviral therapy in HIV/AIDS at less than a dollar a day in Africa in 2001 is widely acknowledged as having contributed to bringing inclusiveness, accessibility and affordability to the centre of the movement. A responsible corporate citizen, Cipla's humanitarian approach to healthcare in pursuit of its purpose of 'Caring for Life' and deep-rooted community links wherever it is present make it a partner of choice to global health bodies, peers and all stakeholders. For more, please visit www.cipla.com, or click on Twitter, Facebook, LinkedIn.

GOLDEN PEACOCK AWARDS
WINNER
Corporate Governance
2018

Great Place To Work®
Certified
APR 2019–MAR 2020
INDIA

OneCipla Credo

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

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

This is our OneCipla Credo

OUR FIRST PRINCIPLES

OUR WINNING ASPIRATION FY 22

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

CIPLA LEADERSHIP ESSENTIALS

PEOPLE
INSPIRATIONAL TALENT MINDSET

PERFORMANCE
ACHIEVEMENT ORIENTATION
SYSTEMS THINKING

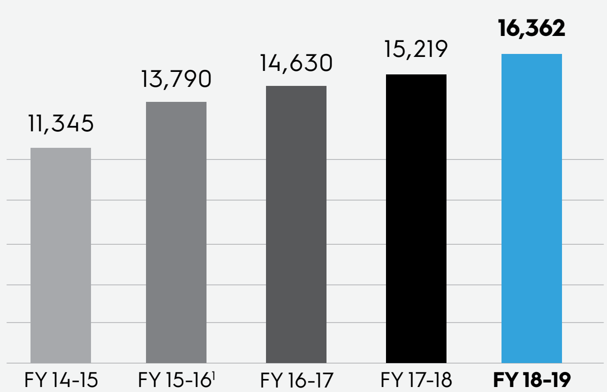
HEALTH
INNOVATION & CHANGE
ENTERPRISE FIRST

Financial Highlights

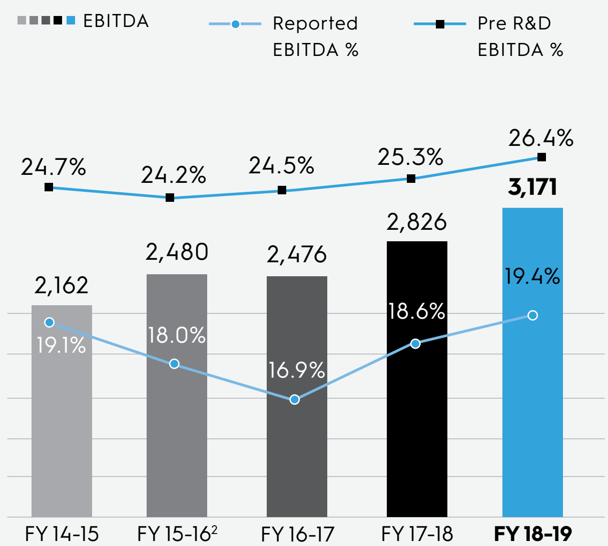
All figures in ₹ crore unless specified

Total Income from Operations

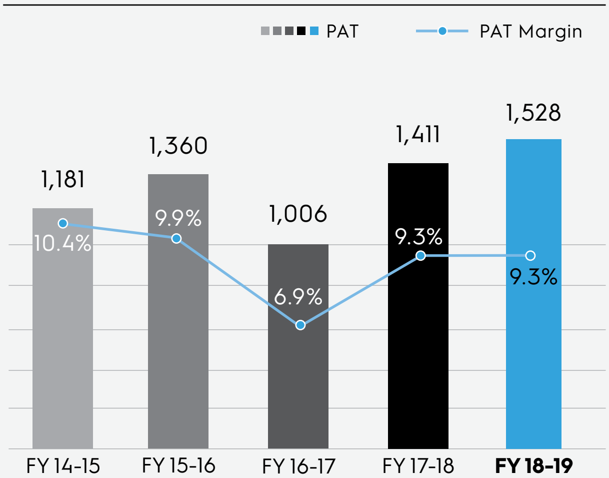
10%
5 year CAGR



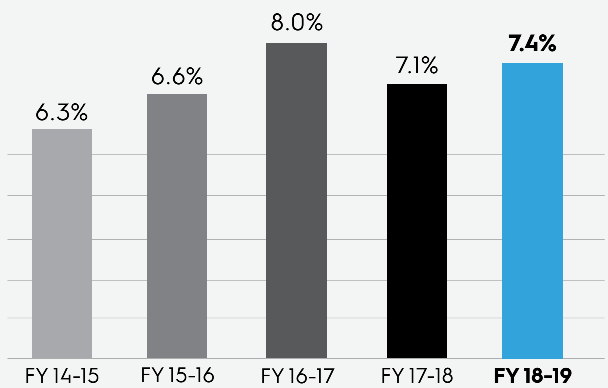
EBITDA Margin



PAT Margin



R&D Investment[3]



Note: Figures mentioned above for FY 14-15 are as per IGAAP whereas FY 15-16 onwards are as per IND AS.
Numbers from FY 15-16 onwards include the contribution of Invagen and Exelan acquisitions made in USA from February 2016.
[1]FY 15-16 includes one-time profit share of around ₹1050 crs
[2]Normalised EBITDA for FY 15-16 adjusted for above-mentioned profit share and other one time charges was approximately 14%
[3]OPEX including deprecation as a % of revenue

Operational Highlights

Building a healthy world

With **46** State-of-the-art manufacturing facilities

Spread over **5** countries

by

Fighting global diseases

With over **50** dosage forms

&

1500+ products

Making

34 billion units of Tablets and Capsules

120 million units of Aerosols pMDI

7 million units of Lyophilised Injections

46 million units of Pre-filled Syringes

918 million units of Repsules

29 million units of Nasal Sprays

101 million units of Oral Liquids

12 million units of Form Fill Seal Eye Drops

Based on

Industry leading quality standards

47 Regulatory audits

Robust Current Good Manufacturing Practice and Quality systems

With focus on

R&D

6
R&D Facilities

253 Cumulative ANDAs[1]
Including 24 in FY 18-19

1300+
Scientists

308
Cumulative patents granted (including 32 in FY 18-19)

71
New Product launches

12%
Increase in R&D expense

R&D spends **7.4**%[2] of revenue

Environment

Zero
liquid discharge across API facilities

9.1%
Energy from renewable sources

70%
Waste water recycled

Relationships

₹**38.38**[3] Crore
Spent on social good

Network of **4** lakh+ Healthcare Professionals and **3.5**+ lakh Pharmacists

Ecosystem of **1,000**+ suppliers

1.2 million
Patients counselled under Breathefree initiative

2 lakh+
Estimated patients to benefit from Cipla's Rectal Artesunate Suppositories (RAS)

Reached out to **16,000**+ community members during Kerala floods

Employees

26,000+
Global Employees

3
Women directors on our Board

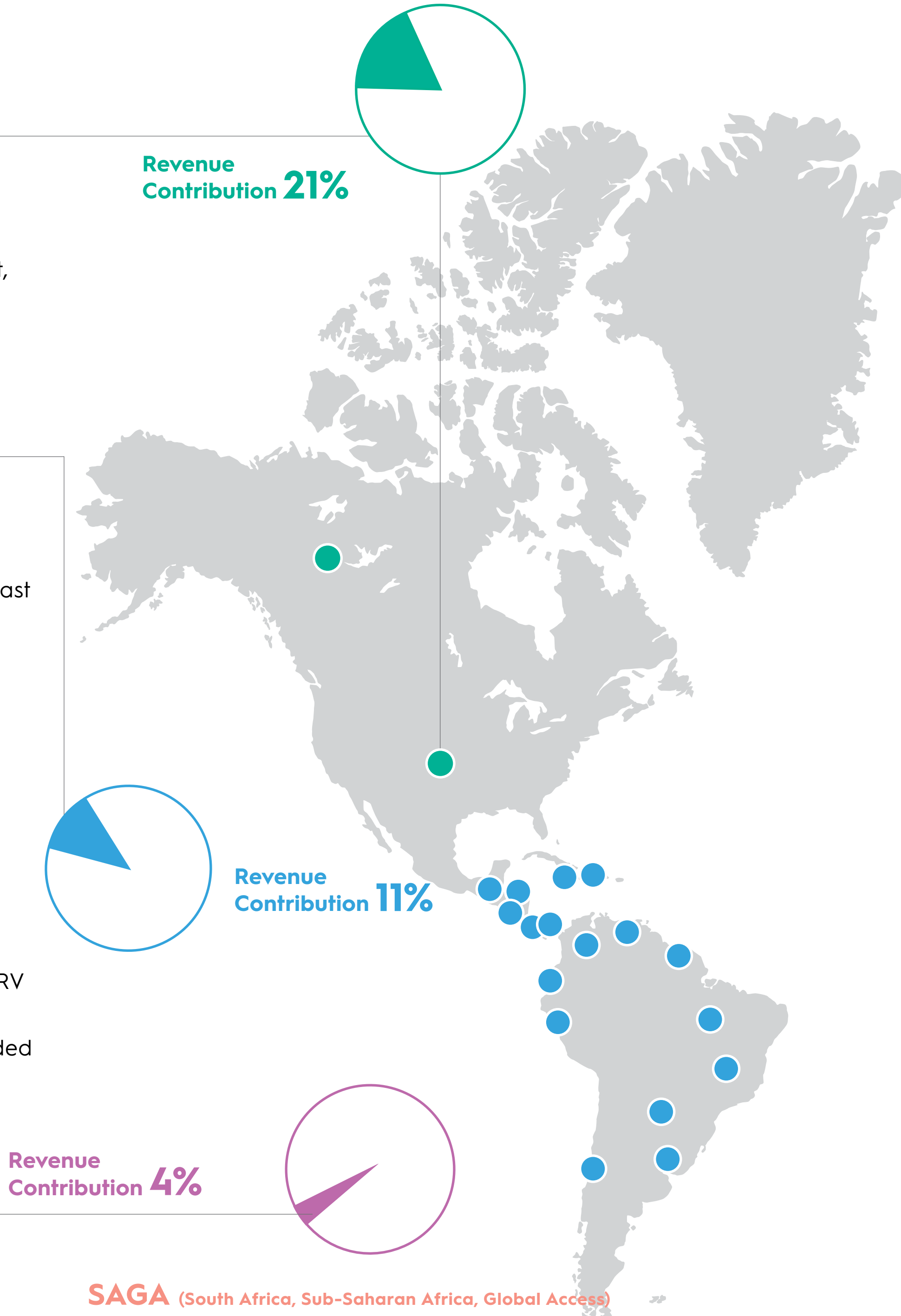
390K+ man hours invested in various trainings

3 out of **6** of the Management Council represented by Women

82%
Employee Engagement Index

[1]Cumulative number includes approved, tentatively approved and under approval ANDAs including partnered ANDAs and filed under PEPFAR
[2]OPEX including depreciation as % of revenue
[3]Represents global spend including statutory spend of ₹33.42 cr by Cipla Limited

Global Reach



North America

Revenue Growth ▲ 18%

Key highlights:

- Launch and ramp-up of differentiated products (gPulmicort, gVoltaren, gIsuprel,gSensipar)

Emerging markets

Revenue Growth ▼ 4%

Key highlights:

- De-growth largely attributable to geopolitical challenges in Middle East markets and currency movements
- Continued to maintain strong leadership position across key Emerging markets
- Presence in 52 countries including direct to market models in 13 countries
- Continued leadership position in Respiratory in Sri Lanka[1]
- Continued leadership position in Respiratory in Nepal[1]
- Continued leadership position in ARV in Myanmar[1]
- Biosimilars franchise in the EM: Added Peg-filgrastim for Australia, New Zealand, Colombia and Malaysia

API

Revenue Growth ▲ 3%

Key highlights:

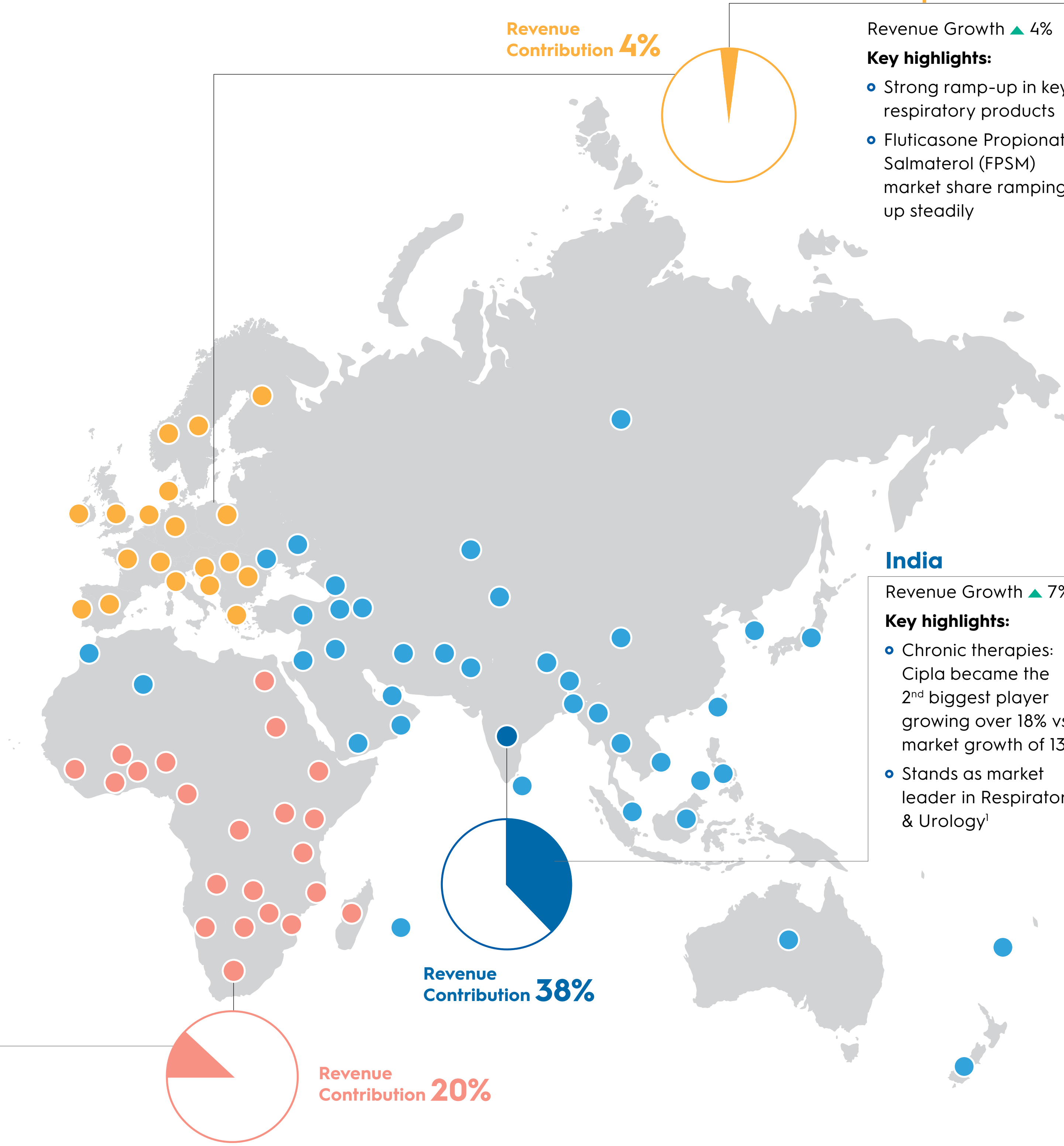
- Manufactured more than 200 generic and complex APIs with presence in more than 60 countries in Europe, North America, Latin America and Asia Pacific
- Strong contribution from key accounts and top 5 products; sales ramp-up in Oncology APIs

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

Revenue Growth ▼ 12%

Key highlights:

- SAGA Region has witnessed lower tender sale during FY 18-19
- South Africa business grew at more than three times the market at 10.4%[1] in the private market
- Expanded offering to the patients in South Africa beyond medicines, acquired 30% stake in Brandmed, a connected health solutions company



Europe

Revenue Growth ▲ 4%

Key highlights:

- Strong ramp-up in key respiratory products
- Fluticasone Propionate Salmaterol (FPSM) market share ramping-up steadily

India

Revenue Growth ▲ 7%

Key highlights:

- Chronic therapies: Cipla became the 2nd biggest player growing over 18% vs market growth of 13%
- Stands as market leader in Respiratory & Urology[1]

[1](Source: 1. IQVIA MAT Mar'19)
Balance 2% sales over and above the geographies mentioned pertains to Other operating income.

Chairman's Message

Our pharmaceutical industry's prime role is to save and improve the quality of patients' lives. We are the custodians of healthcare and this is our key responsibility.

Dear Shareholders,

Healthcare management is about combining business with a humanitarian outlook. Our pharmaceutical industry's prime role is to save and improve the quality of patients' lives. We are the custodians of healthcare and this is our key responsibility. Cipla follows this principle, apart from achieving our business objectives. Cipla believes that access to medicines at affordable prices is a fundamental human right and that none should be denied medication, not only in India, but globally.

The pharma industry is different from other industries for two major reasons. Firstly, monopoly arising out of intellectual property rights, which gives exclusivity and secondly, the high rate of obsolescence of drugs. Newer medications have to be continuously innovated to enable long term progress. The global pharma approach is to concentrate and focus essentially on newer drugs, future pipeline and product portfolios, R&D and innovation. Within this framework, we in Cipla believe in the adaptation of appropriate innovative technologies which can improve and facilitate healthcare in India.

Cipla started as an indigenous enterprise in 1935, committed to India's quest for self-sufficiency in healthcare. Today, Cipla is a leading worldwide generic pharmaceutical company with 46 state of the art manufacturing facilities and supplies quality medicines to over 80 markets globally. Cipla started large scale manufacture of active pharmaceutical ingredients way back in the early 1960s and developed important life-saving formulations and devices based on this, and covering many key therapies. We are currently ranked among the 15 leading global generic drug producers. Cipla is now well positioned to extend its expertise from general generics to more complex generics and niche specialty products.

In our overall R&D programme, we are closely monitoring the repurposing and repositioning of existing drugs. This interesting area of research includes pro-drugs, metabolites, liposomal drugs, nano-particles, enhancers, boosters, co-crystals, chiral drugs, new polymorphs, new fixed dose combinations, newer indications, newer delivery systems and newer routes of drug administration. Again, the ultimate objective is to develop products for faster regulatory approvals in niche markets. A major example of this was in the area of HIV/AIDS. Cipla introduced for the first time in the world, a unique fixed dose combination of three antiretroviral drugs under the name Triomune. This repositioned drug saved millions of lives during the first decade of the current century. It is a testament to the immense potential this R&D holds for the continuing progress of our Company.

Today India is regarded as the Pharmacy capital of the world. The Indian pharma industry sales were valued at $33-billion in 2017 and are on course to touch $50-billion by 2020. India is the largest provider of generic drugs globally and the Indian pharma industry supplies 40% of the generic drug demand in the US. Exports of the Indian pharma sector are estimated to exceed $20-billion by 2020. India supplies well over 80% by volume of all the HIV/AIDS drugs internationally. However, of the seven billion people living on our planet, the overwhelming majority of 6.2 billion live in the emerging and developing world. Proper healthcare is only guaranteed to approximately 10% of the world's population. The right to live should not be contingent on the ability to treat. We need to provide affordable essential drugs to safeguard a stable and healthy India. No one in our country should suffer because they cannot afford medicines, diagnostics, medical devices or vaccines. India should also extend help in this area to other countries, particularly in Africa.

Given its population and disease burden, basic healthcare in India will always require urgent attention, alongside advancements and newer technologies. It is therefore all-important that government policies and strategies are formulated to cover our present basic needs and requirements of the country. India should formulate legislation on healthcare to suit the specific needs of the indigenous pharma industry as also the healthcare required in the country. An increase in the Government's public healthcare expenditure is the need of the hour. We want all our countrymen to lead productive lives in good health, thereby promoting the well-being of our country. To this end, the flagship national health cover scheme of the Government is a very promising initiative. We should all work together to solve healthcare issues using appropriate technology and advanced science. This will enable us to fulfil our dream of a productive and progressive India.

As always, my sincere gratitude to all our stakeholders for your partnership in this journey of 'Caring for Life'. Your Cipla Board and leadership remain committed to our purpose, even as we work towards creating and delivering value.

Warm Regards,

Y.K. Hamied

Executive Vice-Chairperson's Message

Dear Shareholders,

This is my fourth year on the Cipla Board and I can truthfully say that each day has been an incredibly fruitful and energising experience. It's humbling to look back at Cipla's rich legacy, and inspiring to look at the new horizons ahead of us.

FY 18-19 was a good year for us. Our businesses delivered strongly, our US specialty pipeline was greatly bolstered, and decisions taken a few years ago on our portfolio and our global footprint are paying off well, our latest ambition being the planting of the Cipla flag in China. My heartiest congratulations to our Management Council led by Umang Vohra for steering the company through difficult quarters this year to help us end on a strong note. Perhaps the most vital part of building a future-ready organisation is the need to have a shared vision. At Cipla, the institutionalisation of shared goals between businesses and functions ensures that the organisation as a whole keeps the big picture in mind and works towards a 'shared destiny'.

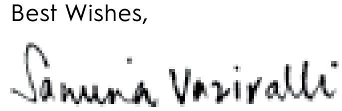
It makes me proud to see the way Ciplaites came together last year to turn in a stellar performance. And even more so because for the year 2019-20, Cipla has been certified a Great Place to Work™. I see it both as an acknowledgment of our ongoing efforts to strengthen our work culture and a pledge to do more. Last year, the latest round of our organisation-wide employee engagement survey saw our scores go further up to levels above global standards. I have always placed a premium on talent; our 84 year old company needs the right talent to build the next 80. With that view, we have invested a lot in leadership development, coaching, building a talent pipeline, and learning and development. We constantly examine best practices for the workplace, and I am pleased to spearhead our new Diversity & Inclusion Council.

This focus on nurturing talent and development will go a long way in making Cipla resilient in the face of the fast-paced changes that we see around us. Disruption indeed is the buzzword these days. Pharma is a life-saving industry. Each tablet, each capsule, each inhaler is geared towards saving lives and contributing to healthcare. And that is precisely our approach to leveraging technology in healthcare. As technology evolves, so do expectations from stakeholders such as regulators, healthcare professionals, shareholders, industry peers, partners, and of course patients. Pharma companies are already making heavy investments in manufacturing technologies – cutting-edge platforms, data capture and record-keeping, tracking, analytics, etc. Today, the pharma industry has the opportunity to evaluate the plethora of plug-in technology available to it to quickly catch up with other sectors in exploring and deploying what the digital domain has to offer. Businesses that quickly adopt digital will have a huge competitive advantage over the others.

One of the biggest paradigm changes that technology has enabled is that it has made our industry as a whole more patient focused. And here, public policy too has a big role to play. With the new Central Government in India returning for a second consecutive five-year term armed with a strong mandate, expectations are high. As a pharma company, we look forward to support in strengthening infrastructure and ease of doing business, developing a robust regulatory framework, increasing healthcare expenditure, and balancing of pricing controls with provision of accessible and affordable healthcare. We are also eager to explore ways to partner with the Government in its ambitious healthcare schemes to ensure coverage to the maximum extent possible.

There is a lot to do and the future is more exciting than ever, both for Cipla and for pharma. Thank you for your trust in us, and my gratitude also to internal and external stakeholders, and well-wishers everywhere.

Best Wishes,



Samina Vaziralli

MD & GCEO's Message

Dear Shareholders,

FY 18-19 was a year of many proud milestones for Cipla, and overall, it was a year in which our core businesses did very well, and we were able to make important strides in our patient focus and value creation.

In terms of overall performance, we started the year well, then had a couple of quiet quarters, finally emerging strongly in Q4 to end the year on a high note. Revenue for the year was ₹16,362 cr, EBITDA was ₹3,171 cr (19.4% of sales) and PAT was ₹1,528 cr. Our India story remained solid, thanks to strong prescription generation and market beating performances in key therapies. South Africa's private sector growth remained phenomenally ahead of market. With the acquisition of Mirren, we are the third largest player there, and our sights will now be firmly set on being a strong challenger to the #1 position. North America delivered an outstanding year with limited competition DTM products showing strong pick-up in sales. Our focus on high-value products will continue, and our planned respiratory pipeline for the coming year looks well on track. We did have our share of challenges. There were supply issues going into the year. We are making good progress in addressing them and ensuring smooth serviceability. Political volatility in some Middle-Eastern markets also affected us, and here we continue to be watchful. Changes in the funding environment constrained our tender businesses, and over the course of the year, we took several decisions to re-base them.

On the whole, FY 18-19 reassured us that in keeping with our long-term strategy, our core markets of India, South Africa and USA continue to anchor our growth. We have spoken about our ambitions in China as a future growth market. We are keen to take our well-established expertise in the respiratory segment to patients in China. Simultaneously, we will also explore various routes to build a portfolio of products there in other therapeutic areas such as oncology. While we will always look for new avenues of revenue growth, our attention to cost and operational improvements, streamlining capex, and maximising existing capacity will continue. Strengthening our core has been our biggest focus in the last few years and a key pillar of our annual plan.

The hitherto traditional world of prescription drugs is a complex environment that demands both resilience and flexibility. At Cipla, we are asking ourselves two big questions: how can we do more to empower patients, and in a fast-changing world how do we ensure business agility?

For us, the answers lie in two key areas – investing in innovation and shaping the future healthcare ecosystem. With that view, we took several steps in FY 18-19 – our specialty efforts progressed in the areas of hospital business and respiratory apart from CNS; our oncology biosimilar franchise expanded in Emerging Markets; we launched patient support campaigns on inhalation therapy in India and mental health awareness in South Africa alongside investments in digital therapeutics in both markets. I see this as gradually leading to a 'democratisation' of healthcare wherein patients take charge of their own health and we become an active partner to them at every step – awareness, diagnosis, treatment, compliance, cure and well-being.

Equally, e-commerce, policies, regulation, demographics, political developments, and even protectionism today are proving to be disruptive trends around the world. To be future-ready, we must try to visualise market realities five years from now, invest in skilling and equipping our workforce accordingly, and try to strike a balance between being global and local even as we expand our geographical footprint.

These are the big picture questions that motivate me every single day alongside humbling reminders that our work alleviates the pain of somebody's mother or son or sister. I look forward to doing a lot more along with my talented colleagues at Cipla. As always, I am grateful to the Cipla Board for its guidance and my Management Council colleagues for their counsel and support. I would like to thank you, our shareholders, for your partnership and the confidence you continue to show in us .

Best Wishes,

Umang Vohra

Making a Difference to Patients

Winning against Asthma

> It was my childhood dream that someday Baba and I will climb Mount Everest.
>
> **Suchandra Banerjee**
> ***PR professional***

> The inhaler comes right after my mom because of the care it provides me
>
> **Akshay Samel**
> ***Creative Director***

According to WHO, India tops globally in asthma-related deaths/disease-adjusted life years. Children form a large part of the patient body. But asthma isn't the only problem they suffer from. Social, educational and emotional obstacles accompany asthma. We are tackling the social stigma surrounding asthma and inhalation therapy, educating patients about the benefits of inhalers and enabling them to truly live a **#BerokZindagi.**

#ItsOkNotToBeOk

Globally, more than **300 million** people of all ages suffer from depression. At its worst depression can lead to suicide. Depression shouldn't be a label. Cipla has partnered with the South African Depression & Anxiety Group to launch a helpline and spread the message that there is always help, there is always hope.

Amber Fillary embodies this message. She is a free dive enthusiast and holds South African national records. Next year, she will attempt the Guinness World Record.

Our People: Bound by Passion & Purpose

Our people are our biggest assets, Not just for their knowledge and experience but for their zeal to make a difference to the world of healthcare.


Cipla


CARING FOR LIFE
RUNS
IN OUR DNA

Our Inspiration for Innovation

The future of healthcare will be driven by increased use of technology. Cipla has entered into partnerships with Wellthy Therapeutics in India and Brandmed in South Africa to enable digital therapy and help patients take charge of their own health.

Our Pursuit of Excellence

Dr. Y. K. Hamied

Elected Honorary Fellow of the Royal Society, UK, for distinguished service to science

ET Family Business **Lifetime Achievement Award**

Lifetime Outstanding Achievement Award at IMA International Management Conclave

Samina Vaziralli

Featured in **Fortune India's 50 Most Powerful Women** in Business

Kedar Upadhye

India CFO Award for Excellence in Cost Management

Dr. Ranjana Pathak

Woman Leader of the Year at the Future Leaders Summit

ICSI National Award for Excellence in Corporate Governance, 2018

Golden Peacock Award for Excellence in Corporate Governance

Certified Great Place To Work™ for 2019-2020

Bronze at the **Effies** in Healthcare category for #BerokZindagi

PL Roy Award for Excellence in CSR for Cipla Foundation, India

DigiPharmaX Award for leveraging technology for doctor engagement for Team Inspira, India

ABP News Healthcare Leadership Award for patient support and access for Emerging Markets

Imagine Award for healthcare for its Sha'p Left project for Cipla Foundation, South Africa

4th SCMPro Logistics and Supply Chain Awards for Excellence in Pharma Supply Chain Management, Procurement Transformation of the year and Best Sourcing Analytics

CSR Highlights

Mobile Healthcare Units drive free medicines and hope into Mahadi's village

Diksha's new skills bring her a long way - from a farm life to building a career in pharma

At Early Childhood Development Centres, Bandile and friends find nutrition and education in addition to safety

Muniammal finds strength in her new disaster-resilient and disability-friendly home

Cipla Palliative Care & Training Centre's team puts Rohan at the heart of care

Digital education in remote schools bridges the learning divide for Harshad

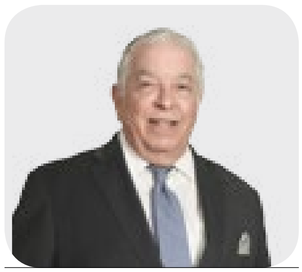
The Cleft lip surgery gives Thandi a renewed life and a brand new smile

In 2018-19, Cipla Foundation made over **400,000 impactful interventions** with communities in India and South Africa, changing thousands of lives through initiatives in Health, Skilling, Education and Disaster Response.

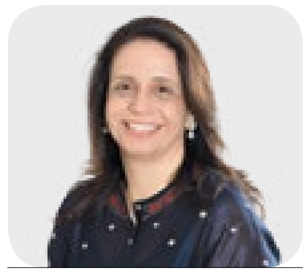
While we expand our reach, we believe it is **the well-being of every single life** that makes these numbers count.

Board of Directors

Dr Y. K. Hamied
Chairman



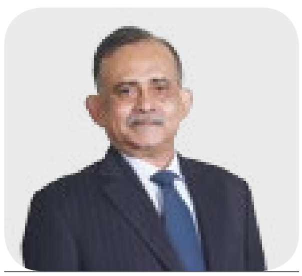
Mr M. K. Hamied
Vice Chairman



Ms Samina Vaziralli
Executive Vice Chairperson

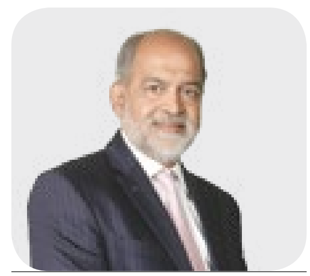
Mr Umang Vohra
Managing Director
& Global CEO

Mr S. Radhakrishnan
Non-Executive
Non Independent Director



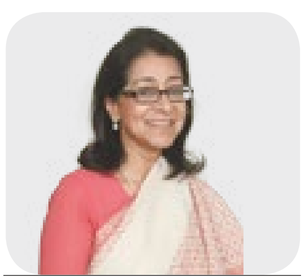
Mr Ashok Sinha
Independent Director

Dr Peter Mugyenyi
Independent Director

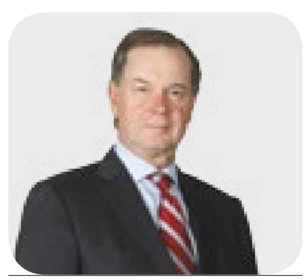


Mr Adil Zainulbhai
Independent Director

Ms Punita Lal
Independent Director



Ms Naina Lal Kidwai
Independent Director



Mr Peter Lankau
Independent Director

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

Management Council

Mr Umang Vohra
Managing Director &
Global Chief Executive Officer

Dr R. Ananthanarayanan
Global Chief Operating Officer

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

Mr Kedar Upadhye
Global Chief Financial Officer

Ms Geena Malhotra
Global Head of Manufacturing Operations and Respiratory Centre of Excellence

Dr Raju Mistry
Global Chief People Officer

Ten-Year Highlights

Consolidated

₹ in Crores

	2019*	2018*	2017*	2016*	2015	2014	2013	2012	2011	2010
Income Statement Data										
Revenue from operation	16,362.41	15,219.25	14,630.24	13,790.10	11,345.44	10,173.39	8,279.33	7,020.71	6,323.84	5,359.52
Profit for the year^	1,527.70	1,410.53	1,006.39	1,359.99	1,180.77	1,388.41	1,544.85	1,144.24	989.57	1,082.59
Dividend	241.57	160.94	160.87	160.62	160.59	160.58	160.58	160.58	160.58	160.58
Balance Sheet Data										
Share capital	161.14	161.02	160.90	160.68	160.59	160.58	160.58	160.58	160.58	160.58
Other equity	14,851.14	14,068.17	12,382.76	11,355.54	10,628.65	9,889.77	8,858.10	7,478.35	6,505.55	5,749.99
Property, plant and equipment - Net block	5,114.35	5,315.35	5,008.69	4,604.85	4,140.56	3,995.94	3,609.97	3,215.49	3,094.18	2,011.17
Current Investments including Cash and cash equivalents#	2,734.96	2,057.74	1,451.52	1,441.83	940.99	471.32	2,244.30	1,017.39	306.77	298.71
Additional Data										
Earnings per share - Diluted	₹18.93	₹17.50	₹12.50	₹16.89	₹14.66	₹17.27	₹19.24	₹14.25	₹12.32	₹13.70

* Figures from FY16 to FY19 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)

Corporate Information

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

Chairman
Dr Y. K. Hamied

Vice Chairman
Mr M. K. Hamied

Executive Vice Chairperson
Ms Samina Vaziralli

Managing Director & Global Chief Executive Officer
Mr Umang Vohra

Non-Executive Non Independent Director
Mr S. Radhakrishnan

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

Global Chief Financial Officer
Mr Kedar Upadhye

Company Secretary
Mr Rajendra Chopra

Statutory Auditor
Walker Chandiok & Co LLP

Chief Internal Auditor
Mr Deepak Viegas

Corporate Identity Number
L24239MH1935PLC002380

Registered Office
Cipla House
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Maharashtra
Tel. No.: +91 22 2482 6000
Fax No.: +91 22 2482 6120
Email id: cosecretary@cipla.com
Website: www.cipla.com

Share Transfer Agent
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(Unit: Cipla Limited)
Karvy Selenium, Tower- B, Plot
No. 31 & 32, Gachibowli Financial
District, Nanakramguda,
Serilingampally,
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Tel. No.: +91 40 6716 2222
Email id: einward.ris@karvy.com
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Our Strategy for Value Creation

Our business strategy is aligned to our FY 21-22 winning aspirations and is based on a few key levers - our steadfast commitment towards our patients and stakeholders, our consistent focus on sustainable and responsible business operations, and our ability to deliver superior value in key markets through new products and customer facing initiatives.

The key facets of our business strategy include:

1. Global Pharma Landscape
2. Our Business Model
3. Progress on identified strategic priorities
4. Stakeholder Engagement
5. Materiality Assessment
6. Enterprise wide Risk Management Framework

1 Global Pharma Landscape[1]

Cipla's focus on business excellence has enabled it to generate value for all stakeholders despite headwinds such as competitive pressure, regulatory changes and unfavourable pricing.

The pharma landscape continues to reveal new opportunities. The global spend on new active substances and branded medicines in developed markets has gradually increased over the past five years. From 2019 to 2023, the overall spend on new product launches is expected to be around USD 45.8 billion. Two-thirds of the launches are expected to be specialty products and around 30% will be for Oncology .

The developed market spend on specialty medicines is expected to scale up to about USD 505 billion by 2023 . Oncology, Autoimmune, Immunology, HIV and Multiple Sclerosis are the five key specialty therapeutic areas that will drive this spend.

The subdued pace of biosimilar policy adoption in the US has extended the timelines to accrue cost reduction benefits from these medicines. The delays can be attributed to patent protections associated with key originator biologics and development challenges linked to molecules generating lower revenues.

Cipla endeavors to develop a solid foundation that will allow it in tapping relevant opportunities across the spectrum through internal systems and processes.

Opportunities

Market opportunities - India and SAGA

- India – Focus on Diabetes, Dermatology, Cardiology and women's health.
- South Africa – Scale the OTC business and continue momentum in private market.
- Cipla Global Access – Realise the full potential of key differentiated products in ARV Therapeutics.

Accelerated growth in the US

- Internal R&D driven contributions to the Complex Generics and Specialty segment portfolios to tap opportunities in the Respiratory and Central Nervous System (CNS) therapeutic areas will drive the next leg of growth in the US
- Maximise share of the US $25+ billion market size through the top development projects underway in the US

Emerging markets

- Private market business in Middle East, Asia-Pacific, Latin America and Rest of the World
- Brazilian operations to focus on Oncology
- Entry into the high-growth Respiratory segment in China
- Biosimilar partnerships for key markets

Strategic partnerships

Continue to deepen our alliances and partnerships in the B2B market

Enhancing efficiencies to fuel growth

- Continue driving cost efficiencies through initiatives such as Project Eagle
- Drive operational efficiencies through a lean model, use of artificial intelligence and advanced analytics

[1]IQVIA The Global Use of Medicine in 2019 and Outlook to 2023-JAN 2019

2 Our Business Model

At the heart of our operations lies our business model, which determines the way we calibrate the six capitals and transform input into outcomes to achieve our strategic goals. Our business model demonstrates how we conduct business to retain our leadership position across markets.

The fundamental purpose of including our business model in this report is to provide our stakeholders with an insight into our strategy and ability to generate short, medium and long term value. In addition to providing an overarching view of our value creation process, the model also outlines the interconnectedness between the capitals. This relationship and interdependence between capitals is what allows us to work in a cohesive manner, as OneCipla, to cater to all stakeholder requirements.

This OneCipla ethos and Credo, which reflect in our day-to-day business conduct, form the bedrock of our business model and inspire our employees to operate within the perimeter of ethics, transparency and good governance with every step they take.

The business model is driven by elements that are critical to Cipla and encompasses the internal and external factors influencing the company. These elements allow us to monitor the forces influencing business, to stay agile and to deliver sustained stakeholder value.

The elements include:

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

Our business model encourages focusing on and strengthening the following key aspects:

a) The six capitals which demonstrate how we define and utilise our resources.

b) Strategic allocation of resources that flow in from these capitals. These resources act as fuel for business activities, which churn out superior quality outputs and outcomes.

c) The global value chain which outlines the components of our business and its flow. Each element of the value chain works seamlessly and ceaselessly in conjunction with others to ensure that we deliver quality products to patients. This process operates with the help of key enablers and within defined frameworks that ensure sustainable and transparent business conduct.

d) Enhanced stakeholder value which is derived through the high-quality outcomes from the streamlined value chain. This is detailed in the Capitals (Page 39 to Page 76).

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

Drivers

Inspiration and Ethos

Patient centricity

Innovation

Operating Environment

Market Trends

Regulatory and Statutory Requirements

Competitive Landscape

Key Stakeholders

Stakeholder Inclusiveness

Stakeholder Expectations

Opportunities and Risks

Leveraging Opportunities

Proactive mitigation of risks

The 6 Capitals that govern Cipla's global operations / Strategic allocation of resources across the capitals

Financial Capital

Deploy financial resources in a diligent manner to harness opportunities for long-term sustainable value creation

- Access to capital for enhanced shareholder returns
- Organic and Inorganic investments/ acquisitions to develop strategic strengths in focused therapies and expand geographical presence

Manufacturing Capital

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

- Global manufacturing footprint with technologically advanced facilities
- Key regulatory approvals (including US FDA and MHRA) demonstrating operational excellence

Intellectual Capital

Invest in technologies to advance new and differentiated intellectual capital to drive better patient outcomes

- Expertise in complex products supported by over **1300+** scientists
- Continuous investment in R&D to the tune of **7.4%**[1] in FY 18-19 towards best-in-class product development technologies and facilities with device development and clinical capabilities

Human Capital

Cultivate employee capabilities and competencies to drive shared organisational objectives

- Strong commercial set-up across geographies driving in-market leadership
- Empowered and diverse workforce enabling collaboration and effective operations across the globe
- Industry-leading talent management and leadership development processes

Social and Relationship Capital

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

- Investments in community development through initiatives that build and nurture long lasting relationships
- Strengthen external stakeholder engagement through enhanced disclosures and high standards of corporate governance
- Enhancing patient awareness and education through targeted initiatives
- Focus on sustainable supply chain through active vendor engagement

Natural Capital

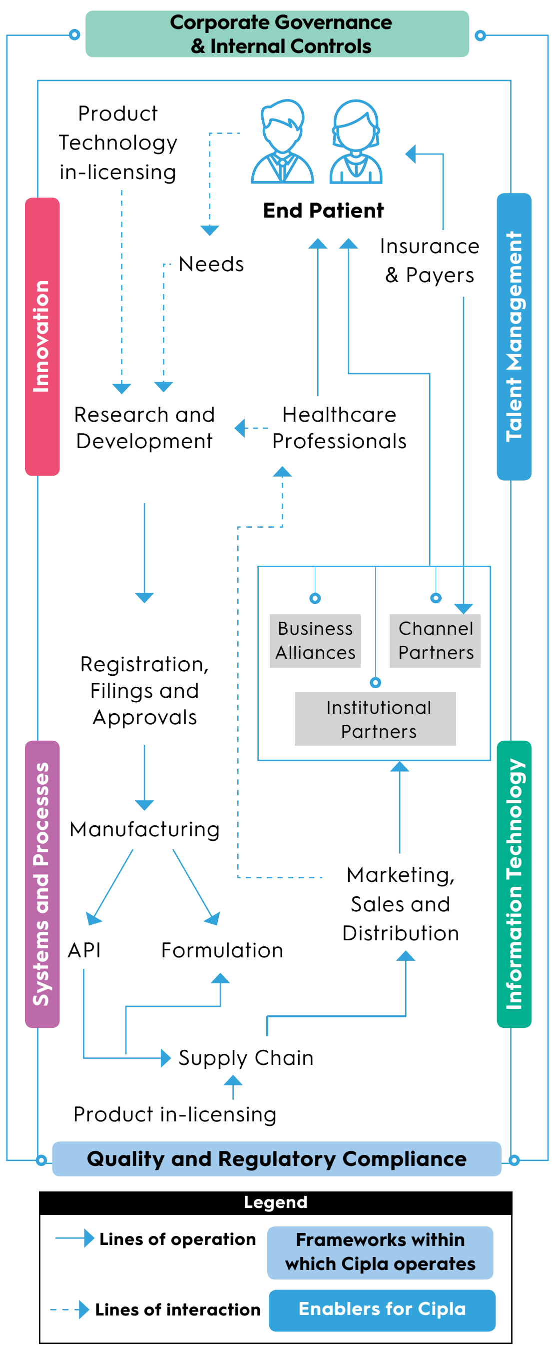
Commitment towards efficient operations resulting in reduced environmental footprint

- Focus on optimal resource utilisation to develop products that create stakeholder value
- Strong policy framework to govern Environment, Health and Safety practices

OneCipla Credo — **Purpose - Inspired** — **Responsibility - Centered**

[1] OPEX including depreciation as a % of revenues

The global value chain with an End Patient focus



Cipla's patient centric business model delivers significant stakeholder value

3rd largest player in India

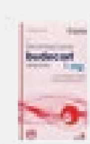
3rd largest player in private market in South Africa

Leadership positions across key emerging markets

Key Brands[3]

Seroflo

Foracort



Budecort

Financial Capital

- Sustainable growth driven by operational performance resulting in 8%[2] revenue growth in FY 18-19 and significant expansion of EBIDTA margin to 19.4% of revenue
- Strong cash generation and a healthy balance sheet; net debt to equity of 0.10

Manufacturing Capital

- 46 state-of-the-art manufacturing facilities across the globe with a diversified product portfolio of over 50 dosage and sub dosage forms

Intellectual Capital

- Continuous investment in R&D 7.4% of revenue in FY 18-19, an increase of 12% from FY 17-18
- Over 30% Increase in number of patents granted in FY 18-19

Human Capital

- Great place to work certified
- Engaged employees resulting in inspired and motivated workforce – employee engagement index improved by 4%
- Focus Diversity across the board and top management – 6 out of 11 independent members on the board and 50% women representation on Management Council
- 390K + man hours of training provided

Social and Relationship Capital

- Working with communities for the betterment of lives - 1,10,000+ free-of-cost health check-ups by Mobile Health Units (MHUs)
- Strong business relationship with 1000+ suppliers across 28 countries
- ~65% of procurement budget spent on local sourcing
- Established relationships with Government bodies to support patient access

Natural Capital

- Zero liquid discharge across all Cipla API Plants
- More than 6,00,000 KL of water recycled
- 9.1% energy from renewables

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

[2] Adjusted for GST | [3] Sales India Rx

3 Progress on identified strategic priorities

Taking into account, the dynamic business and regulatory landscape, Cipla has developed a robust strategy for sustainable value creation. This strategy disclosed in our first Integrated Report last year, details our core strategic objectives that act as enablers of business growth and empower us to deliver on our commitments towards patients and other stakeholders.

We have established an internal Strategy Governance process that enables us to measure, quantify and compare the progress made against pre-defined benchmarks. Through periodic dedicated discussions, the Board is kept abreast of key developments on the global strategy front. The Management and the Board review and update the strategy to stay aligned with business needs.

The updated strategy, along with progress made during the year FY 18-19, is as follows:

Strategic objective	Outlook	Performance highlights
01 **Difficult to compete spaces such as Specialty and Complex Generics in the US**	• Develop a complex generics portfolio. • Build specialty portfolio in areas like CNS and Respiratory for the US market through licensing or acquisition opportunities, complemented by focused internal R&D. • To build portfolio through a combination of repurposing and repositioning of existing drugs, or those with known and well established mechanism of action, that satisfy a clinically differentiated and meaningful medical need with a special focus on targeted drug delivery technology.	**Specialty** • Acquired stake in Avenue Therapeutics Inc. IV Tramadol (pain management asset). • Exclusive global rights to develop and commercialise CTP-354 for treatment of spasticity, pain and anxiety. • Completed phase 1A of Tizanidine Patch for treatment of spasticity. Work on Phases 1B, 2 and 3 to commence. • Acquisition of Global commercial and co-development rights of Pulmazole marks Cipla's first investment in the Branded respiratory space. **Generics:** • 15 products launched. • 15 in-house filings along with two in-licensing products, including one product filing with Competitive Generic Therapy (CGT) designation. • Continued success with limited competition approvals like Isoproterenol and Testosterone injections.

Strategic objective	Outlook	Performance highlights
02 **Continue to build scale and depth in branded home markets of India and South Africa**	• Ramp up chronic therapies such as Diabetes, Dermatology and Cardiology along with over-the counter (OTC) segment and focus on women's heath. • Strengthen our Respiratory franchise to expand category presence through patient activation programmes like Berok Zindagi. • Grow business organically through product development efforts and new launches, supported by execution excellence.	**India:** • 18 products launched in India. • Partnerships with Mannkind USA, Eli Lilly, Janssen and Novartis for Diabetes, with Roche for Oncology products and with Novartis for Cardiology. • Cipla is now #2 in the Chronic segment[1]. • Leadership position in respiratory, urology and anti-virals[1]. • Positioned #4 in Cardiology, up one position[1]. **South Africa:** • Triple combination antiretroviral drug (Tenofovir / Lamivudine / Dolutegravir) approved by South African Health Products Regulatory Authority (SAHPRA). • Acquired Mirren in South Africa to strengthen presence in OTC market. • Filgrastim, the first biosimilar drug launched in South Africa in partnership with Teva. • Cipla now occupies third position in the private market[1].
03 **Strengthen and expand presence in emerging markets**	• Grow emerging market footprint as the next leg of Cipla's strategy, beyond India and the US. • Establish footprint in new growth markets - Brazilian operation to be the next innovation engine in Oncology; accelerate entry in the Respiratory segment in China. • Explore entry into new emerging markets with a long-term view.	• Concluded biosimilar licensing deals for Trastuzumab, Bevacizumab and Pegfilgrastim in key markets like Australia-New Zealand, Colombia, Algeria, Morocco, Lebanon and Malaysia. • Manufacturing facility set-up for metered-dose inhalers in Morocco. • Strengthened presence in key markets. No 1. in Respiratory in Sri Lanka[1], No 1. in Asthma and CNS in Morocco[1], No 1. in Respiratory in Nepal, No 1. in Anti-Retrovirals in Myanmar[1].

[1]IQVIA (IMS) MAT March 2019

Strategic objective	Outlook	Performance highlights
04 Focus on digital and patient-centricity to stay ahead of the game	• Support our core business by focusing on patient engagement in our key branded markets. • Develop integrated health care solutions - iSpiro (diagnostics equipment), mesh nebuliser and smart inhaler (drug delivery devices). • Continue to evaluate areas like e-pharmacy and point-of-care devices to enable patient care continuum. • Partner with a patient loan financing firm to reduce cancer treatment costs for patients. This is expected to increase the patient pool by 1.2-1.5 times.	• **#Berok Zindagi and Breathefree -** Largest nationwide campaigns to create awareness among asthmatic patients • **Partnership with Wellthy -** First pharma company to launch digital pills for improved patient outcomes in the chronic therapies of Diabetology and Cardiology • **Aquisition of Brandmed -** First in delivering a unique fully integrated end-to-end solution to address outcomes and value-based care for patients with chronic lifestyle and Non-Communicable Diseases (NCDs) such as hypertension, diabetes, high cholesterol, asthma and chronic obstructive pulmonary disease • In advance stage of partnership for patient loan financing • **Launch of Niveoli™,** India's first extrafine ICS-Long-acting Beta-agonists (LABA) combination HFA inhaler
05 Continuous improvement: Efficiencies to deliver fuel for growth	• Continue to drive cost and operational efficiencies and continuous improvement initiatives. • Focus on operational productivity by driving: - Throughput improvement - Procurement efficiencies - Logistics capability - API yield improvement - Efficiencies in corporate overheads • Simplify business critical processes through re-engineering.	• **Cost efficiencies -** Delivered year over year input cost reduction through procurement efficiencies. • **Asset productivity:** Unlocked additional capacity for top vital products. • **Automation:** Use of best practices/ technology in procurement, logistics and warehousing to simplify and improve operational efficiency.

4 Stakeholder Engagement

Our stakeholders are persons, groups or entities who are directly impacted by our activities and decisions, and those who can influence our operations. In line with our ethos of conducting business in a transparent and ethical manner, we have established an effective stakeholder communication model. We regularly engage with our stakeholders to identify and assess their needs, which form a critical part of our overall business strategy. Based on the level of impact, we have identified nine key stakeholder groups[1]:

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

[1]Information in line with BRR Principle 4, Question 1

5 Materiality Assessment

During FY 18-19, we have undertaken a materiality assessment exercise which has enabled us to identify material issues that impact our performance. These issues help us align our business strategies to various risks and opportunities and influence our ability to create value in the short, medium and long term.

Reviewing these material topics periodically helps us stay aligned with the business environment around us. This year, we have enhanced the overall scope of our report by including additional performance parameters and enriching our materiality analysis process amongst others.

1. **Identification:** This stage involves creating a list of issues based on the previous year's material topics, an in-depth peer analysis and internal stakeholder consultation, which includes top management and senior management representatives from key functions.

2. **Prioritisation:** The prioritisation exercise is carried out using the Stakeholder Inclusiveness and the Materiality principles. This year, we expanded the scope of our materiality assessment process by obtaining inputs from our key external stakeholders such as healthcare professionals, patient representatives and vendors. The list was further prioritised in line with its significance to Cipla and its key stakeholders on the scale of high, medium or low. This has helped us obtain a more holistic view of our material topics.

3. **Review:** We ensure that our materiality assessment and identified material topics undergo an internal validation. Our material topics have been reviewed by key function heads and top management including board members.

A consolidated list of topics can be seen in the matrix below:

Marked as high by internal and external stakeholders

- Ensuring product quality and safe product destruction
- Systems and processes
- Improving patient experience
- Enhancing availability and affordability of medicines
- Focus on corporate governance - business ethics, enterprise wide risk management and compliance
- Investment in R&D
- Anti - fraud
- Regulatory environment
- Focus on innovation

Marked as high by external stakeholders

- Promoting diversity
- Protection of human rights
- Community engagement
- Ensuring Employee health and safety
- Succession planning
- Human Resource development
- Capital Productivity - balancing growth, profitability and returns
- Focus on intellectual property

Marked as high by internal stakeholders

- Growth opportunities
- Water management
- Sustainable supply chain
- Pricing Pressures
- Waste Management
- Energy efficiency and managing our carbon emissions
- Pharmacovigilance
- Digitisation
- Data Integrity

Key aspects	Focus area	Capital linkage	Section of the report
Quality	Systems and processes		Page 42-44 of Manufacturing Capital
	Pharmacovigilance		Page 44 of Manufacturing Capital
	Ensuring product quality and safe product destruction		Page 43 of Manufacturing Capital
Accessibility	Pricing pressures		Page 77-93 of Management Discussion and Analysis
	Enhancing availability and affordability of medicines		Page 57 of Relationship Capital
	Improving patient experience		Page 58 of Relationship Capital
Operations	Data Integrity		Page 44 of Manufacturing Capital
	Sustainable supply chain		Page 61 of Relationship Capital
	Energy efficiency and managing our carbon emissions		Page 72 of Natural Capital
	Waste management		Page 75 of Natural Capital
	Water management		Page 74 of Natural Capital
	Growth opportunities		Page 30-32 of Progress on identified strategic priorities
	Ensuring employee health and safety		Page 54 of Human Capital
	Community engagement		Page 64 of Social Capital
	Digitisation		Page 48 of Intellectual Capital
			Page 53 of Human Capital
			Page 44 of Manufacturing Capital
			Page 59 of Relationship Capital
	Capital productivity – balancing growth, profitability and returns		Page 39-41 of Financial Capital
Research and development	Focus on intellectual property		Page 46 of Intellectual Capital
	Investment in R&D		Page 45 of Intellectual Capital
			Page 41 of Financial Capital
			Page 80 of Management Discussion and Analysis
	Focus on innovation		Page 47 of Intellectual Capital
	Regulatory environment		Page 78 of Management Discussion and Analysis

Key aspects	Focus area	Capital linkage	Section of the report
Governance	Focus on corporate governance - business ethics, enterprise wide risk management and compliance		Page 133-134 and 154-157 of Corporate Governance Report Page 36-38 Enterprise wide risk management framework Page 77-174 of Statutory Reports
	Anti-fraud		Page 56 of Human Capital Page 154-155 of Corporate Governance Report
Talent	Human resource development		Page 52 of Human Capital
	Protection of human rights		Page 56 of Human Capital
	Promoting diversity		Page 51 of Human Capital
	Succession planning		Page 53 of Human Capital

6 Enterprise wide Risk Management Framework

Our Enterprise wide Risk Management (ERM) framework has been designed to identify, monitor and minimise the adverse impact of strategic, operational, financial and compliance risks faced by the organisation. We recognise that an appropriate response to business risks and opportunities is vital to achieving our business objectives, safeguarding stakeholder interests and meeting legal requirements.

Our ERM approach involves close collaboration with personnel across business and support functions to garner a holistic view of the ever-changing risk landscape.

The ERM function and the Management team prioritise risk mitigation actions and monitor residual risks across business and support functions. Every quarter, a detailed update on ERM activities is presented and deliberated upon in the meetings of the Investment and Risk Management Committee (IRMC) of the Board.

Based on the Management's review and deliberations during the IRMC meetings, a summary of some of our key risks and mitigation measures is given below. The list of mitigation measures is only illustrative and not exhaustive. 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.

01 Regulatory and competitive developments (India Business)

Continued pricing pressure, increasing competition from significantly discounted products through various channels, continuous review and ban of irrational fixed dose combinations and an evolving regulatory landscape continue to moderate volume growth substantially.

Mitigation

- Divestment/ discontinuation of select product categories
- Performing therapy-level impact assessment and amending product structure/pricing accordingly
- Launch products with innovative dosage forms and therapies

02 Growth uncertainty in the US market

Commoditisation of generics and channel consolidation have led to significant price erosion across therapies in the US market. Certain products have underperformed and intensified competition also poses a risk to achieving the targeted growth.

Mitigation

- Maintain a steady launch pipeline of differentiated, high-value products
- Launch process improvements such as:
  - defining a segmented launch calendar for differentiated focus
  - pro-active risk review during launch stage to ensure prompt corrective actions
- Focus on Specialty business

03 Quality

Failure to comply with Good Manufacturing Practices (GMP) at any stage of product manufacturing can lead to a significant risk to our patients. Adverse audit findings by agencies such as the Food and Drug Administration (FDA), Medicines and Healthcare Products Regulatory Agency (MHRA), etc. could also potentially expose us to regulatory and reputational risks.

Mitigation

- Ensure all-time audit readiness
- Robust governance and quality culture
- Follow the Life Cycle Management Process (LCMP) which focuses on product quality
- Launch quality improvement and training programmes with a focus on historically known quality issues
- Investigation and Corrective Action Preventive Action (CAPA) for all product recalls
- Institutionalise 'lessons learned' from past quality-related incidents of adverse nature
- Establishing robust quality requirement clauses with our vendors
- Automation of quality management by developing a Computer System Validation (CSV) programme

04 Environment, Health and Safety (EHS) risks

EHS incidents pose critical regulatory, reputational and business continuity risk. If they occur, such incidents could result in significant remedial costs and harm to the environment and communities that we operate in.

Mitigation

- Ensure compliance with local regulations and best-in-class industry safety standards across our locations
- Implementation of the EHS Management System (EHSMS) for timely identification of potential risks
- Periodic performance of internal audits and Hazard Identification and Risk Assessment (HIRA)

05 Geopolitical risks including currency volatility

War, economic sanctions, and political unrest have resulted in heightened volatility in Middle Eastern markets.

Mitigation

- Cap the overall exposure to the identified countries in terms of sales, profits and invested capital, at any point of time to a defined threshold
- Evaluate possible ways to hedge through currency, commodities or other types of instruments
- Process of securing receivables in most cases through Letters of Credit or by mandating advance payments prior to supply

06 Business continuity

Interruption of operations at our and/or supplier locations due to natural and man-made factors could lead to interruption of production, delay in product launches and can ultimately impact our revenues.

06

Mitigation

- Measures such as alternate vendor development, smart inventory management strategies among others to be implemented to address risk of failure of supply from third party suppliers
- A formal Business Continuity Planning (BCP) framework is being implemented to address potential disruptions in the event of natural/ man-made disasters

07 Increasing costs and growing business complexity

Following the tightening of regulatory norms in China, the costs of Active Pharmaceutical Ingredients (APIs) have significantly increased. Further, due to downward pricing pressure on most of the key products in tender-based and other highly competitive businesses, there is a risk of not achieving targeted year-on-year revenue growth.

Mitigation

- Ensure sustained cost optimisation programmes and complexity rationalisation
- Implement process improvement initiatives
- Ensure product portfolio enhancement

08 Cyber security and data privacy regulations

A failure of Information Technology (IT) systems due to malicious attacks and/or non-compliance with data privacy laws can potentially lead to financial loss, business disruption and/or damage to our reputation.

Mitigation

- Foster a risk-aware culture that can anticipate and prevent attacks, and where necessary, effectively respond to security breaches
- Maintain strong cyber security infrastructure
- Compliance with data privacy law requirements through:
  - Performing gap analysis to identify existing weaknesses

08

  - Policy and procedure roll-outs
  - Fortification of processes to adhere with 'Privacy-by-Design' concept
  - Creating awareness amongst employees on applicable privacy requirements
- Securing suitable insurance cover

09 Compliance

Non-compliance with applicable laws, including bribery and corruption, can lead to civil and criminal actions against the Company and/or its officers. It can also lead to the risk of business continuity.

Mitigation

- Strengthen and continue to be highly vigilant in the corporate compliance framework by implementing sound compliance policies and Standard Operating Procedures (SOPs), implementing IT systems for compliance tracking, system-based monitoring of compliance versus requirements, and imparting suitable training to relevant personnel
- Performance of periodic checks to gain assurance on legal compliance, if any

10 Supply chain disruption

Although the Supply chain model of the Company is designed to enable timely supply of it's products, a failure to meet committed delivery dates owing to disruption at our/ supplier's manufacturing location could result in levy of contractual penalties as well as difficulty in securing future orders.

Mitigation

- Safety stocks and reorder levels for manufacture of critical products are monitored to avoid "stock-out" situations
- Approvals for manufacturing from multiple sites is sought at the time of filing product approvals with appropriate regulators
- Vendor performance is evaluated periodically and necessary measures required to streamline supplies are taken proactively by the Company

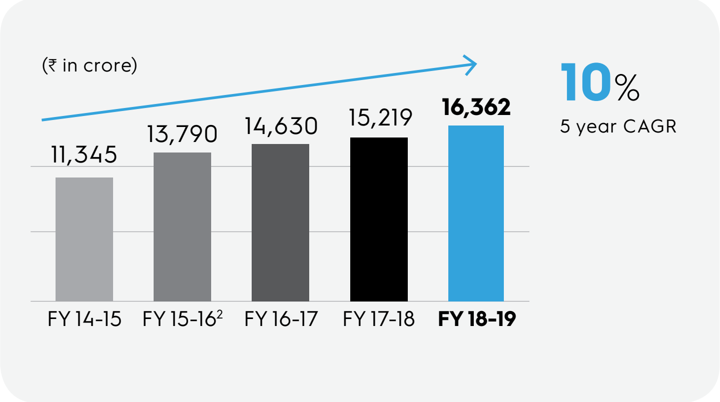
Financial Capital

With an eight-decade legacy, Cipla has remained committed to drive sustainable value creation based on strong business fundamentals including focused R&D investments, diversified and growth-oriented business model. There is a strong focus on efficient capital allocation and continuous margin improvement. Business model realignment and significant improvement in cost structure have resulted in growth in revenue and EBITDA of 8% (GST Adjusted) and 12% YoY respectively. While this is ongoing, there is aggressive cash generation year on year which is reflected in substantial reduction in Net Debt to Equity ratio over the last two years.

Revenue from Operations

FY 18-19 revenue stands at ₹16,362 crores with 5 years CAGR of 10% has largely been driven by strong performance in home markets of India, North America new launches and acquisitions, and South Africa private market partly offset by challenges in Middle Eastern markets.

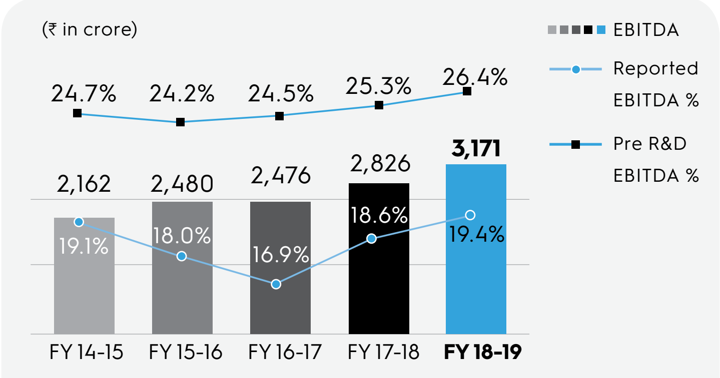
Our focus for next year is on continuing the growth trajectory in key markets and investments in portfolio for sustainable growth.



EBITDA[1]

Absolute EBITDA saw a CAGR of 10.1% over the last 5 years, owing to contribution from new businesses, improvement in the portfolio mix, new launches in North America partly impacted by higher R&D investments in recent years.

Strong growth momentum across key markets coupled with margin expansion and cost reduction has resulted in ~80 bps improvement in EBITDA on YoY basis.



Normalised EBITDA for FY 15-16 without one-off was ~14%

Note: Figures mentioned above for FY 14-15 are as per IGAAP whereas FY 15-16 onwards are as per IND AS.
Numbers from FY 15-16 onwards include the contribution of Invagen and Exelan acquisitions made in USA from February 2016.

[1]EBITDA = Revenue from Operations - (Cost of Materials Consumed + Purchase of stock-in-trade + Changes in inventories of Finished Goods, Work-in Progress and Stock-in-Trade + Employee Benefits Expense + Other Expenses)

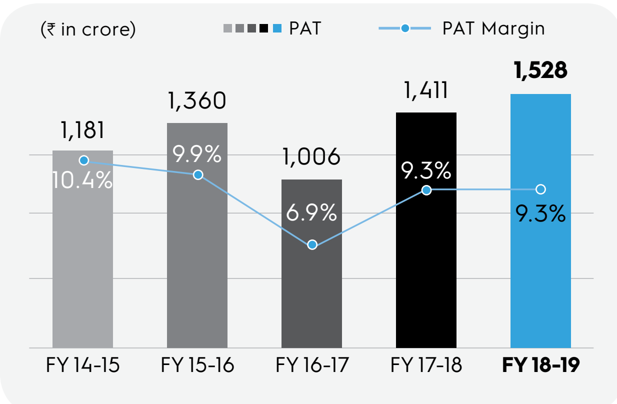
[2]FY 15-16 includes one-time profit share of esomeprazole and other items

Net Profit after Tax attributable to shareholders

Over the years, depreciation and amortisation costs have increased due to increased Capital investment. Further, the profits of FY 17-18 to FY 18-19 saw the impact of impairment of assets related to InvaGen.

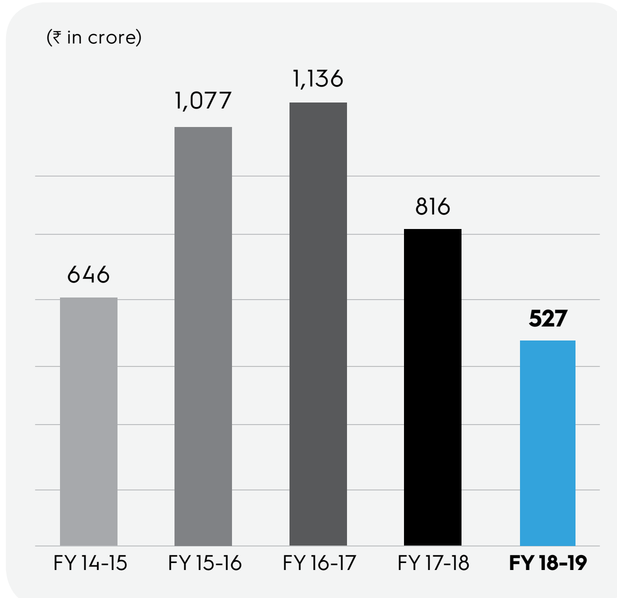
For the full year, the PAT increased by 8% to ₹1528 crores despite higher tax incidence and higher impairment.

There is an increase in ETR for FY 18-19 due to expiry of tax holiday benefit in one of Cipla's plants.

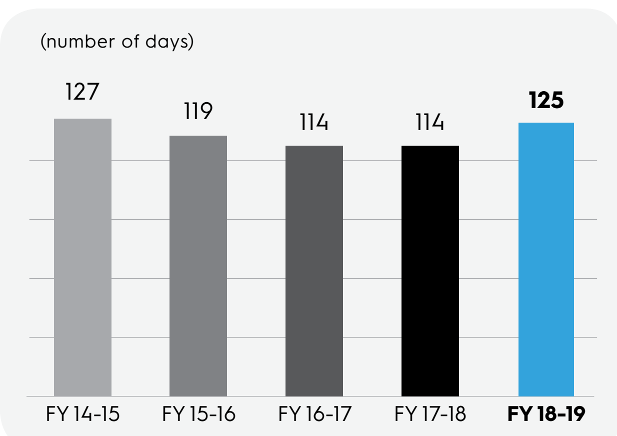


Cash Outflow in Capex

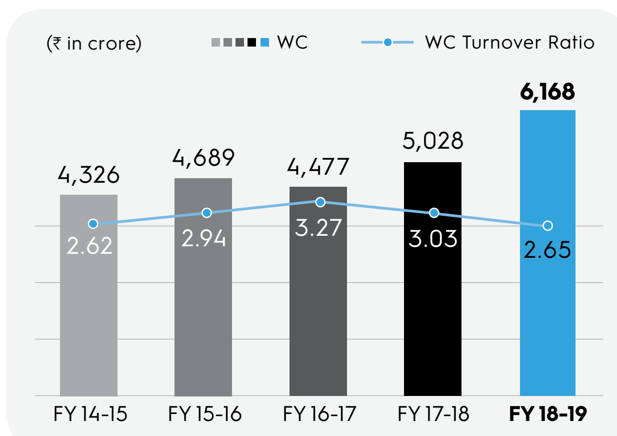
The Company continues to invest in expanding its Global footprint, manufacturing capacities and upgrade its facilities in the areas of technology, automation, safety, environment and systems.



Cash Conversion Cycle[3]



Working Capital[4]



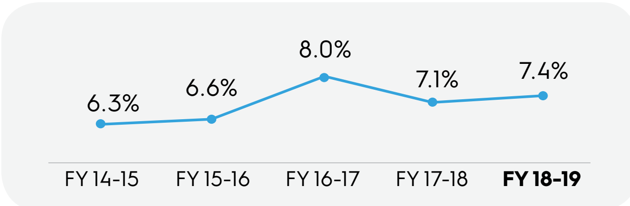
Cash Conversion cycle has improved over the years till FY 17-18 through focused management of inventory, receivables and payables. It increased due to higher receivables in FY 18-19.

Note: Figures mentioned above for FY 14-15 are as per IGAAP whereas FY 15-16 onwards are as per IND AS.

[3]CCC = (Average Working Capital ÷ Revenue per Day)

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

R&D Investment

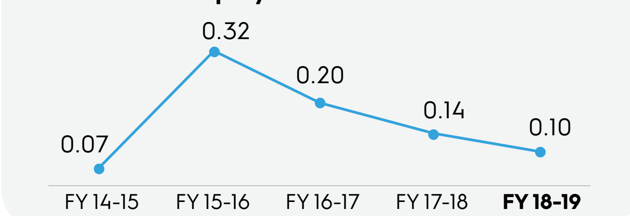


The Company has continuously invested in building a strong product pipeline through R&D. This has contributed significantly in growing the US product portfolio and progress of the clinical trials for gAdvair. Absolute annual R&D investments at Cipla have crossed ₹1000 crore.

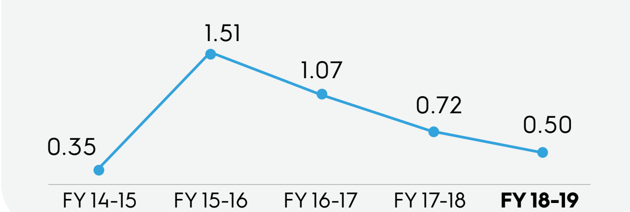
Debt Ratios

FY 15-16 had elevated Debt-Equity ratio of 0.32 and Debt – EBITDA ratio of 1.51 due to acquisition of InvaGen & Exelan through debt fund. During the years, Cipla has managed to lower the Debt- Equity ratio to 0.10 and Debt – EBITDA ratio to 0.50 generating strong cashflow.

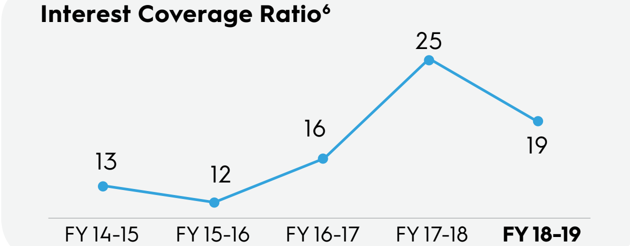
Net Debt[5] to Equity



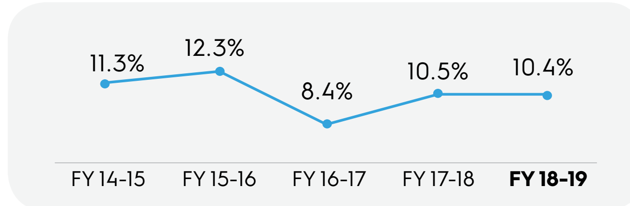
Net Debt[5] to EBITDA



Interest Coverage Ratio[6]

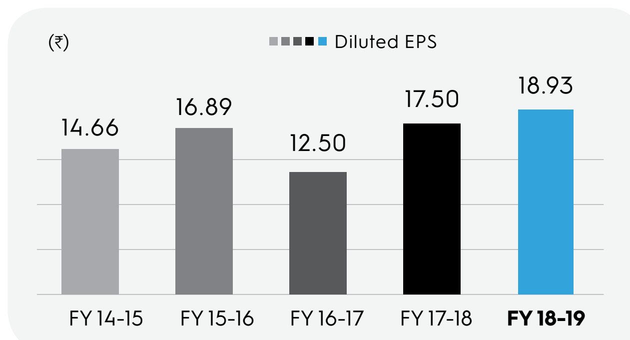


Return on Equity (RoE)[7]

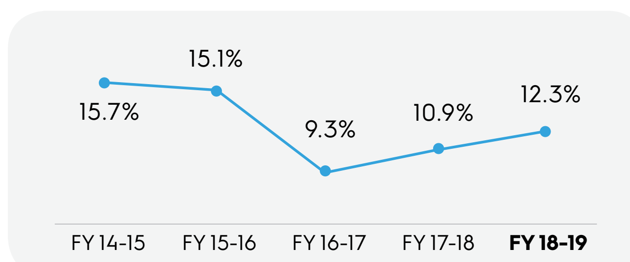


Cipla's FY 18-19 ROE stands at 10.4%. Cipla is committed to generating shareholder value.

Earnings Per Share - Diluted



Return on Capital Employed (RoCE)[8]



Over the last 3 years Cipla has consistently improved its RoCE.

Note: Figures mentioned above for FY 14-15 are as per IGAAP whereas FY 15-16 onwards are as per IND AS.

[5]Net Debt = Total borrowings less Cash and Cash equivalents including Current Investments | [6]Interest Coverage Ratio = EBITDA/Finance Cost |
[7]RoE = PAT (after non-controlling interest) ÷ Average Shareholder's Funds (excluding non-controlling Interest) |
[8]RoCE = EBIT ÷ Average Capital Employed (Total Assets – Current & Non-current Liabilities)

Manufacturing Capital

At Cipla, our manufacturing operations that form the backbone of our business, produce over 1,500 products for patients across the globe. Our facilities are on a continual journey of excellence to produce high-quality, affordable medicines that enable us to deliver our intent to offer healthcare with a purpose. Our facilities enable us to maintain our leadership position in the pharmaceutical sector.

46
State-of-the-art manufacturing facilities, including 2 pilot plants

Spread over
5
countries

47
Regulatory audits

In addition to own manufacturing facilities, Cipla has also partnered with close to 50 loan licensees through whom we get our products manufactured. These products are manufactured using our technical specifications and under oversight of our quality team to ensure that the products meet our specifications and quality standards. This is done with an objective to supply quality products at affordable prices to the patients.

Our strategic focus areas for enhancing our manufacturing capital include:

01 Capabilities and developments
02 Quality
03 Data Integrity
04 Pharmacovigilance

01

Capabilities and developments

Our manufacturing facilities cover a range of capabilities that are aligned to our product pipeline, as well as our commercial strategies. We manufacture over 1,500 products in 65 therapeutic categories and over 50 dosage forms. Affordable medicines form a significant portion of our portfolio and some examples are Iron Chelators for Thalassaemia, HEPCVIR & HEPCVIR L and HEPDAC.[1]

Enhancing capacities and processes:

The pharmaceutical business is a dynamic landscape with new APIs and processes evolving constantly. We continuously invest in new processes and technologies to enhance the efficiency of our manufacturing capital. Through various productivity improvement initiatives we are also unleashing capacities across dosages and sites. We have also been expanding our manufacturing capacity to meet the increasing global demand for our products.

Capacity additions in FY 18-19

Baddi

Pellets **165 MT**

Goa 9

Lyophilized Injectables
11 mn

Liquid Injectables
7 mn

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

02

Quality

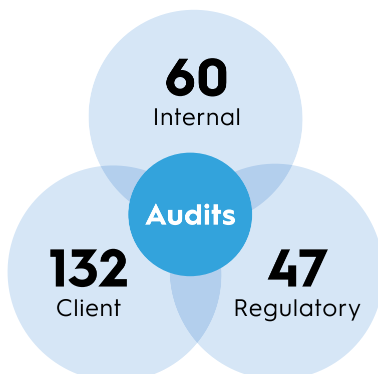
Quality is embedded at every stage of our operations, including procurement, manufacturing delivery and safe product disposal. Our Quality strategy is focused on ensuring safe and reliable supply of products to our customers. With a zero-defect approach towards manufacturing, Cipla maintains the most stringent international standards of quality for all its products. This year Cipla's strategic focus areas were excellence in compliance, all time audit readiness, automation and talent building.

The Quality team is responsible for implementing our quality policies and procedures to ensure regulatory compliance. The Corporate Quality Assurance (CQA) team manages our standard operating procedures (SOP) and policies. They continued to ensure the effective implementation of the system using quality metrics and internal audits during the year.

Compliance is of utmost importance to Cipla and we strive to be audit ready at all times by conducting regular internal audits. We conducted 60 internal audits across all our facilities in FY 18-19, which ensured that all of them were cGMP compliant and approved by major international regulatory agencies including the US FDA, EDQM (Europe), PMDA (Japan) WHO, TGA (Australia), and KFDA (Korea). Cipla also underwent 47 regulatory inspections this year including by major auditors such as the US FDA, Medicines and Healthcare Products Regulatory Agency (MHRA), TGA, WHO and Germany's regulatory body. No critical observations were made in any of the regulatory inspections.

Quality Targets

- Regulatory audit observations to be closed within defined timelines.
- Plants to maintain a quality score greater than 80%.
- Complaint investigations to be closed within specified time period.



As a result of the Company's commitment towards delivering high quality products, we ensure that our systems, processes and capabilities are streamlined towards achieving product quality as well identifying slightest deviations. For each of the batches recalled an impact on public health was studied by conducting a Health Hazard Evaluation, and none of batches recalled posed any safety issues.

Safe product destruction

A key aspect of the quality function is ensuring the safe destruction of products in order to prevent the re-use and resale of defective and expired products. The quality team has established detailed guidelines and SOPs to guarantee safe destruction of products.

The process is carried out under the supervision of a designated officer to ensure streamlined destruction. Incoming lots received from stockists and at the depots are examined and records are maintained on their expiry dates and defects. At the facilities, products that are to be destroyed are deactivated through streamlined procedures. The destroyed material is then handed over to a third-party vendor authorised by the state pollution control board for safe destruction, which is overseen by an approved staff-member from Cipla. Safety is ensured throughout the destruction process at both the facilities and the depots.

Counterfeit Drugs

At Cipla, we have established measures for monitoring the prevalence and spread of counterfeit drugs. These include:

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

Gurukul: Quality Control Academy

We conduct regular training for analysts and microbiologists under the Gurukul programme. We trained 220 quality control chemists on 23 techniques and also behavioural training during the year. In addition, we trained 50 microbiologists on key techniques. This included trainings on schedule, software such as LIMS, Tiamo and Chromeleon, and on other lab operation formats. Senior laboratory teams also conducted trainings on data integrity.

03

Data integrity

Given the sensitive nature of our products, data integrity is crucial for managing our manufacturing operations and ensuring quality and traceability of medicines. To ensure accuracy and consistency of data over the entire lifecycle, we implemented multiple digitisation initiatives across the Company in FY 18-19. These include:

Manufacturing Execution System (MES)

Automation enables greater efficiencies. We are in the process of piloting and designing a MES to achieve seamlessness in our manufacturing processes. The MES enables us to control, monitor, and optimize the production steps up to the batch release, and ensure compliance with legal regulations.

Trackwise quality management system

We implemented the Trackwise quality management system in several facilities at all our Indian sites and our operations in Uganda and the US. Trackwise helps enhance data traceability and ensures better quality compliance during the year. The system helps increase visibility and transparency in quality requirements across the company and addresses key challenges, including compliance requirements. It also helps automate quality processes and improve efficiencies and completion time. In addition, it facilitates monitoring and recording of deviations, Corrective Action Preventive Action (CAPA) incidents and complaints.

04

Pharmacovigilance

Pharmacovigilance is a critical quality imperative where we adopt adequate measures to detect and assess any adverse effects of our medicines. Our pharmacovigilance team ensures that our products have a favourable risk-benefit profile and that they meet all regulatory compliances.

We have a robust redressal mechanism, which includes a dedicated phone line and mailbox for receiving all safety-related complaints from consumers, patients and healthcare professionals. We also have an established SOP for diligent follow-ups for each complaint. We enquire about the patient's safety and obtain adequate information to assess the safety profile of a drug. We also organise regular awareness sessions for our field team to sensitise them on the importance of patient health and safety.

During FY 18-19 the reporting compliance of adverse events to the respective regulatory bodies was 99.86%. The cases after being reported to the respective authorities are captured in the database and this information is used to prepare PADER for individual molecule leading to continual improvement

This year the pharmacovigilance team has migrated their database to a cloud-based safety database Argus.

For access to worldwide literature, we use the Embase database.

Intellectual Capital

Cipla continues to strengthen its Intellectual Capital with a focus on innovation, developing a portfolio of high-quality, and affordable medicines. With changes in the global regulatory environment and growing competition, this year we have reoriented our research efforts on building a differentiated product pipeline with focus on ARV, Respiratory, Oncology and CNS, as well as strengthening the Specialty franchise through asset acquisition and In licensing deals.

Our Intellectual Capital is a key enabler of our strategy to build scale and depth across global markets.

Our products span across

65+ Therapeutic categories

600+ Drug Master Filings

50+ Dosage forms

308 Cumulative Patents granted

6 R&D Facilities

80+ Countries

253 Cumulative ANDAs[1]

Our strategic focus areas include:

01 Strengthening our R&D

02 Focus on Innovation

03 Digitisation

04 Partnerships and Alliance

01 Strengthening our R&D

We continued our efforts to strengthen our R&D during FY 18-19 with a 12% increase in our R&D expenditure. Our six world-class R&D facilities, which include formulation, analytical and organic synthesis, are spread across Maharashtra, Karnataka and New York. Manned by 1300+ scientists, these facilities are a testament of our commitment to enhancing patient experience.

R&D Expenditure

₹1,204 crore
Total R&D expenditure

7.4%[2]
Of revenue

12%
Increase from last year

[1]ANDAs - Cumulative Number Includes Approved, Tentatively Approved And Under Approval Andas For Cipla Ltd, Invagen, Third Party ANDAs and Pepfar

[2]OPEX including depreciation as % of revenue

Building our Intellectual Property

Our efforts to strengthen our product portfolio, Intellectual Property, and transition to complex dosage forms such as Ophthalmic and injectable emulsions & suspensions, Liposomes, drug device combination products and peptides have enabled us to improve our revenues.

30%
Increase in number of patents granted

Intellectual Property	FY 17-18	FY 18-19
Number of patents filed	35	32
Number of patents granted	24	32
Number of new products launched	80	71
Number of ANDAs filed	24	20
Number of ANDAs approved	15	33[3]

Engagement with Regulatory Bodies

We engage with regulatory authorities such as the US Food and Drug Administration (US FDA), Brazilian Health Regulatory Agency (ANVISA), China Food and Drug Administration (CFDA), Medicines and Healthcare Products Regulatory Agency (MHRA) and World Health Organisation (WHO), and Drug Controller General of India (DCGI) for filing Drug Master Files (DMF), Abbreviated New Drug Applications (ANDA), New Drug Applications (NDA) and Marketing Authorisations (MA) for our own and partnered products. We have reduced our turnaround time and cost of filing ANDAs by holding pre-ANDA meetings with the USFDA for bio waivers and complex product developments, and pre-Investigational New Drug (IND) meetings for new formulations.

Cipla strives to ensure that its analytical procedures are built to satisfy pharmacopeial requirements. To this effect, we collaborate with global pharmacopoeial authorities such as United States Pharmacopeia (USP), European Pharmacopeia (Ph.Eur), Indian Pharmacopeia (IP), British Pharmacopeia (BP) and International Pharmacopeia (Ph. Int) for our standards for APIs, excipients and drug products. This ensures that we consistently meet industry benchmarks and global standards and also strengthen our relationships with various pharmacopeial authorities.

Some of the successful filings undertaken in FY 18-19 include:

- 20 ANDAs in the US
- ~2 time increase in dossiers submitted to DCGI India to 11
- 2 products filed in Brazil
- 6 products filed in South Africa
- 1 CTA in China
- 4 products in Europe
- 4 products in Australia
- 200+ dossiers in Emerging Markets
- 21 DMFs globally

New Product Launches

The strong foundation laid by our Intellectual Capital has enabled us to keep expanding our portfolio. This year was no different as we launched 71 new products across the globe.

18
India
Including Astrix Green Dot, Amantadine HCl Tablets and Niveoli – Respi

17
US
Including Diclofenac Sodium Gel, Testosterone Transdermal Metered Solution , Isoproterenol injection and Cinacalcet tablets

17
EU
Including Beclomethasone, Ipratropium Bromide and Tenofovir Tablets

16
Emerging Market
Including Fluticasone Propionate Salmaterol (FPSM) – Synchrobreathe, Ambrisentan and Salmeterol Fluticasone.

3
SAGA
Including Artemether/ Lumefantrine Tablets, Dolutegravir + Lamivudine + Tenofovir, Meloxicam Injection

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

Our Noteworthy products

- **New ARV combinations:**

  We are working on multiple new Anti-RetroViral combinations such as depot injections for better patient compliance. We have also successfully manufactured a single-unit oral dosage form with multiple actives, making the therapy easily accessible and better patient compliance.

- **Once daily Inhalation solution for COPD maintenance:**

  We have developed a once daily dose for maintenance of COPD by combining a Long-Acting B2 Agonist (LABA) with a Long-Acting Muscarinic Antagonist (LAMA) to achieve greater bronchodilation and symptom improvement. This has been achieved through a complementary action mechanism.

02

Focus on Innovation

Driven by the OneCipla Credo, innovation forms an integral part of our business. We have maintained the momentum this year by incubating and accelerating innovation across APIs and formulations.

API

Cipla houses state-of-the-art research facilities at multiple locations in India, with dedicated teams working on synthetic organic chemistry, process engineering and analytical development.

Centre of Excellence Lab for Polymorphism

We have a Centre of Excellence for polymorphism as part of API R&D which has the latest equipment for screening and developing novel polymorphs, co-crystals and particle engineering along with a dedicated team of polymorph specialists.

Green Chemistry

We have undertaken efforts towards green chemistry through which we have ingrained environmentally friendly manufacturing processes such as, recycling and reuse of solvent and reducing use of toxic and hazardous raw materials.

Flow chemistry

During FY 18-19, we established a Flow Chemistry Lab equipped with the best equipment to help us provide cleaner products, safer and quick reaction, optimisation and easy scale-up. This in turn will have a positive impact on Cipla's environmental footprint.

Safety Screening Lab

With a focus on safety, we have an in-house safety screening lab which helps in identification of hazards of the process and eliminating it during the development phase.

Strengthening API developments through innovative techniques

Our research initiatives are enhanced through the use of sophisticated instrumentation like NMR, LC-MS-MS, GC-MS, XRPD and single crystal XRD. We have adopted NMR spectroscopy for Structural Characterization of complex molecules. The upgraded NMR has enhanced features which speeds up the data interpretation in line with the current regulatory requirements.

Another addition to our technology advancement is the BET Surface Area Analyzer. This enables us to develop inhouse capabilities to measure surface area which is a critical attribute, particularly for respiratory APIs. This addition has reduced the dependency on external labs as well as reduced turnaround time for sampling.

In our endeavour to develop our portfolio, we are constantly adopting new techniques and technologies. We have developed in-house capabilities for undertaking Caco-2 permeability assays, which are a part of the US FDA bio waiver guidelines. This will lead to significant time and cost savings. This assay is also used to understand the mechanism of poor bioavailability of drugs and ways to circumvent it using novel bioenhancing approaches.

Formulation

Our formulations pipeline comprises 250+ products, more than 75% of which have been developed for international markets and belong to the Respiratory, Oncology, ARVs, Contraceptives, Ophthalmology, CNS and CVS therapeutic segments, among others.

In order to improve the absorption of drugs, we are using Self-Emulsifying Drug Delivery Systems (SEDDS) for designing formulations. This technique leads to the improved bioavailability of drugs.

We have initiated efforts towards adopting continuous manufacturing for select high volume drug products. With the integration of Process Analytical Technology (PAT), a continuous process will lead to improved product quality and safety. It will also reduce the manufacturing footprint and inventories, thus leading to cost savings.

Meanwhile, the use of Focused Beam Reflectance Measurement/ Particle Vision Measurement FBRM/PVM in the milling and homogenisation process has enabled us to monitor the size and shape of particles. By eliminating the sampling stage, FBRM/PVM has also led to faster results.

Our R&D team's alignment to our overarching goal of "Caring for Life" can be seen in the development of formulations such as Q-Tib and Rectal Artesunate Suppositories (RAS). These formulations are expected to benefit over 2 lakh beneficiaries through RAS and 10 lakh beneficiaries through Q-Tib. For more details, please refer Relationship Capital page 58.

Cipla is making considerable advancements in the field of peptide products including drug device combinations. We have also introduced advanced technologies in order to characterise and determine peptide sameness, such as Circular Dichroism and 3D Non Magnetic Resonance (NMR), Size Exclusion Chromatography (SEC) hyphenated with Multi-Angle Light Scattering (MALS) analysis and Analytical Ultracentrifugation.

Cipla has also implemented advanced modelling and simulation methods like population pharmacokinetics and physiology based pharmacokinetics in drug product development for successful human biostudies. This facilitated in achieving 100% pivotal biostudy success. We are building the capabilities to critically support new product development through 505b2 route for pharmacokinetic, pharmacodynamic modelling and simulation, and clinical trial simulation.

This has also been discussed in detail, in the Technology Absorption section of the Board Report (Page 105)

Smart devices development

We are in the process of building capability of patient specific drug delivery through innovative in-silico explorations. The pursuit involves the latest state-of-the-art imaging techniques combined with sophisticated and complex computer simulations of diverse clinical conditions and scenarios. This approach would enhance both efficiency and precision in clinical evaluation of drugs thereby reducing the likelihood of failure of resource intensive investments.

We are also developing an advanced ecosystem of digital diagnosis and monitoring devices for select therapies. These devices have the ability to provide real time feedback to the user and digitally connect the patients' use of products to healthcare professionals.

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

03 Digitisation

In order to keep up with the changing digital landscape, we have introduced various technological integrations in our existing processes.

Clinical Electronic Data Capture

We have been building in-house Clinical Data Management capability, which will give access of data with better control and standardisation across the Clinical Research Organization. We have also been building data repository for data mining and analytics for efficient decision making.

Laboratory Information Management System (LIMS)

LIMS has been integrated in our lab operations in order to better control, manage, organise and document the information in the labs, thus automating and simplifying processes. It has resulted in efficiency improvements by providing more analytical results at a lower cost, increasing customer service and reducing cycle time while ensuring accuracy of results and more effective use of resources.

Electronic Lab Notebooks (ELN)

These help to capture data during research and track the product development phases by automating the documentation process. They have enabled us to transition towards paperless R&D and helped in improving productivity by facilitating collaboration, sharing of information, and improving the accuracy and precision of research.

04

Partnerships

Partnerships with Academic Institutions

Cipla works closely with renowned institutions like IICT Hyderabad, IIT Mumbai, NCL Pune, Bombay College of Pharmacy and University of Calcutta. Cipla also encourages its scientists to undertake the PhD program sponsored by it, under which 10 scientists have enrolled for various programs at IICT Hyderabad. This helps in improving the technical skillset in-house and increases collaboration with the various esteemed government institutes.

Wellthy – Digital Therapeutics for Diabetes and Cardiovascular Diseases

Cipla has partnered with Wellthy Therapeutics Private Limited to offer a combination of pharmacotherapy and digital therapeutics for improved patient outcomes in diabetology and cardiology. The partnership is a result of Cipla's first-of-its kind Innoventia campaign, which encourages innovation-led entrepreneurship to harness disruptive ideas in healthcare to meet patient needs.

Wellthy provides a multi-lingual, clinically-validated digital disease management platform to patients living with diabetes or cardiovascular diseases in partnership with doctors' clinics or co-packaged with select Cipla brands. The platform brings together behavioural science, real-world clinical evidence and artificial intelligence to provide real-time monitoring, coaching and advice to patients, and virtual clinical assistance to doctors.

Avenue Therapeutics - Pain Management Asset

InvaGen Pharmaceuticals Inc. (InvaGen), a subsidiary of Cipla Limited, has acquired 33.3% stake in Avenue Therapeutics Inc. (Avenue), a Fortress Biotech and specialty pharmaceutical company that is focused on the development and commercialisation of intravenous (IV) Tramadol for the management of moderate to moderately severe post-operative pain. This investment is in line with our stated intention to build a specialty pipeline in the US market. Currently, Avenue is evaluating IV Tramadol in a pivotal Phase 3 clinical programme.

Noteworthy recognitions

Our intellectual contribution to pharmaceutical research has been recognised in various international journals and platforms:

- Eight Methods of Use (MoU) patents received a grant from the United States Patent and Trademark Office (USPTO)
- Two abstracts on repurposing drugs for cancer accepted for presentation at the American Association of Cancer Research, USA
- Article on analytical Quality by Design (QbD) published in Journal of Chromatography
- Case study on analytical QbD presented at the ASASS2 Conference arranged by the University of Tasmania, Australia
- Case study on analytical QbD presented in three national conferences
- Certificate of Appreciation for Standard Setting Process and Crystal award received from the United States Pharmacopoeia
- Two case studies, one on QbD and the other on PAT have been presented at the International Forum on Process Analytical Chemistry IFPAC-2019 (USA).
- Case studies on QbD and PAT have been presented in 4 national conferences.

Approach towards Quality by Design

The process development activities carried out in the API, formulation and analytical labs, constitute multiple complex steps. Success in development is possible only through in-depth and thorough understanding of the process, and this is the basis of Quality by Design popularly known as QbD. It is a systematic approach with science, process understanding and effective risk management as its fundamental components. We at Cipla, have adopted QbD, inculcating it as a way of life for API, formulation and analytical method development. Accordingly, in the last four years numerous API/Formulation processes and analytical methods have been successfully optimised using the QbD approach. Our work has been appreciated and papers on the same have been published in Journal of Chromatography A and The American Association of Pharmaceutical Scientists. Also, the QbD work done at Cipla has been presented in multiple national and international (including in USA and Australia) conferences.

The development activity through QbD begins with brain storming and risk assessment followed by systematic Design of Experiments (DoE). Sometimes the optimum is achieved within the knowledge space, but often there is a need to venture out in search of the optimum. In such cases, the design is augmented or statistical tool of method of steepest ascent or descent is followed where experiments are performed along the path of maximum increase or decrease in response. Once the optimum region is found, the best operating condition is located using response surface methodology design. Finally, robustness at the optimum region is demonstrated using simulated data (Monte Carlo Simulation) and Capability analysis.

This study was presented in the prestigious conference 'International forum on process analytical technology (IFPAC) -2019', at Washington DC, USA in March 2019 by our team.

Clinical Trials

Cipla has its Clinical research department office in Vikhroli, Mumbai in India responsible for clinical development and management of its global clinical trials and preclinical studies, both in vitro and in vivo. Cipla clinical team also has presence in the US to oversee clinical sites.

Cipla adheres to Global ICH and Local Good Clinical Practices (GCP), ethical requirements, legislations, guidelines and regulations of the concerned jurisdictions while conducting all clinical studies and trials. Cipla also registers its clinical trials on Clinical Trial Registry (India) and ClinicalTrials.gov (USA), among others, before the start of any study, wherever applicable.

Cipla practices the highest ethical standards and follows legal and regulatory requirements in the process of collecting data, which includes obtaining voluntary prior consent from research subjects (informed consent) and stringently protecting their genetic information and other personal. Moreover, Cipla imparts training to its researchers active in this area to keep them updated with the global regulatory ethical standards. The company conducts clinical trials after obtaining preclinical results which includes in vitro and in vivo, as applicable, and assessment of quality in chemistry and manufacturing to ensure that the drug under development is safe for human administration.

Cipla collaborates with industry experts, researchers, academic institutes, clinical site networks and non-profit R&D organisations to execute clinical and preclinical studies. Cipla is using disruptive technologies including M&S and computational technologies, and latest development in clinical science to optimise clinical study designs and risk mitigation. Cipla has developed clinical R&D digital vision to strengthen execution capabilities, make trial more patient-centric, ensuring data quality and comply with evolving regulatory requirements of clinical studies. Cipla is building in-house Clinical Data Management (CDM) capability and data repository for data mining and analytics for strengthening efficient decision making.

Cipla has built capabilities and successfully conducted clinical trials in different therapeutic areas like respiratory, pain and oncology. It regularly communicates with regulatory agencies to design efficient clinical development paths including innovative technologies. Cipla has developed a network of clinical trial sites in US. Leveraging this established network, Cipla is now capable of conducting large-scale phase 3 clinical trials in the US.

One of the major clinical trials Cipla has undertaken is on its generic version of the GSK's Advair® DPI in the US. The US clinical trial in 1200+ US asthma patients was initiated in October 2018 and is on schedule to be completed by second half of the 2020. In addition, Cipla is also conducting clinical evaluations of anti-cancer drugs, an anti-biotic drug and a dermatological drug.

5
(4 in India and 1 in US)
Number of clinical trials registered

2,000+
Subjects
Number of participants in FY 18-19

Human Capital

Our employees are the foundation and bedrock of our success. We at Cipla are committed to providing a conducive, progressive an open, diverse and inclusive work environment for all our employees. We are focused on building a talent-driven, high-performance organisation in line with our OneCipla Credo.

Great Place To Work. Certified

Cipla is now 'Great Place to Work' Certified

3
Women directors on our Board

3 out of **6**
of the Management Council represented by Women

390K+
Man hours invested in various trainings

170K+
Man hours EHS trainings

82%
Employee Engagement Index
2017-18: 78%

0.28
Lost Time Frequency for our employees

Strategic focus areas for our Human capital

01 Our workforce - our strength

02 Attracting and retaining best-in-class talent

03 Capability Building

04 Caring for our employees

05 Employee grievances, human rights and ethical practices

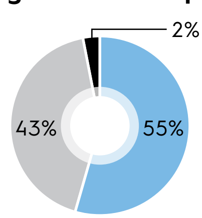
01 Our workforce - our strength

We are an equal opportunity employer and are committed to promoting diversity and inclusion in the workplace. Our Code of Conduct ensures that there is no bias towards gender, race, religion, ethnicity, nationality, age, disability, HIV status, family status or sexual orientation. This has helped us attract and retain people from diverse backgrounds, experience and expertise who are the bedrock of our success.

20+
nationalities

~ **13**%
women in global workforce

Agewise break up



Our dedicated work force[2]

Headcount (India + Overseas Subsidiaries)	<30 Years Female	<30 Years Male	30-50 Years Female	30-50 Years Male	>50 Years Female	>50 Years Male	Grand Total[1]
Junior Management	1,110	9,030	1,386	7,868	100	353	19,847
Middle Management	69	404	440	3,696	33	114	4,756
Senior Management			9	81	10	47	147
Total	**1,179**	**9,434**	**1,835**	**11,645**	**143**	**514**	**24,750**
Indian Subsidiaries	185	590	227	936	4	27	1,969
Grand Total	**1,364**	**10,024**	**2,062**	**12,581**	**147**	**541**	**26,719**

In addition, we also have 7,873 contractual employees

[1] Includes 12 differently abled employees | [2] Information in line with BRR Principle 3, Question 1, 2, 3, 4

02

Attracting and retaining best-in-class talent

We understand the need to attract and retain right talent to meet our organisational objectives in a dynamic business environment. We continue to build an agile, meritocratic and purpose-driven workforce by hiring the best talent - not just for their abilities and experience but also their zeal to make a difference in the world of healthcare.

Promoting our internal talent pool:

We encourage career development and the mobility of talent across functions and geographies. We have robust systems and processes, such as Internal Job Postings, which facilitate talent mobility across Cipla.

New additions to the Cipla family:

We deploy multiple channels to source and attract talent which includes head hunters, recruitment consultants, employee referrals, walk-in drives for high-volume vacancies, and job portals.

38
fresh MBAs hired under Young Management Programme from top B-schools

ALIVE

We also hire the best young minds across specialisations from premiere business and technical schools under our ALIVE (Aspire, Learn, Innovate, Voice and Engage) platform, which was conceived in 2018.

03

Capability Building

We invest in employee development as it enhances the efficiency and capabilities of our people and enables them to stay relevant in the changing business environment.

In keeping with our philosophy of continuous learning, Cipla University offers best-in-class learning programmes from skill upgradation, technical trainings, and behavioural training to development of leadership skills for building capabilities. In addition, we also sponsor education programmes for deserving employees. Some of the key leadership programmes are as follows:

Cipla Leadership Ascent Programme (CLAP):

A nine-month journey with three-day residential classroom immersions, cross-functional organisation-impact projects, coaching and curated content for self-learning.

1,972
Hours of training for over 55 senior leaders

LEADX:

A three-month pre-and post-programme journey designed to enhance people management capabilities.

5,272
Hours of training for over 327 leaders

Cipla University highlights:

58,954
No. of trained participants

136
No. of behavioural/ leadership sessions

635
No. of technical sessions

335
No. of induction sessions

₹14.8
Crore spent on training[3]

390,203
Total training hours[*]

[3]Does not include SOP training costs and in house training costs

Training breakup:

By Gender	Number of Participants[4]	Man Hours
Male	52,141	356,849
Female	6,813	33,354
Total	**58,954**	**390,203**

[4]Total number of participants trained takes into account multiple trainings provided to single individual

By Training Programme	Employees Trained		Man Hours
	Male	Female	
Skill Upgradation[5] (Behavioural & Technical)	16,207	2,012	184,647
Leadership skills	184	36	3,800
Induction	5,492	330	184,827
Policy and Compliance – (POSH, Pharmacovigilance, Code of Conduct)	29,146	4,435	11,007
Others	1,112		5,922
Total	**52,141**	**6,813**	**390,203**

Succession planning:

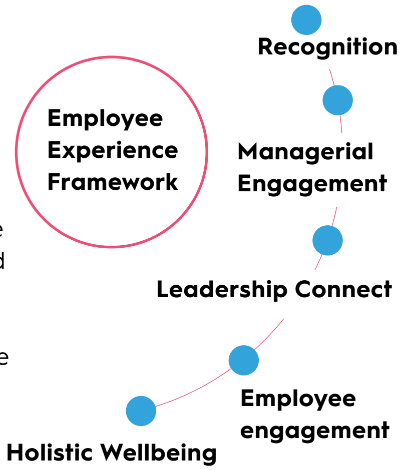
Succession planning is key to business continuity; accordingly we have a robust succession planning process at Cipla. Twenty-five key senior management positions have been identified and the process of grooming internal talent for these positions is done in a systematic manner. In addition, the Talent Management Board identified 30 potential leaders at different management levels. Succession planning discussions are held at a given frequency to discuss progress and review actions.

MiDNA - Performance development:

Our annual performance review, through MiDNA, an online comprehensive review system, ensures that all our employees'[6] achievements are aligned with their personal and professional goals. The review mechanism is based on the 3P philosophy of Position, Performance and Proficiency, which includes mapping and review of performance against defined goals, regular/annual feedback with corrective actions plan and monitoring of performance.

Connecting with employees

Cipla Engage is all about forging rewarding partnerships with our employees as we journey together and build a meritocratic organisation. Our employee experience initiatives rest on the five core pillars of Cipla Engage:



Recognition and Managerial Engagement:

Applause is an integrated online and offline employee recognition platform to applaud deserving colleagues.

Leadership Connect:

The OneCipla Global Town Halls provide a platform for leadership to communicate with employees on a quarterly basis. This year we conducted four Global Town Halls.

5,200+ employees have registered on the Applause platform and exchanged 21,700+ e-cards

MiVoice Survey:

Cipla reached out to over 19,507 employees through the MiVoice Global Engagement Survey during FY 18-19 covering aspects such as OneCipla Credo, Organisational Agility and Inspirational Leadership, amongst others.

Employee Engagement:

This includes celebration of events such as birthdays, work anniversaries and festivals; Cipla Unplugged and What's up Cipla – our in-house radio programme and video channel respectively.

6,000+ Employees participated in 100 events of joy of giving and contributed 25,000+ hours on social work.

[5]Information in line with BRR Principle 3, Question 8 | [6]Exclusions: Trainees and contractual staff

Holistic Wellbeing:

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

Work-Life Assistance Programme

- Personalised consultation services for employees and their dependant family members
- 300+ employees registered for services
- 200+ employees took face-to-face counselling sessions

Financial Wellbeing

- Programmes on managing finance and resolving queries with respect to investments
- Around 300+ employees benefitted

Day Care Centre Programme

- Crèche and day care facilities
- Enabling employees to manage parenthood with more ease

Physical Wellbeing (MiFitness)

- Activities conducted for promoting employee health for healthier workforce
- 1500+ Guided Meditation sessions and around 6200+ Nutrition counselling sessions conducted

Cipla step up:

During the year, we launched the first StepUp challenge where employees counted the number of steps they walked. The huge response led to StepUp 2.0. Around 1,722 teams with 7,260 associates from across India completed a step count of 481,692,449 (equivalent to reaching the moon!).

Introduction of Flexi working hours

Group medical insurance and accident policy

We also understand the importance of a strong work-life balance in promoting high performance. Accordingly, we have introduced flexible working arrangements and leave options for associates.

Leave Policy: *Quarterly leave balance for better holiday planning*

Paternity leave: *2 weeks of paternity leave for male employees*

Adoption leave: *Six months of paid adoption leave*

Sabbatical leave: *Leave up to 1 year to help employees pursue their interests/ other obligations*

Maternity leave: *Six months of paid maternity leave to enjoy motherhood*

Compassionate leave: *5 days leave to support employees in times of death of their immediate family members*

Accident leave: *Extended leave of 3 days in case of injury*

Mandatory leave: *10 days mandatory leave for all employees*

04

Caring for our employees

Cipla is committed to providing a safe and healthy workplace for employees, contractors, visitors and the community.

Governance for safety

We advocate Environment, Health and Safety (EHS) as a line function and responsibility. Employees, supervisors and managers are directly responsible for ensuring their own safety and the safety of colleagues, promoting a safe and healthy workplace and protecting the neighbouring community. We have established safety committees at the department, plant and divisional levels. These committees frequently meet to provide the necessary guidance on EHS matters to operations.

We have a well-documented procedure for Hazard Identification and Risk Analysis (HIRA), which is prepared for routine and non-routine works, and an action plan is executed to minimise risk to acceptable levels. Hazard studies are conducted through a six-level stage gate process, namely HS-1 through HS-6. These are coupled with a New Products Introduction (NPI) framework for risk assessment of all new and modified products and processes in API manufacturing. The Company has started developing a NPI framework for formulation manufacturing. A formal process also exists for risk assessment and allocation of formulation facilities for manufacturing of potent molecules.

We also have dedicated health care facilities for our people across all our sites and maintain confidentiality of people health related information. All our employees and contractors undergo pre-employment and periodic health assessments to ensure good health.

Safety Committee

Committee	Representation		Frequency of meetings
	Management	Non - Management	
Department Level	288	206	Monthly/ Quarterly
Plant Level	302	310	
Company/ Business Unit/ Regional Level	117	137	

Safety management systems

We have implemented our Occupational Health and Safety (OHS) system at all manufacturing sites in India, covering all our workers. The system is based on recognised risk management system standards. We have received OHSAS 18001 certification for all our manufacturing and Integrated Product Development (IPD) sites in India[7].

Our Virgonagar plant in Bengaluru received the Golden Peacock Award for Occupational Health and Safety during the year

As part of the OHSAS 18001 certification, regular OHS management and improvement plans are drawn and executed. Our sites are audited and certified through third party external agencies. We follow a PDCA (Plan, Do, Check, Act) cycle for evaluation and continual improvement in line with OHSAS 18001.

Safety audit as per Factory Act as per stipulated intervals at Kurkumbh, Patalganga and Satara. Our external audits also include process safety audits and audit on site emergency preparedness. We also have cross-site audits to strengthen the implementation of our EHS systems.

Audit

24 External

54 Internal

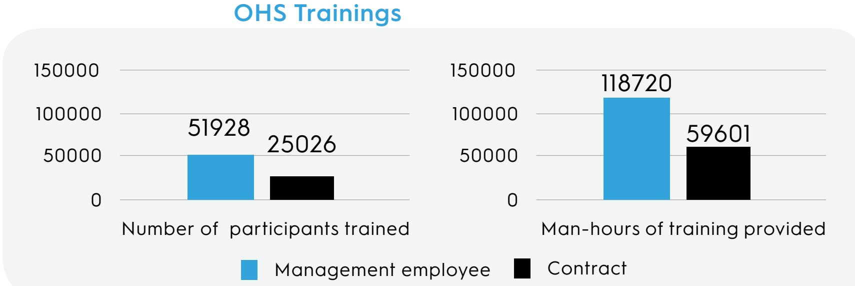
MySetu - Embedding information technology in our safety systems

Our employees report safety events through digital platform MySetu Incident Tracking System, which includes online reporting of all incidents (including near misses) and observations viz. unsafe acts and unsafe conditions. MySetu supports system guided incident investigation and Root Cause Analysis (RCA) to provide recommendations that are converted to CAPA. Hierarchy of controls is deployed to define CAPA, where elimination/ reduction of hazards and associated risks takes precedence over engineering controls followed by administrative controls; PPE (Personal Protective Equipment) being the last line of defense. The IT platform sends out email alerts at each stage of incident tracking to all the key personnel within Cipla.

Safety training[8]

All our employees and contractors undergo EHS training on a regular basis, which is conducted by experts and in-house safety personnel.

OHS Trainings



In order to enhance the effectiveness of the emergency management system across Cipla, we also conduct mock drills at regular intervals across operating sites and offices.

During the reporting year, we held 108 emergency mock drills.

Our safety performance

We had zero fatalities across our manufacturing facilities. During the year, there were no cases of ill health owing to work-related hazards at any of our manufacturing sites.

Safety statistics for the year:

By Employee Category	Employees	Contract Personnel
Lost time injuries (Nos.)	10	2
Lost time injury frequency rate (per million man-hours)	0.28	0.09
Fatalities	0	0

[7]The unit at Sikkim II, being a new formulation plant has initiated its journey to obtain certification | [8]Information in line with BRR Principle 3 Question 8

05 Employee grievances, human rights and ethical practices

Our Code of Conduct (CoC) and Corporate Responsibility Policy outline our approach towards conducting our business ethically and in a manner that respects human rights and dignity of people. This extends to all employees, board members, contractors, consultants, trainees and service providers[9]. We observe a zero-tolerance approach towards unethical behaviour, violation of human rights, sexual harassment, abuse or bullying, and any breach of these essentials is dealt with appropriately.

All employees and stakeholders can express their grievances and report genuine concerns about unethical behaviour or violation of the CoC through a whistle-blower mechanism. This is overseen by the Audit Committee, which receives periodical reports from the Ethics Committee. We maintain the confidentiality of the applicants to the greatest extent possible in order to protect their interests at the workplace.

We received 43 complaints with respect to unethical business practices, of which 36 stand duly resolved and closed as on 31st March 2019, after investigation. This also included 15 employee separations on account of unethical business practices[10]. Balance will be resolved after due investigation.

There were 12 cases of sexual harassment which have been resolved with immediate and stringent action. In addition, there was one reported case of discrimination that stands resolved and closed as of 31st March 2019. During the year, there were no incidents of child labour, forced labour or compulsory labour[11].

Freedom of association[12]

We uphold the Freedom of Association and Collective Bargaining by recognising and supporting labour unions across our sites. We engage with these unions on a regular basis on matters relating to health and safety, notice periods, wages paid and optimising our processes. We have three associations at Patalganga, Kurkumbh and Bengaluru with worker representation of 4%, 2.45% and 5% respectively.

Results of efficient Human Capital Management

Our initiatives around capability building, employee experience and caring for our employees have enabled us to keep our workforce motivated and engaged, reducing our voluntary attrition rate from 19% last year to 16.6%[13] in FY 18-19.

[9]Information in line with BRR Principle 5, Question 1 | [10]Information in line with BRR Principle 1, Question 2 | [11]Information in line with BRR Principle 5, Question 2 and Principle 3, Question 7 | [12]Information in line with BRR Principle 3, Question 5, 6 | [13]This attrition rate does not include Indian subsidiaries.

Relationship Capital

Responsibility, integrity and trust are among the core values that define Cipla and our Relationship Capital is based on aligning these principles with the needs of our key stakeholders. Our philosophy of conducting business in a transparent and ethical manner has enabled us to create shared value for our stakeholders across the value chain.

Our key stakeholders include:

Our Relationship Capital

- **End patients**
- **Healthcare professionals**
- **Shareholders and investors**
- **Customers**
- **Collaborations for combating AMR**
- **Channel partners**
- **Governments and associations**
- **Suppliers and vendors**

Highlights for the Capital for FY 18-19

1 million
Patients to benefit from Q-TIB

1.7 lakh
Patients screened under Berok Zindagi Yatra

Consortium of
1,000+
suppliers and distributors globally

Alternate vendors added for
28 API
products

20,000+
Healthcare Professionals reached by our multi-channel digital marketing

6,000+
Trained chemists in Breathefree network

4 lakh+
Network of Healthcare Professionals

3.5 lakh+
Network of Pharmacists

Meeting patients' needs

"The right to live should not be contingent on the ability to treat. We need to provide essential, affordable drugs to safeguard a stable and healthy environment, not only in India, but wherever needed in the emerging world."

— **Dr. Y. K. Hamied**

As a patient-centric organisation, we are focused on addressing unmet patient needs by providing affordable and quality medicines to communities in need.

Enhancing availability and affordability of medicines:

Our sales force is the lifeline that helps us enhance the availability of key drugs across the globe. During FY 18-19, more than 8,500 of our sales representatives ensured better communication and relationships with our customers and patients worldwide.

Another initiative is Cipla Global Access (CGA), an international tender-based institutional business that focuses on five key therapy areas: HIV/AIDS, malaria, multi-drug resistant tuberculosis, Hepatitis-C and reproductive health. CGA also caters to the requirements of emerging nations for essential medications with respect to infections caused by helminths, schistosomiasis and kala azar which pose major health threats in Low and Middle Income Countries (LMIC). Cipla has developed and fostered relationships with major global organisations, regulatory bodies, public institutions and funding agencies that work towards this common cause. Additionally, we have also partnered with several global scientific research organisations to develop innovative, effective and affordable formulations for these therapeutic areas. Some of the key initiatives taken during the year include:

Rectal Artesunate Suppositories (RAS)

If left untreated, severe malaria can kill a patient within 24 hours. Time is critical and unfortunately, travel time to the hospital, particularly for children living in remote rural communities, can take too long. According to a WHO study, a single 100mg dose of RAS, given as soon as a presumptive diagnosis of severe malaria is made, can halve the likelihood of disability and death.

2 lakh expected beneficiaries

Cipla has received approval from WHO for 100mg RAS in the pre-referral management of severe malaria. This approval, achieved with support from Medicines for Malaria Venture (MMV) and Unitaid, makes the Cipla product the first to receive prequalification for this indication.

Cipla's RAS product is indicated for children aged six months to six years and will be available in four sub-Saharan countries. This is a testimonial to our commitment to provide global access to affordable and quality medicines.

Q-TIB

Cipla signed a landmark agreement with Unitaid to lower the price of Q-TIB, the first combination therapy (co-trimoxazole, isoniazid and vitamin B6) for people with HIV. Under this agreement, Cipla will reduce the ceiling price of the medicine by more than 30% for all public-sector procurers in LMICs. The medicine's price is expected to come down further as governments and international funding bodies procure larger quantities for their HIV treatment programmes.

1 million expected beneficiaries

4-in-1 combination for HIV-infected infants

Cipla is developing a first-line 4-in-1 fixed-dose combination for HIV-infected infants in partnership with Drugs for Neglected Diseases Initiative (DNDi). It plans to submit this for registration in 2019. This 4-in-1 combination will be simple to use with water, milk, breast milk or food. It is taste-masked, heat-stable, requires no refrigeration and is easy to dose according to the child's weight. DNDi is preparing a study called LOLIPOP to assess the efficacy of the combination as an easy-to-use paediatric formulation and to provide clinical data for young HIV-infected infants and children. The LOLIPOP study, which has received approval from the Ethics Committee and the National Drug Regulatory Authority, has been initiated in Uganda. It will also generate pharmacokinetic, safety and acceptability data on the 4-in-1 product to provide evidence for a worldwide scale-up. This initiative is an example of Cipla's focus on developing novel and child-friendly formulations to ensure wider access of Antiretroviral (ARV) drugs for HIV-infected children.

Mirren acquisition

During FY 18-19, Cipla Medpro South Africa Limited, a subsidiary of Cipla Limited has acquired 100% stake in Mirren (Pty) Limited. Mirren is a South African over-the-counter (OTC) pharmaceutical manufacturer and distributor, which has been in operation for 35 years. This transaction will strengthen Cipla's current OTC portfolio.

Improving patient experiences:

Berok Zindagi

Cipla launched a mass media awareness campaign called Berok Zindagi to address myths and misconceptions surrounding asthma and to make patients aware of the benefits of inhalation therapy.

A pilot campaign was launched in FY 17-18 in Andhra Pradesh, Telangana and West Bengal. Cipla took this 360-degree campaign a level higher in FY 18-19 by launching it across India and teaming up with actress Priyanka Chopra, a global icon and asthma patient who supported the cause by sharing her story with millions of asthmatics across India. The campaign reached out to patients, doctors and the general population through television and social media. Cipla also organised a Berok Zindagi Yatra and launched the Breathefree website: www.breathefree.com. The Berok Zindagi campaign received tremendous support from key opinion leaders and recognition at major industry forums.

The campaign helped us achieve the following milestones across all media:

- TV campaign reached out to 300 million-plus people through 52 channels, 3,000+ programmes and 6 languages
- 43 million views on digital platforms (through social media and over-the-top platforms such as YouTube, Facebook, Twitter, Hotstar and Voot)
- Breathefree website traffic increased by 6 times
- #BerokZindagi & #OpenUpToAsthma trended in the top ranks on Twitter
- 2,000+ #OpenUpToAsthma stories and participation of 800+ kids through #MyInhalerMySuperhero contest
- On-the-ground screening through #BerokZindagi Yatra reached out to 1.7 lakh undiagnosed patients

Breathefree

Breathefree is a key patient support programme from Cipla, which offers comprehensive care for patients diagnosed with respiratory illnesses such as asthma, COPD and allergic rhinitis. It encompasses the complete patient journey from diagnosis to counselling to treatment adherence.

In FY 18-19, we reached out to approximately 1.2 million patients and counselled them on better disease management with a specific focus on measuring lung health and device hygiene. Breathefree has created a network of 6,000+ chemists and trained them on the basics of respiratory illnesses and inhalation devices.

In partnership with the Chest Research Foundation, we launched the Certificate course in Obstructive Airway Diseases (CORD) programme, which covers the basics of the respiratory system, asthma, Certification in Chronic Obstructive Pulmonary Disease (COPD), lung function tests, inhalation therapy and patient counselling for our Breathefree educators. Breathefree was recognised at eminent industry forums like India Pharma Awards and DMA Echo Awards for its work in building awareness.

The #BerokZindagi campaign won the Bronze award at Eiffies 2019 in the healthcare category

Testimonial of a parent[1]

Pradip[2] and his son

"There were a lot of fears in our mind on how the illness would affect my child's growth. We always refused him ice creams and any other food that could cause problems. But after his treatment with the inhaler, he can eat whatever he wants, play and do anything like any other child. Knowing this and seeing him perform is heart-warming."

Interactions with healthcare professionals

At Cipla, we support the continuous development of Healthcare Professionals (HCPs) as part of our responsibility for the medicines we develop. We have designed a best-in-class knowledge platform, CiplaMed, which helps HCPs across the country stay abreast of the latest developments in medicine.

CiplaMed is a comprehensive medical content site that is used every month by large number of active doctors from 18 specialties. Content is updated regularly with the help of AI systems, Cipla's internal team of doctors and key opinion leaders. The website is a ready reckoner for doctors on medical literature, clinical trials data and Continuing Medical Education (CME) webcasts. It also allows HCPs to interact and confer with other medical professionals on opinions and lines of treatment. Cipla has been continually increasing the site's outreach to HCPs. During FY 18-19, our multi-channel marketing efforts in India reached out to 20,000+ HCPs across five specialties through a one-of-a-kind direct digital assistance model.

Cipla received the DigiPharmaX Award for being the "Most enterprising company for leveraging technology for doctor engagement"

Maximising shareholder value

Cipla has established an Investor Grievance Redressal Policy to effectively address grievances of

[1]Information in line with BRR Principle 9, Question 4 | [2]Patient name has been changed

investors in a timely manner. We engage with our investors through shareholder feedback surveys, earnings calls, presentations, meetings and conferences. Cipla employs clear and transparent communication to support informed decision-making among shareholders and assist them in understanding our business model and strategy.

Cipla significantly enhanced its engagement with existing and prospective shareholders in FY 18-19 by hosting two international conferences, having 100+ one-on-one interactions and group meetings, participating in 12 domestic conferences and conducting a shareholder feedback survey at the Annual General Meeting (AGM). As part of our efforts to reduce our environmental footprint, we shared all documents related to the AGM, audited financial statements etc., through electronic mail with all shareholders who have registered their email addresses.

During the reporting year, we became a part of the FTSE4Good Index Series. Our membership in this forum demonstrates our strong Environmental, Social and Governance (ESG) practices. In addition, we were ranked 2nd for voluntary disclosures among the top 100 companies in the India Disclosure Index 2018 and received the Golden Peacock Award for 'Excellence in Corporate Governance' & ICSI National Award for Excellence in Corporate Governance, 2018. This affirms our commitment towards good governance, greater transparency and sustainable value creation for our stakeholders.

18th ICSI National Award for Excellence in Corporate Governance, 2018

Learn more about Cipla's relationship with investors in the Corporate Governance Report Page 131 to Page 174

Sustainability in supply chain

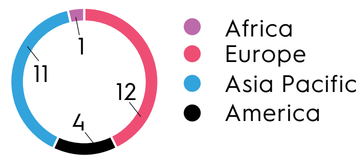
To fulfill our primary goal of providing superior products, we have identified suppliers across the globe who are able to consistently provide us with key resources essential to our value chain. Our supplier base stands at 1,000+ suppliers and distributors spread across 28 countries today.

We have extended our Code of Conduct to all our suppliers and contractual business partners. The Code lays down principles of environmental and social stewardship with a focus on patient centricity.

As a key element of our procurement processes, Cipla has put in place a continuous improvement programme to enhance people capabilities and process efficiencies, and to deliver cost benefits.

Our procurement decisions are closely linked to our resource conservation and waste minimisation efforts along with our overall growth and sales needs.

Cipla's global supplier base is spread across 28 countries



Our supplier initiatives

Embedding technology within the supply chain

During the year, we continued to leverage eAuctions to enable online negotiations with multiple suppliers. The eSourcing and eAuction platforms launched in FY 18-19 helped enhance the transparency and visibility of the negotiation process, enabling better price discovery and overall cost reduction.

We have invested in a supplier collaboration platform to track the status of supply requirements, purchases, deliveries and invoices. Cipla has also implemented a catalogue-based procurement platform to improve the productivity of its supply chain. Over 40% of the addressable spend is available on the platform and requesters can place orders directly, thus reducing the manual effort and improving the cycle time for processing orders.

We received an award for **'Excellence in Building Supplier Collaborations'** at the CNBC TV18 Global Logistics Excellence Awards. This was in recognition of the efforts taken by the Finished Product Sourcing (FPS) team to build and leverage supplier collaborations and improve serviceability.

De-risking our supply chain

In order to ensure an uninterrupted supply of raw materials, we have developed an Alternate Vendor Development (AVD) strategy within our supply chain[3]. Our Corporate Technical Guidance (CTG) describes the process for selecting a new project for alternate vendor identification, evaluation, manufacturing, testing and approval for commercialisation. The Company has on-boarded 12 new suppliers on account of the new product development and AVD initiatives.

In FY 18-19, we completed the AVD process for **28** products

Ensuring Quality within the supply chain[3]

As a pharmaceutical company, the quality of our raw materials is of paramount importance to us. Cipla has a well-defined and documented procedure for vendor approval. Our procurement and vendor management teams conduct regular vendor audits to ensure adherence to relevant quality standards across our value chain. During FY 18-19, 395 vendor audits were conducted against parameters such as the Valid Good Manufacturing Practices certificate, Organic Volatile Impurities certificate, and Food Grade certificate, non-toxicity certificate, facilities, controls, documentation, material storage and bio-compatibility declarations. We also evaluate our vendors on their EHS performance, which includes statutory compliances, Environment Management System (EMS) and OHSAS management system, and their EHS governance.

Cipla has also implemented a supplier scorecard to identify performance gaps and initiate remedial measures to enhance performance in terms of parameters such as On Time In Full (OTIF), quality, price competitiveness and overall supplier development. We aim to digitise this scorecard to improve data-based performance tracking and real-time feedback on supplier performance. Cipla has evaluated 25 suppliers under this initiative and all of them have complied with our standards.

Supply chain sustainability

- **Encouraging local procurement[4]:** Our supply chain strategy emphasises sustainable procurement and we take efforts to encourage local sourcing of materials. We have over 750 local suppliers[5] and ~65% of the total procurement spend for our operations is on local sourcing[7]. Our initiatives have helped reduce the carbon footprint of our products and encouraged local economic development. In addition, we also work with small and local producers and provide on-site training on improving process quality and enhancing their awareness on compliances.

- **Green supply chain mechanisms:** As a responsible corporate citizen, we make every possible attempt to minimise the environmental impact associated with our logistics. We have introduced flow bundling and load consolidation systems for our operations by opting for bigger vehicles with optimum loads. This has resulted in the deployment of fewer vehicles, thus reducing emissions. Most of our vehicles, especially those of our dedicated service providers, have a vehicle

[3]Information in line with BRR Principle 2, Question 3 | [4]Information in line with BRR Principle 2, Question 4 | [5]Suppliers from India are treated as Local suppliers | [6]~65% of procurement budget is for operations in India | [7]Based on FY 18-19 GRN spend

tracking system. Vendors have to comply with safety measures like locking systems and also conduct periodic vehicular checks to reduce emissions.

- **Network optimisation:** In order to optimise our network footprint and reduce costs associated with logistics and depot operations, Cipla has initiated steps to review the entire depot network in India.

We undertook a feasibility study and in the current year has rationalised three regional depots (Baddi, Raipur and Chandigarh). We continue to consolidate our network footprints in the next year also. These step has resulted in benefits such as:

- Reduction in weighted average distance leading to a lower carbon footprint
- Lower inventory holding days and reduction in working capital
- Operational expenditure reduction due to reduced inventories, warehouse space, manpower optimisation and other resources
- Better control and focus on services due to reduction of warehouse footprint

Customer satisfaction

Cipla has established a Corporate Quality Assurance (CQA) system, which has developed standard operating procedures (SOPs) for responding to customer complaints on product quality. We ensure that we acknowledge, investigate thoroughly and respond to all such complaints as per these SOPs. The aim is to ensure that there is no repetition of such complaints. During the reporting year, Cipla effectively resolved 2,995 of the 3,180 complaints[8] received (94.18%)[9].

Our product 'Huf-Puff-kit' received an award for 'Excellence in Packaging' by the SIES School of Packaging/ Packaging Technology Centre, which demonstrates our focus on superior and improved packaging standards.

There are no significant cases filed or pending against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour in North America, India and SAGA as of 31st March 2019.[10]

Cipla adheres to all packaging and labelling standards, regulations and guidelines in advertising and promotion of its products[11]. Our product labelling SOPs include clauses on dosage amount, compliance and guidance on completing the course of the prescribed treatment. In FY 18-19, there were no incidents of non-compliance with regulations and voluntary codes concerning the product, service information and labelling.

Closed Loop Marketing (CLM)

We have introduced the CLM system, which is an intelligent analytics tool, to significantly enhance our customer service. The tool enables our sales force to have meaningful discussions with HCPs within a limited time span. The CLM system automatically analyses physician preferences and equips the sales force to deliver personalised content that closely matches their interests. The accompanying e-detailing software displays and manages visual aids such as presentations, reprints and animations. The CLM system captures the interactions between the sales representatives and HCPs by recording the choice and duration of items viewed.

Policy advocacy through industrial alliances[12]

At Cipla, we work towards strengthening our alliance with the government on matters pertaining to regulatory and governance frameworks in the pharmaceutical sector. We engage with central government bodies such as the Ministry of Health and Family Welfare, Ministry of Chemicals & Fertilizers – Department of Pharmaceuticals, the National Pharmaceutical Pricing Authority,

[8]This number includes complaints from any person in contact with Cipla's product, experiencing dissatisfaction. (E.g. complaints received from patients, physicians, medical reps, regulators, stockists, etc.) | [9]Information in line with BRR Principle 9, Question 1 | [10]Information in line with BRR Principle 9, Question 3 | [11]Information in line with BRR Principle 9, Question 2 | [12] Information in line with BRR Principle 7, Question 2

Central Drugs Standard Control Organisation (CDSCO), Ministry of Finance and Ministry of Environment, Forest and Climate Change.

Our engagements at the state level cover the Food and Drugs Inspector, Pollution Control Board and state industrial development corporations. We also regularly interact with state governments for participation in awareness initiatives on COPD, AIDS, cancer, diabetes, etc. The regular engagements have helped us build and strengthen external stakeholder relationships and position Cipla as a key thought leader on policy and regulatory issues in the industry. We also participate in fair pricing of our products overseas in consultation with government authorities.

We regularly share our inputs on policy-related matters directly with the government and through industry associations to ensure that we enhance quality, accessibility and affordability in the pharmaceuticals ecosystem. We are active members of various industrial associations and lobby for public advocacy through forums such as:[13]

- Confederation of Indian Industry (CII)
- Indian Drug Manufacturers' Association (IDMA)
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Indian Pharmaceutical Association (IPA)
- Federation of Pharma Entrepreneurs (FOPE)
- Pharmaceutical Export Promotion Council (PHARMEXCIL)
- Association for Affordable Medicines of Indian Pharmaceutical Companies (US)
- Indian Pharmaceutical Alliance (India)
- Bombay Chamber of Commerce & Industry

We have also been forging strategic alliances to enhance our global outreach with channel, business and institutional partners. Cipla supports its partners in product development, sourcing of materials and manufacturing finished products for distribution. We are also proactively involved in developing new partnerships.

Combating Anti-Microbial Resistance

Anti-Microbial Resistance (AMR) is the ability of micro-organisms (bacteria, viruses, parasites) to stop anti-microbials (antibiotics, antifungal and antivirals) from working effectively. This is a global concern as it reduces the effectiveness of treatment. It is predicted that by 2050, the number of deaths related to AMR will increase to 10 million people a year, making even routine minor surgeries a serious risk[14].

As a signatory to the Davos Declaration 2016, Cipla affirms its commitment to work on solutions for combating AMR. Cipla is a member of the AMR Industry Alliance, which is one of the largest private sector coalitions set up to provide sustainable solutions to prevent the spread of AMR. It includes over 100 biotech, diagnostics, generics and research-based pharmaceutical companies and associations. We are also a member of the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA), which advocates policies and practices that encourage the discovery of and access to life-saving and life-enhancing medicines and vaccines.

Following the India National Action Plan on combating AMR, Cipla also represents the Indian Drug Manufacturers Association on the expert committee for developing standards for antibiotic residues in pharmaceutical industry effluents.

Cipla has carried out one round of assessment of its own antibiotic manufacturing facilities in India (Cipla does not manufacture antibiotics at its overseas sites). We are at an advanced stage of engaging an international agency to assess our antibiotic supply chain viz. the antibiotic API suppliers, formulation loan licensing facilities and B2B suppliers based on AMR Alliance Common Antibiotic Manufacturing Framework.

[13]Information in line with BRR Principle 7, Question 1 | [14]Source - https://www.who.int/bulletin/volumes/95/8/16-179648/en/

Social Capital

Cipla's credo of 'Caring for Life' has inspired our CSR activities to take this philosophy further into the communities we serve, to create a world of hope and possibilities – a world where every life can maximise its full potential.

Highlights for the Capital for FY 18-19[1]

₹38.38 crore
Spent on Social Initiatives

1,10,000+
Free-of-cost health check-ups by Mobile Health Units (MHUs)

The Palliative Care Centre has reached out to
15,500+
patients over 22 years

Reached out with medical care to
35,000+
individuals through Owethu and Sha'p Left initiatives

Reached out to
16,000+
community members during Kerala floods

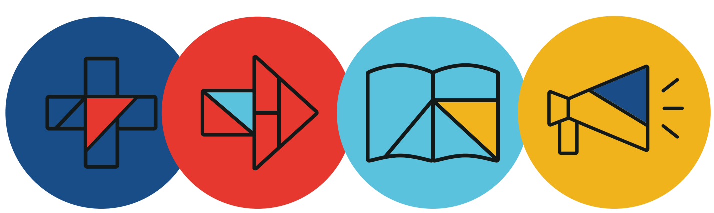
CSR Policy and Governance Structure

All our CSR activities including our governance structure and the mechanisms for execution, monitoring and reporting are aligned to our CSR policy. The CSR committee's responsibilities are outlined in a charter in the Corporate Governance Report; these include identifying the themes for our CSR projects, recommending the CSR budget and also devising a robust mechanism for implementing and monitoring all projects.

Our CSR initiatives are mainly undertaken through Cipla Foundation. The Foundation works with credible institutions, non-governmental organisations (NGOs), government agencies, domain experts and visionaries and other philanthropic foundations to enhance the outreach of our CSR initiatives in line with the CSR policy.[2]

Cipla Foundation received the PL Roy award for Excellence in CSR by the Honourable Former President of India Shri Pranab Mukherjee.

The Cipla Foundation works across the following focus areas:



Health
Skilling
Education
Disaster Response

[1]Represents global spend including statutory spend of ₹33.42 cr by Cipla Limited, Information in line with BRR Principle 8, Question 4
[2]Information in line with BRR Principle 8, Question 1, 2

In order to track projects in real time and ensure the effective management of grants and partnerships including data integrity and assurance , Cipla Foundation has put in place a unique online Project Management System that builds efficiency in our CSR work.[3]

The projects aim to empower communities, especially vulnerable groups including women, children and the elderly as well as individuals with disabilities.[4]

Health

Addressing unmet health needs:

Over the years, our CSR focus has centred on health to leverage on our knowledge and resources to reach out to underserved communities. In India, we focus on respiratory health and palliative care while in South Africa, we prioritise HIV and mental health. At the same time, we continue to support community needs for quality and affordable primary healthcare.

Strengthening access to palliative care services

To increase access to palliative care, we follow a three-pronged strategy of supporting access, training and building evidence.

Cipla Palliative Care (CPC) & Training Centre[5]: At a time when palliative care was virtually unknown in the country, Cipla took the first step by setting up a palliative care centre in Pune in 1997 to provide free-of-cost care to patients with advanced cancer and to support their families.

A strong multi-disciplinary team of doctors, nurses, social workers, nutritionists, physiotherapists, pain specialists and volunteers care for patients and their families at the Centre. They also extend free-of-cost palliative care through home care services in the community and out-patient (OPD) services at hospitals.

Highlights:

- Reached out to **4,700**+ patients
- **3,900**+ sessions of home visits for holistic care

[3]Information in line with BRR Principle 8, Question 5 | [4]Information in line with BRR Principle 4, Question 2 | [5]Information in line with BRR Principle 4, Question 3

Palliative care partnerships:

We support like-minded palliative care organisations across the country to make palliative care accessible to as many people as possible.

Training palliative care professionals:

In addition to caring for patients, the CPC Centre is also the preferred site for several State, National and International level training programmes in palliative care for doctors, nurses, social workers and volunteers. These include a variety of short-term and in-depth residential courses on pain management, handling symptoms, communication, family assessments and integrating palliative care into practice.

Highlights:

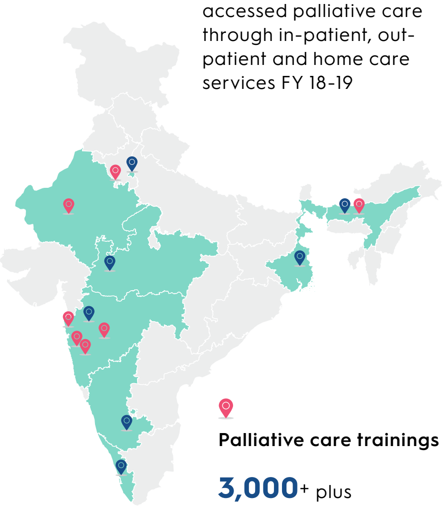
- **480+** nurses trained in palliative pain management at the All India Institute of Medical Sciences (AIIMS) in New Delhi
- Over **300+** nurses received training on end-of-life nursing at Guwahati, Jodhpur and Manipur

Taking palliative care to the community:

Together with National Health Mission ,Government of Maharashtra and Aga Khan Health Services (India), we are supporting an innovative project to integrate palliative care into the Non Communicable Disease (NCD) programme. We have started with 2 blocks (Bhor and Purandar) in Pune district, Maharashtra. The aim is to ensure that the health care system in these blocks is responsive to palliative care needs.

- **240+** Asha workers trained to identify and refer patients
- **35+** District doctors and medical officers trained in palliative care

National Palliative Care Outreach



Palliative care services

4,253+ patients accessed palliative care through in-patient, out-patient and home care services FY 18-19

Palliative care trainings

3,000+ plus healthcare providers received core training, which they can cascade to other professionals FY 18-19

Supporting national health priorities

Respiratory Health

The India State of Health Report (2017) has shown an alarming increase in both acute and chronic respiratory diseases. To address this issue, the Foundation has brought together institutions like AIIMS New Delhi, PGI Chandigarh, Asthma Bhawan and Chest Research Foundation (CRF) on a single platform to conduct public health research on the reasons and causative factors of asthma in children. The research findings will be based on data collected from a 160,000+ strong respondent base. It will be used to understand respiratory conditions and inform health policy. This is the first-of-its kind study in India to provide evidence to care.

Aligning with global health mandates

Eliminating hepatitis

To help realise the WHO's global mandate of eliminating hepatitis by 2030, we have launched Project PRAKASH (Programmed Approach to Knowledge and Sensitisation on Hepatitis) in partnership with the Institute of Liver and Biliary Science (ILBS). Through this initiative, we support in-house induction training and web-based update sessions using globally recognised curriculum on the diagnosis and management of viral hepatitis.

The Foundation has also partnered with the Liver Foundation to initiate one-of-its kind village based programme for awareness, screening and immunisation of communities for viral hepatitis as part of the global campaign of 'Finding the Missing Millions'.

Highlights:

- **1,200+** paramedics and doctors trained
- **450+** patients from Purulia district in West Bengal were screened for hepatitis and attended vaccination camps

Improving health outcomes in proximate communities

Doorstep Health

As part of our long-standing commitment to improve the lives of communities residing near our manufacturing sites and offices, we have been supporting the running of Mobile Health Units (MHUs) near our Baddi, Patalganga, Indore and Kurkumbh plants. The MHUs provide free-of-cost primary healthcare including diagnosis, treatment and referral services to vulnerable groups, especially women, children and the elderly.

Highlights:

- Over **110,000+** free-of-cost health check-ups provided through MHUs

Owethu and Sha'p Left

In South Africa, we support the Owethu modular health centres and Sha'p Left network which continue to bring affordable and quality primary healthcare within the reach of low-income communities.

Highlights:

- Reached out to **35,000+** people

Chronic Medicine Dispensation Units

The Foundation in South Africa has established five chronic medicine dispensation points for patients who otherwise have to collect their medication from government health facilities. This provides greater convenience for patients and has helped with greater treatment adherance as well as decongested the government health facilities.

Highlights:

- More than **20,000+** units of medication dispensed

Maternal & Newborn Health[6]

We are supporting strengthening of primary healthcare services to reduce preventable pregnancy deaths among women by establishing referral linkages between maternity homes, general and tertiary hospitals. We are currently supporting the process of building an accountable urban healthcare system and responsible communities in seven municipal corporations of Maharashtra.

Highlights:

- Over **100,000+** connects with the communities through interventions, training, awareness, counselling and referrals

Supporting Technological innovation for Scalable health solution

Cipla Foundation partners with Project ECHO to support a guided practice model of medical education. It aims to increase workforce capacity to reduce health disparities. It is a web-based hub-spoke platform where specialists share their knowledge and mentor health care providers in local communities. This exchange helps in better identification, evaluation and management of diseases.

Highlights:

- **24+** ECHO sessions conducted on autism and narrative therapy with **60+** healthcare professionals
- **10+** ECHO sessions conducted on particulars of paediatric rheumatology with **23+** health care professionals from **12+** different geographies

Empowering individuals with disabilities (Aligning with Government of India's commitment)

Developmental Disabilities: We support the Ummeed Training Center, which is a state-of-the-art center of excellence in Mumbai. This Center aims to build a cadre of trained professionals and community workers who can prevent, diagnose and manage developmental disabilities more effectively.

Highlights:

- Over **1,500+** professionals trained at the center who reach out to 25,000+ children with disabilities

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

Thalassemia: We are partnering with like-minded organisations across the country including Municipal Corporation of Greater Maharashtra (MCGM) to support the Comprehensive Thalassemia & Bone Marrow Transplant Centre in Borivali, Mumbai. This support enabled over 50 surgeries and more than 60 transfusions for patients.

Cleft Lip Surgery: In South Africa, the Foundation supports the 'Miles For Smiles' initiative, which creates awareness and raises funds for corrective surgeries for children born with cleft lips and palates. This life-saving intervention helped more than 130 children in FY 18-19.

Skilling

Skilling is vital for community progress and we are committed to contributing to the National Skill Development Mission. We undertake initiatives to provide skilling and livelihood opportunities to youth from remote villages and economically weaker backgrounds.

Professional skill development:

The focus of our unique transformational programme in Baddi (Himachal Pradesh) is to provide professional education along with job-linked skills to capable youth from financially challenged backgrounds. The programme has been running successfully for four years. Students get an opportunity to pursue a four-year Bachelor of Science (Pharmacy) degree at Baddi University and undergo on-the-job training.

Highlights:

- The first batch of **20+** students who completed the course have all been productively employed while another **40** students are undergoing their studies.

Short-term vocational skilling

We have partnered with the Skill & Entrepreneurship Development Institute (SEDI) in Baddi and the ITI Sikkim to provide opportunities for youth to learn technical and functional skills by trained professionals in areas such as carpentry, electrical, sewing, beautician course, etc.

Highlights:

- Over **200+** youth trained in Baddi
- **39+** sponsored youth from the first batch in Sikkim successfully completed industrial training

Skilling individuals with disabilities

Ambuja Manovikas Kendra: The Skill Development & Rehabilitation Centre, which we support together with Ambuja Cement Foundation, imparts relevant vocational skills in areas such as bakery, pottery and jewellery-making to persons with disabilities (PwD). In addition, we also create awareness and job readiness among PwDs to enable them to gain employment.

Highlights:

- **18**+ trainees successfully completed their training

Project Eyeway

In line with the Accessible India Campaign, we initiated Project Eyeway in 2017 to provide a one-stop solution for all resources and information for visually impaired individuals. This helpdesk in Mumbai is part of the Eyeway Network and provides over 2500 consultations to visually impaired individuals every year.

Education

Quality education is one of the thrust areas of Cipla's CSR. Our endeavour is to help children and youth achieve their full potential through our various programmes in school and higher education .

Enhancing learning outcomes for students

We support initiatives that promote positive learning among students in the communities around our factories and offices.

Early childhood development centres (ECDs)

We support ECDs in South Africa and India for children in the age group of 3-6 years whose parents are mostly migrant labourers. We strive to provide them with nutrition, education, physical protection and security from abuse.

Highlights:

- **1,430**+ children benefitted in India and South Africa from the Ajuga and Balvatika initiatives.

Science education

We promote interest in science among students by supporting a unique hands-on and interactive learning programme called Mobile Science Labs (MSL). Equipped with over 100 science models, each van goes to remote schools, where students have no access to quality learning. In FY 18-19, the four MSLs that we support engaged over 60,000 students in practical science learning.

Merit award scholarships:

Felicitating meritorious students is a long-standing tradition at Cipla. We provide financial support to students from government and government-aided schools, who have secured the top three positions in state-level board exams. We have felicitated over 600 students with merit awards including 44 students with disabilities, in 122 schools across the country.

Infrastructure support:

To reduce inequities in learning environments, we support schools near our facilities by constructing sanitation blocks, libraries and science labs. We promote digital literacy by providing computers and projectors apart from books and stationery to schools.

At the Indian Institute of Science Education & Research (IISER) in Pune, we have supported the establishment of a 20,000 sq. feet world-class chemistry laboratory for undergraduate students. This will be operational in FY 19-20.

Disaster response

The Cipla Foundation takes our socially conscious legacy forward by helping disaster-struck communities to rebuild their lives. During FY 18-19, along with our on-ground partners, we extended immediate relief in the form of hygiene kits, ration, tarpaulin and medicines to communities affected by the landslide in Manipur, the floods in Kerala and Cyclone Gaja in Tamil Nadu.

We donated medicines worth ₹35 lakh to the Indian Navy and reputed non-profit organisations during the Kerala floods. This benefitted 16,000+ patients. The Indian Navy publicly commended us for our support and urged other corporates to follow suit. We also supported an innovative programme that integrated palliative care with disaster response efforts; in addition, we also provided financial assistance to dialysis patients for a period of three months.

Impact assessment of community initiatives[7]

In FY 18-19, we commissioned Deloitte Touche Tohmatsu India LLP to conduct a rigorous in-depth impact assessment of our community initiatives in Patalganga based on the Result-Based Management (RBM) and Development Assistance Committee (DAC) frameworks of the United Nations Development Programme (UNDP) and Organisation for Economic Co-operation and Development (OECD) respectively. Some of its key findings were:

- The Mobile Health Units are the only source of healthcare for 51% of the 3,500 enrolled patients. It led to savings of ₹500 to ₹1,000 each for each patient by reducing their direct and indirect healthcare costs.
- 100% students reported that the Mobile Science Lab sessions were inclusive and interactive. These sessions also helped inculcate the habit of reading and 60% of the students were able to read and recall the information.

At Cipla, social responsibility is a way of life, integral to the OneCipla credo. It guides our purpose and fuels our passion to build an equitable world.

Together with like-minded change makers, we will keep striving to create a healthier and happier future for our communities.

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

Natural Capital

At Cipla, we believe in living by our ethos of contributing towards a greener environment and sustainable value creation. As a responsible corporate citizen, we are committed to managing our operations in a manner that reduces our environmental footprint.

9.1%
Energy from renewable sources

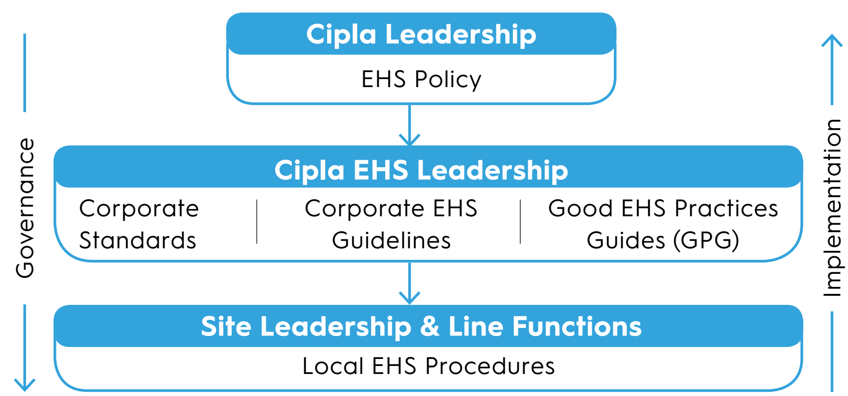
33.3%
Quantity of water recycled and reused

The management of our Natural Capital is primarily based on the efficient utilisation of our resources and revolves around the material issues of energy, water and waste[2].

- Energy Efficiency and Carbon Emissions
- Water Management
- Waste Management

Governance for natural capital management

As a responsible corporate, we follow good environmental practices as an integral part of our business activities. This commitment is ingrained in our Environment, Health and Safety (EHS) policy, which applies to all our operations. Our subsidiaries and joint-ventures have either adopted our policy as it is or are aligned with it[1].



When it comes to the governance of our EHS policy, we have adopted a top-down approach; implementation, however, follows a bottom-up approach. Accordingly, Local EHS Procedures (LEPs) at our sites are based on Corporate EHS Standards and Guidelines defined by the leadership, which forms the basis for sound EHS implementation. We released five LEPs during the year. We have also set up committees at the department, plant and divisions to ensure adherence to our EHS policy.

The governance and implementation of Cipla's EHS policy, along with the mitigation plan against critical EHS risks, are carried out through a periodic review process by the Investment and Risk Management Committee (which also provides guidance)[3].

The Environment Management System (EMS) and Occupational Health and Safety Management System (OHSMS) across manufacturing sites (except Sikkim II) in India have been certified for ISO 14001 and OHSAS 18001.

[1]Information in line with BRR Principle 6, Question 1 | [2]Information in line with BRR Principle 6, Question 2 | [3]Information in line with BRR Principle 6, Question 3 | Information provided in Natural Capital does not include data from plants under Cipla Maroc SA (Morocco), Mirren Pty Ltd. and Jay Precision Pharmaceuticals Pvt. Ltd., all administrative offices and depots. Measures are currently being undertaken for including data from these bodies for future reporting.

Our Indore site received the HSE Platinum Award at the National Award Distribution Programme 2017-18, held by the Madhya Pradesh Chapter of the National Safety Council

We have a robust audit process in place to verify the performance of our EMS and OHSMS systems. During FY 18-19, internal and external audits were conducted at all Indian sites. During the external audits (surveillance & certification), there were no non-compliances or major observations. Actions were taken on the suggested areas for improvements.

During FY 18-19, we were in compliance with all applicable environmental regulations. Air emissions, effluent discharge and hazardous waste were within regulatory permissible limits. We do not have any open show cause/ legal notices, and no penalties were levied by environmental regulators. Our operations do not impact environmentally sensitive zones as all our manufacturing and R&D facilities are located in permitted areas.[4]

Our EHS framework ensures sufficient capacity building for our employees. We have mandatory and need-based EHS training for this purpose. During FY 18-19, nine EHS training topics were identified, training calendars were developed and followed by employees in the API, Formulation and IPD divisions. The details on EHS training are provided under the Human Capital Chapter of the Integrated Report at page number 55.

Energy management[5]

Managing energy use is a critical aspect of Natural Capital management because of impact on carbon emissions and energy costs. Our strategy for energy management is based on a two-step approach - reducing energy consumption by increasing efficiencies and enhancing the proportion of renewable sources in our total energy mix.

All our API sites and Formulation sites at Goa and Indore are certified to ISO 50001 Energy Management System.

Internal audits on ISO 50001 are conducted every six months, while a surveillance audit is carried out annually and external re-certification is done in every three years.

Our total energy consumption for FY 18-19 was 1,992 TJ. As part of our endeavour to move towards a clean energy pathway, we have been gradually increasing the share of renewables in our energy mix.

181 lakh kWh
Produced through solar/wind third-party PPA (non-captive)

15,250[6] tCO2e
Emission reductions from offsets due to use of renewable energy

410 kW
5.3 lakh kWh generated
Solar roof-top installed capacity

[4]Information in line with BRR Principle 6, Question 6, 7 | [5]Information in line with BRR Principle 6, Question 5 | [6]Emission reduction from offsets calculated basis - renewable energy in GJ*0.82

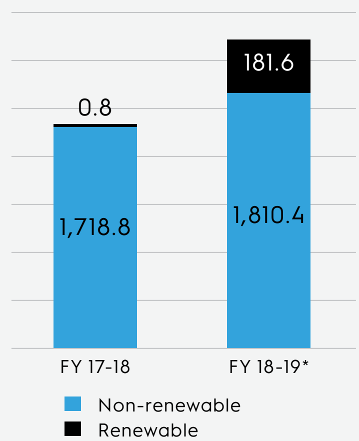
We had launched an organisation-wide initiative to increase the share of renewable energy in operations. We have entered into a long-term Power Purchase Agreement (PPA) under third-party open access arrangement (non-captive) to source 150 lakh kWh per year from solar power source for our facilities at Bengaluru (Virgonagar and Bommasandra). Supply started in August 2018 and during FY 18-19 we secured 117 lakh kWh (42,120 GJ) DC solar power through this arrangement.

In addition, we purchased 45 lakh kWh (16,200 GJ) from a wind power source under a third-party (non-captive) open access arrangement. With these solar and wind initiatives, we have replaced around 60% of our total power consumption for these two Bangalore facilities with green sources, which has resulted in significant savings in our power bills. It has also led to emission reductions from offsets of 13,303 tCO_2e. We also procured around 18.4 lakh kWh (6,624 GJ) renewable energy under a third-party open access route for Vikhroli unit.

We have plans to install additional solar rooftop projects across our facilities under the Renewable Energy Service Company (RESCO) model. We plan to partner established renewable energy companies to install a 30MW solar plant in Maharashtra under the captive open-access arrangement. These projects will further increase our renewable energy footprint and reduce carbon emissions.

The figure and table below provides an overview of energy consumption within Cipla.

Energy consumption (TJ)



Conserving energy in our operations is a continual activity. Our initiatives have led to savings of 4,149 GJ in FY 18-19. Capital expenditure of ₹19.9 crore was approved for these interventions in FY 18-19, of which a part was spent during the year.

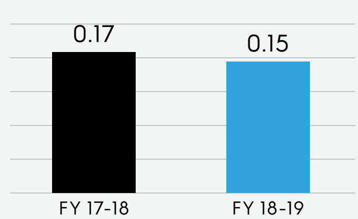
Reduction in energy consumption (GJ)	
Power	2,316
Fuel HSD[8]	906
Fuel FO[9]	927
Total	4,149

Greenhouse Gas emissions

We are conscious of the impact that Greenhouse Gas (GHG) emissions pose to our environment. Accordingly, we have aligned our priorities to the global goals and national agenda for reducing GHG emission.

Our scope-1 GHG emissions in FY 18-19 were 55,013 tCO_2e compared to 48,146 tCO_2e last year. Our scope-2 GHG emissions were 241,959 tCO_2e against 236,358 tCO_2e last year.

GHG emissions intensity (tCO_2e/ GJ)



The GHG emissions are from Diesel, Natural Gas, Furnace Oil (residual fuel oil) and Electricity consumption. We have used IPCC AR 4 emissions factors for fuels (GWP as per AR 5) and CEA (Central Electricity Authority) emission factor for Grid electricity India. We have also used country specific emissions factor for Electricity used in other countries.

*Includes Energy from non renewable sources (734.3 TJ from fuel and 1076.1 TJ from electricity) and renewable sources (114.6 TJ from fuel and 67.0 TJ from electricity) | [7]Includes HSD, FO, LNG and Biomass | [8]HSD - High Speed Diesel | [9]FO - Furnace Oil

In order to have a consistent and transparent basis for measuring our carbon emission performance, we have started monitoring emission intensity across the dimension of energy consumption.

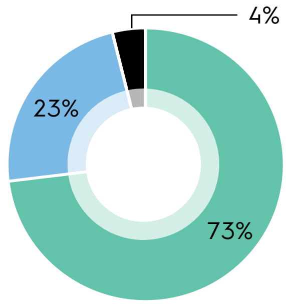
Although our total GHG emissions have increased by 4.4% this year, there has been 9.9% decrease in specific GHG emission with respect to total energy consumption. The GHG emission intensity in energy terms for FY 18-19 is 0.15 tCO2e/GJ. The reduction in energy consumption on account of different energy-saving initiatives have delivered total reductions of 667 tCO2e.

Emission reductions on account of energy reduction initiatives (tCO2e)	
Scope 1	139
Scope 2	528
Total	667

Water management

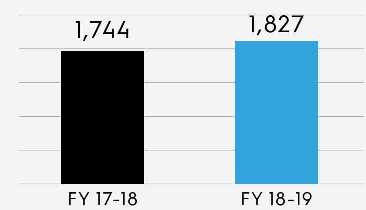
The wide array of ecosystem services enabled by water makes it a very critical and limited natural resource. In our manufacturing process, water is used everywhere, from cleaning the equipment to raw material. Given this criticality, we have adopted the 5R approach - reduce, recover, reuse, recycle and rethink.

Water consumption break-up By Source (kL x 1000)



Industrial water supply	**1,331**
Ground water	**423**
Surface water	**73**

Total water consumption (kL x 100)



We have undertaken various initiatives in FY 18-19 to reduce our water consumption at Cipla. Some examples are given below.

- Steam Condensate recovery reused for boiler feed water
- Cooling water from jacketed production vessels is reused for cooling tower
- Rain water harvesting
- Recirculation of the compression machine vacuum pump water
- Enhanced awareness at sites through displays on water conservation & training

Wastewater management:

We are constantly working on improving our wastewater management. All our API manufacturing sites (except Patalganga) are zero liquid discharge sites. At Patalganga, part of the fully treated wastewater is discharged to CETP (Common Effluent Treatment Plant) under obligation of discharge in-line with the agreement.

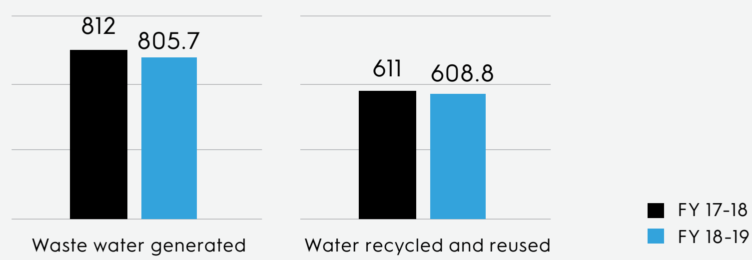
The total waste water generated in FY 18-19 was 8,05,708.56 kL of which 1,24,018.40 kL was discharged from Cipla's operations at Patalganga, Baddi, Vikhroli and overseas sites into common effluent treatment plants (CETP) and publicly-owned treatment works (POTW) in compliance with the consent/permit conditions.

The quantity of water recycled and reused during the year was 6,08,873.97 kL, which amounts to 33.3% of our total water consumption.

The summary of our effluents generated and discharged, and water recycled and reused is given below[10]:

More than **70**% of our waste water generated is recycled and reused

Waste water management (kL x 1000)



Waste management

We focus on reducing waste at source, and find ways to maximise recycling. A considerable portion of the waste generated in the pharmaceutical industry is classified as hazardous waste. We handle and dispose the waste in an environmentally responsible way, and in compliance with applicable regulations.

Our waste management practice includes regular monitoring, safe disposal and treatment. Waste solvents generated at API sites are partially recovered and reused, while the rest are sold to authorised recyclers. Formulation waste, which primarily consists of packaging waste, reject materials and shelf-life expired products are sent to Treatment, Storage and Disposal Facilities (TSDF) or subjected to thermal destruction in external incinerators/Co-processing.

The summary of waste generated from our operations in FY 18-19 is as below:[10]

Disposal Means	Unit	Quantity
Secured land-filling (SLF)	MT	1,399
Incineration/Coprocessing (Solid)	MT	1,576
Incineration/Co-processing (Liquid)	KL	831
Reprocessing/Recycling (Spent Solvent and Used Oil)	KL	17,065
Reprocessing/Recycling (Containers)	MT	134
Composting	MT	227
Non-Hazardous Waste		
Scrap (PVC shoe covers, paper boxes, wood, glass, metallic waste, etc)	MT	8,062
Scrap (Plastic drum and cans, MS drum and fiber drums)	Nos.	76,227

95%
Of Hazardous waste (KL) Recycled

4%
Of Hazardous waste (MT) Recycled

[10]Information in line with BRR Principle 2, Question 5

There were no spills in the reporting year.

All non-hazardous waste, such as metal scrap, paper, etc. were sent to recyclers.

We have initiated different interventions to reduce processed waste from operations. Some of these include:

- Polyhouse used for drying ETP sludge, which reduces water content in solid waste
- Compost created from canteen and garden waste
- RO Rejects (good quality) from fresh water purification is re-engineered & used in utilities against earlier being sent for treatment
- Utilisation of hazardous waste for co-processing instead of conventional method (i.e. TSDF)
- Elimination of shoe covers in secondary change rooms

Environmental awareness and employee engagement

We conducted various employee engagement activities aimed at creating awareness on environment protection amongst the employees. We celebrated 5th June as the World Environment Day across all locations. Various initiatives like plantation, distribution of recyclable bags, outdoor waste collection, etc. were undertaken.

Management Discussion and Analysis

Overview

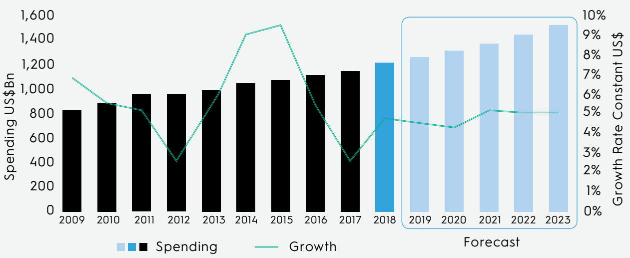
Cipla has been at the forefront of driving access to quality medication to patients across the globe and has always put patient's interests first while living its purpose of 'Caring for Life'. For over 83 years, the Company's high quality branded and generic medicines have made an unparalleled contribution to improving health in over 80 countries globally.

The Company takes a balanced and structured approach between leveraging opportunities and managing the overall risk exposure. Cipla teams across the world work tirelessly every day to ensure that the Company delivers on patient expectations, builds fundamental strengths in core areas of operations and identifies opportunities and trends to deliver superior shareholder value.

Global pharmaceutical industry structure and key developments

As per a recent IQVIA[1] report, the global medicine spending is expected to reach nearly USD 1.5 trillion by 2023[1], representing 3-6% CAGR over the next five years. The increase in spending will be driven by net price increases on patented products, focus on new specialty drugs and expansion of access to healthcare services through government reforms on insurance in various emerging markets including India. On the other hand, the loss of exclusivity and launch of generic versions will continue to drive significant savings for patients globally. For decades now, Cipla has been spearheading this by launching multiple generic products in global markets.

Global Medicine Spending and Growth 2009-2023



Source: IQVIA Market Prognosis, Sep 2018; IQVIA Institute, Dec 2018

Diabetology, Oncology, Cardiology and Autoimmune will continue to be key therapeutic areas driving the increased spending. These therapeutic areas along with Respiratory and Anti HIV drugs are a key component of the Company's growth.

The share of Specialty medicines will continue to increase and is projected to reach 50% of the total spending by 2023. In its journey up the value chain, the Company has also started investing towards building a portfolio of specialty products which are targeted towards serving unmet clinical needs and is a critical component of the growth strategy.

Figure: Expected global pharmaceutical trends in years to come

Development of Novel Technologies	Perscription digital therapeutics	Artificial Intelligence and machine learning	Pricing reform in global markets
Pharmaceutical and drug development organisations globally are working on novel technologies including modified cells and gene therapies	New age innovative healthcare companies are submitting mobile applications to FDA for approvals - Digital therapeutics	To drive breakthroughs in drug discovery, companies will invest significantly to build artificial intelligence and machine learning capabilities	Globally, governments will continue to put pressure on pricing through policies and new legislations with varying levels of impact on pharmaceutical companies

1. The Global Use of Medicine in 2019 and Outlook to 2023, January 2019, IQVIA

Evolving regulatory framework across key markets

Pharmaceutical companies operate under a rapidly evolving regulatory framework. Governments across the globe have taken multiple initiatives through regulatory interventions to enhance patient access to affordable and newer life-saving medications. In this environment, pharmaceutical companies are constantly investing towards re-imaging the ecosystem – be it moving up the value chain to Specialty drugs, driving technology implementation in areas of drug development, efficiencies in supply chain and driving product demand in the market. Increasingly, Pharmaceutical companies are investing a larger share of their R&D investments towards complex and niche product portfolios which provide sustainable cashflows. Along with expanding their differentiated portfolio offering to patients, companies are also consolidating and deepening their presence in their focused markets where they believe they can drive long-term and sustainable growth.

Over the last year, Cipla has taken several steps including choices on capital allocation to ensure it is designed to win in a challenging global environment.

Regulatory developments and government initiatives in India:

During the year, India regulatory environment saw several initiatives announced by the government to expand access to medicines. These initiatives can have a significant impact on how companies operate in the market including pricing their products, detailing them to doctors and distributing them through various channels.

- National List of Essential Medicines (NLEM) expanded to cover more life-saving drugs under price regulation.
- Increasing number of Fixed Dose Combination (FDCs) will come under regulator's scrutiny for a potential ban depending on their therapeutic rationale.
- Focus on driving generic prescriptions by doctors may continue through potential regulatory actions. Any significant regulatory mandate in this will force companies to re-evaluate their business models in the country.
- Regulators will increasingly expect pharmaceutical companies to adhere and comply strictly to Uniform Code of Pharmaceutical Marketing Practices (UCPMP).
- Expansion of Jan Aushadhi stores in the country can drive share increase of generic drug volumes through expanded access and can present a challenging pricing environment for pharmaceutical companies.
- Continued focus and investments in Ayushman Bharat Programme will continue to drive access to healthcare services in the country and can potentially trigger a rise in demand.
- E-pharmacies will continue to see an evolving regulatory environment making it important to design pharma supply chains with patient safety in mind.

Regulatory developments in the US:

The US Pharmaceutical market continues to be the world's largest and is also a focused market for many Indian pharmaceutical companies. Over years, Indian pharmaceutical companies have invested disproportionate amount of capital towards expanding their offerings in the market. Today, Indian companies are an integral part of the US pharma supply chain and provide a significant share of generic drugs consumed in the US.

- Given this significant role played by Indian players in the US pharmaceutical market, Indian manufacturers have been under US FDA scrutiny to ensure that cGMP practices are followed across all plants manufacturing drugs for the US market.
- To increase competition in the market, US FDA has significantly ramped up the pace of product approvals under the Generic Drug User Fee Act (GDUFA). The increased competition has led to significant price erosion impacting per product economics in the market. On the other hand, this has also helped companies including Cipla in getting faster approvals and expand their portfolio offering.
- The US administration under the American Patients First initiative has proposed several healthcare related changes which could potentially alter the way the pharmaceutical supply chain operates. There have also been several initiatives announced to keep prices of branded drugs under check.
- With an aim to reduce healthcare costs in the US, the Lower Health Care Costs Act of 2019 has recently been introduced with various proposed measures. This also includes potential changes in the trigger for 180-day exclusivity provided to the first-to-file generic player.

Other global regulatory developments:

Given Cipla's geographical presence, regulatory changes in other markets of focus for the Company also impact our operations.

In South Africa, the South African Health Products Regulatory Authority (SAHPRA) is expected to work closely with the industry to accelerate approval processes. With a focus on clearing the back-log on product approvals, the regulatory body is expected to hire skilled professionals to review products filed for approvals. This is a positive change as this will support pharmaceutical companies including Cipla to expand its portfolio offering, launch innovating products and invest further in R&D for the market.

In the Europe, the uncertainties around Brexit will continue to present a challenging regulatory environment.

Through an agile and responsive business model, Cipla ensures full compliance to all regulatory requirements in the markets it operates in. The Company has designed its processes to stay compliant by engaging closely with global regulators.

Financial performance

During the financial year, the Company made significant progress in its key priorities across businesses. The Company's focus on driving profitable growth helped deliver FY 18-19 PAT of ₹1,528 crores, highest amongst the last 6 years. The year also saw significant ramp-up in Specialty investments towards building another sustainable engine of growth for the Company.

Growth in key markets:

1. The Company continued to deliver growth in India with the business growing 7% year on year (8% when adjusted for GST) with both the prescription and generic businesses growing strongly. Overall domestic business, which includes branded, trade generics and OTC businesses, delivered ₹6,420 cr.

2. In South Africa private market where Cipla is the 3rd largest player, the Company continued to deliver consistent performance with the business growing 12% on a year on year (ex of Animal health) basis in local currency terms. The tender businesses across the African region went through rebasing during the year due to continued pricing and competitive pressures.

3. US business recorded revenues of $488mn, growing 18% on a year on year basis driven by ramp-up of new launches and contribution from the launch of a limited competition asset.

4. While our Europe and API businesses continued steady growth, the Emerging markets business de-grew largely due to challenges in the middle eastern markets.

Key financial highlights:

For the year, Profit after Tax (PAT) increased by 8% to ₹1,528 crores driven by revenue growth on account of better product and geography mix and tighter control on operating cost. FY 18-19 PAT is the highest in the last 6 years.

Diluted EPS (Earnings per share) for the year registered a growth of 8% from last year to ₹18.93. The year saw 16% increase in cashflow from operations which stood at ₹1,691 crores driven by focus on inventory management and higher profitability.

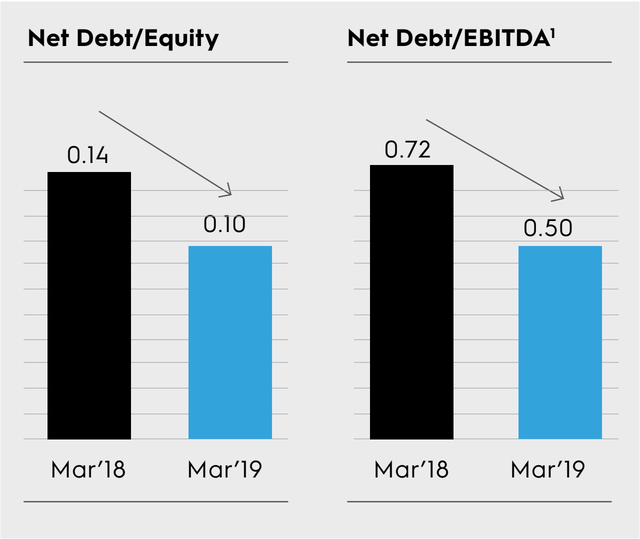
Core margins (quality of earnings):

Overall, on a full year basis, the Company's reported EBITDA margins expanded by ~80bps to 19.4% vs 18.6% in FY 17-18 despite the year being characterized by expense volatility and increasing commoditization. When normalized for the one-off impacts during the year (benefits from a limited launch and certain one-time charges taken during the year), the base business EBITDA grew in double digits. This is in-line with our efforts to continuously improve the health of the business through focused initiatives.

Balance sheet health:

Cipla continued its focus on maintaining the balance sheet health through initiatives on capex optimization and inventory management.

During the year, the Company invested ₹504 crore in capital expenditure (net off sales proceeds), which is lower by ~₹200 crore from last year. EBITDA margin improvement coupled with healthy cash generation helped reduce Net debt to Equity ratio from 0.14 in March 2018 to 0.10 in March 2019.Net Debt to EBITDA ratio reduced from 0.72 in March 2018 to 0.50 in March 2019.



FY 18-19 Financials:

The Company's consolidated income from operations during FY 18-19 amounted to ₹16,362 crore as against ₹15,219 crore in the previous year, registering growth of 8%. EBITDA for the year increased to ₹3,171 crores or 19.4% of sales. Profit after tax for the year stood at ~₹1,528 crore.

Income from operations

₹**16,362** cr ↑ 8% Y-o-Y Growth

PAT

₹**1,528** cr ↑ 8% Y-o-Y Growth

EBITDA

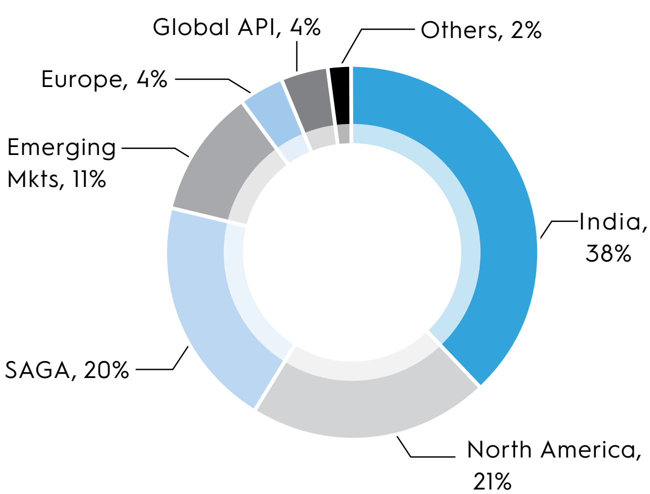
₹**3,171** cr 19.4% to sales ↑ 12% Y-o-Y Growth

Total income from operations

With y-o-y growth of 8%, total income from operations stood at ₹16,362 crores, driven by strong performance by India, South Africa private market, North America, Europe and API.

Revenue from various markets

Revenue split



Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

EBITDA for FY 18-19 is ₹3,171 crore, an increase of 12% YoY. EBITDA margin for FY 18-19 is 19.4%, an increase of ~80bps in the EBITDA Margin Y-o-Y, which was supported by higher sales and healthy margins due to positive business mix but partially offset by increased R&D and S&D expense.

Employee expenses

Employee expenses for FY 18-19 stood at ₹2,857 crore, an increase of 6% over the previous year. The increase is majorly attributable to yearly increments and has been partly offset by efficiency and productivity gains.

Other expenses

The other expenses which include R&D, quality, sales & marketing, regulatory, manufacturing and others stood at 4624 and grew by ~8%. This increase was largely driven by our growth investments in branded markets and clinical trial expenses.

R & D investments

Total R&D investment stood at ₹1,204 crore for the year or 7.4% of sales. The absolute R&D investments increased based on Company's decision to invest in clinical trials and specialty portfolio.

As on 31st Mar, 2019, Cipla had a total of 253 ANDAs of which 164 are approved, 24 are tentatively approved and 65 are under-approval.

Depreciation and Amortisation

During FY 18-19, depreciation and amortisation expense stood at ₹1,326 crores which includes certain one-time impairment charges for the Company's US acquisition.

1. EBITDA for respective Trailing Twelve Months (TTM) period

Finance cost

During FY 18-19, finance expenses increased by 47% to ₹168 crore. The increase is largely attributable to increase in exchange rate in Europe, additional working capital loan in the US and additional borrowing in South Africa for the Mirren acquisition.

Income Tax

The effective tax rate stood at 27% vs 25%* last year largely due to expiry of tax holiday at one of the Cipla plants.

Profit After Tax

The Profit After Tax for the financial year was ₹1,528 crore or 9.3% of total income from operations. The year saw the impact of impairment of assets amounting to ₹153 crore (net of tax).

Debt-Equity

Cipla's long-term debt is at USD 550 mn which was mainly used to fund the Invagen acquisition and ZAR 100 mn for Mirren acquisition. The Company also has working capital loans of about USD 48 mn and ZAR250 mn which act as natural hedges towards receivables. Total Net Debt to Equity ratio is 0.10 on March 2019 as compared to 0.14 in March 2018. 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.

There has been no significant change in the key financial ratios except Debt- Equity ratio. The Return on net worth remains unchanged since last year

FY 19-20 Outlook: Continued growth across focused markets

India

Above market growth in select therapies
Strong growth in existing franchises including respiratory and ramp-up of chronic therapies such as Diabetes, Cardio and Women Health.

US

Gx: Drive double digit growth
Scale-up of FY 18-19 launches + FY 19-20 new launches.

Specialty investments to continue

South Africa

Continued strong private market performance
OTC business to ramp-up further offsetting softness in Tender.

RoW & Others

Continue market leadership in key regions;
China and Brazil entries accelerated
Manage risks in middle eastern markets.

EBITDA

FY 19-20

Margin expansion over normalized FY 18-19 EBITDA.

R&D Spend

7%-8%

Continued investments to ramp-up US portfolio; Respiratory clinical and Specialty investments.

Planned filings

12+ ANDAs

Focus towards complex and differentiated assets.

Quality & Compliance

Ensuring compliance at all our facilities globally.

*Excluding the adjustments related to the write-back of Deferred Tax Liabilities against the impairment charge for InvaGen and restatement of Deferred Tax Liabilities on account of the US tax reforms

Potential evolving developments and risks to the outlook:

The Company continues to operate in a challenging and dynamic environment. The nature of the pharmaceutical business exposes the Company to various competitive and regulatory risks in the near term.

- Potential challenges due to channel de-stocking, especially on the trade generic business in India
- Evolving generics-generics situation and potential impact on the branded generics business in India
- Competition and continued pricing pressure in the US
- Geo-political uncertainties in middle eastern markets could impact business growth opportunities in emerging markets region
- Any potential escalation in US-China trade issues could adversely impact sourcing

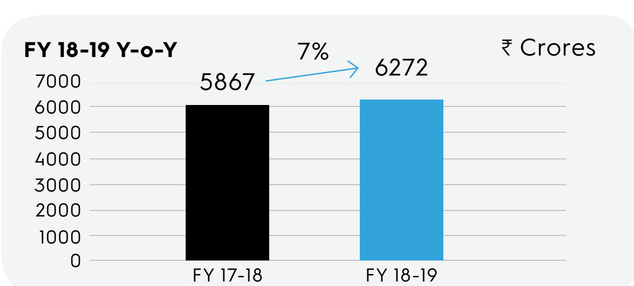
Business performance

[A] India

For decades, the Indian pharmaceutical industry has been driving better health outcomes for the economy. Indian pharmaceutical companies, through significant R&D investments, have developed, manufactured and marketed life-saving drugs available otherwise in only developed parts of the world. To improve access to medicines and medical services to the masses, the Indian regulatory and policy framework has undergone multiple interventions – from continued expansion of NLEM to announcing the world's largest health insurance scheme.

Cipla is the 3rd largest pharmaceutical company in India. The Indian pharmaceutical market continues to be one of the most important and focused markets for the Company. During FY 18-19, Cipla continued to be one of the largest player in the Indian market with product portfolio spanning across various therapeutic areas including Respiratory, Anti-infectives, Cardio-metabolic, Gastro and Urology.

In FY 18-19, Cipla's overall domestic business which includes India branded pharmaceuticals, India trade generics and the Cipla Health Business contributed ₹6,420Cr or ~ 39% of the overall revenues. The pharmaceutical business, which includes the branded and the generic businesses, grew by 7% on a year on year basis to ₹6272 Crores.



India branded generics business:

In FY 18-19, Cipla's India branded generics business recovered from the challenges presented in the last financial year post the implementation of GST. Despite challenges related to seasonality in acute business and inventory normalization during the year, the business continued to deliver strong secondary growth, both in terms of value and prescriptions. The focus remained on strengthening our commercial infrastructure, deepening presence in therapies and launching specialty in-licensed brands.

11.2% ↑
As per IQVIA MAT Mar'19

Key highlights for the year

Market Performance:

- Chronic Business Growth:
  - Cipla became the No 2 company in Chronic therapy in India with market share improving from 7.53% in FY 17-18 to 7.85% in FY 18-19.
  - Cipla grew 18% vs 13% Market Growth

As per IQVIA (IMS), Chronic therapies include anti-diabetic, Antineoplast/Immunomodulator, Cardiac, Neuro / CNS, Pain / Analgesics (chronic), Respiratory (chronic), Urology

Cipla's Therapy-wise Market Performance (as per IQVIA MAT Mar'19):

Chronic therapies are increasingly becoming a major growth driver for the Company. Cipla significantly outperformed the market in all key chronic therapies. Cipla's 22 brands feature among the top 300 brands of IPM and have performed consistently well.

Therapy	Market Rank	Market Share	Cipla Growth	Market Growth
Respiratory	1	21.8%	19%	11%
Respiratory Inhalation	*1*	*67.4%*	*20%*	*18%*
Urology	1	15.1%	19%	17%
Cardiology	4	5.6%	18%	12%
Central Nervous System	5	3.2%	16%	10%

Source: As per IQVIA MAT Mar'19

Going beyond the pill: Partnership with Wellthy Therapeutics

Cipla partnered with Wellthy Therapeutics to offer a combination of pharmacotherapy and digital therapeutics for improved patient outcomes in the chronic therapies of diabetology and cardiology. Under the agreement, a multi-lingual clinically-validated digital disease management platform will be made available to patients living with diabetes or cardiovascular diseases via doctors' clinics or co-packaging on select Cipla brands. The platform brings together behavioral science, real world clinical evidence and artificial intelligence to provide real time monitoring, coaching and advice to patients, and virtual clinical assistance to doctors.

The future of healthcare will be driven by increased use of technology, and this partnership gives Cipla the ability to offer this combination of prescription drugs and artificial intelligence-powered digital therapeutics to patients in cardio-metabolic health. It will allow patients to make informed decisions and take charge of their own health. By pairing our pharmacotherapy strengths with the digital approach to healthcare taken by Wellthy Therapeutics, Cipla will add to its diversified portfolio in the cardio-metabolic area to provide holistic care to patients from awareness, diagnosis and compliance to well-being. This truly represents Cipla's aspiration to go beyond the pill.

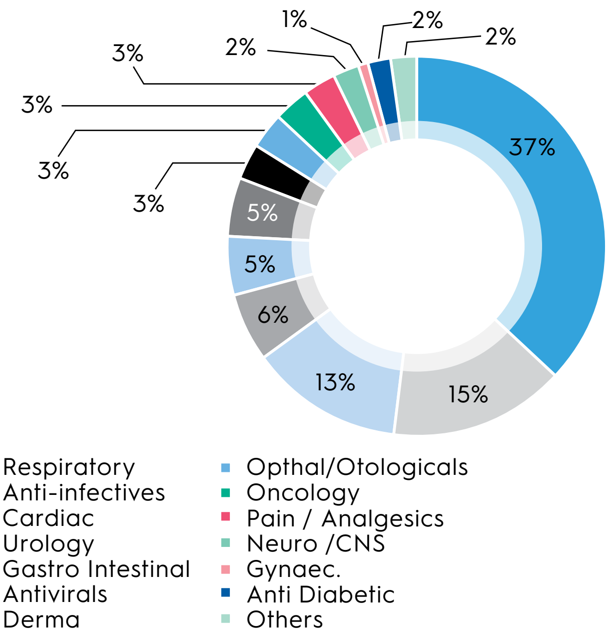
In-Licensing Highlights:

Partner	Therapy / Molecule	Partnership Structure	Status
Stempeutics	Stem cell therapy for peripheral arterial disease for Critical Limb Ischaemia	Co-development, Supply & Marketing Partnership	Product in clinical development
Mannkind Corp.U.S.A	Anti-Diabetic/ Inhaled Insulin	Exclusive Marketing Partnership	Product in clinical development
Eli Lilly	Anti-Diabetic/Insulin Glargine/Basaglar	Exclusive Partnership	Product launched
LG	IVF and Specialty Portfolio	Marketing Partnership	Product launched

Niveoli™, India's first extra-fine ICS-LABA combination HFA inhaler

Continuing its history of bringing innovative Respiratory drug-device combinations in the Indian market, in April, the Company announced the launch of Niveoli™, India's first extra-fine particle beclomethasone-formoterol combination (HFA) inhaler for adults, targeting drug delivery to the small airways. Niveoli™ is a proprietary Cipla inhaler, and the latest offering from Cipla in respiratory inhalation therapy that addresses an unmet need associated with obstructive airway diseases (OAD) such as asthma and chronic obstructive pulmonary disorder (COPD). The launch follows the recent introduction of Cipla's novel breath-actuated inhaler with dose counter called Synchrobreathe™ in the market.

Therapy-wise share split as per IQVIA MAT Mar'19



Respiratory in India

- Cipla Respiratory maintained its leadership in entire Respiratory market in FY 18-19 with a market share of 21.8%

#1 in India

- Cipla Respiratory grew at 19% in a market that grew at 11% and is the fastest growing company among the top players in Respiratory market with a progressive growth trend

19%↑ overall respiratory

- In Inhalation market, Cipla continues to be the leader and enjoys a very healthy market share of 67.4% in FY 18-19 and its market share has improved from 66.7% in FY 17-18

20%↑ Inhalation

- Cipla Inhalation Portfolio grew at 20% in FY 18-19 in a market that clocked 18% growth

Cipla's Respiratory brands in IPM Top 50

Foracort®	Seroflo®	Duolin®	Budecort®
#9	#26	#27	#40

India trade generics business:

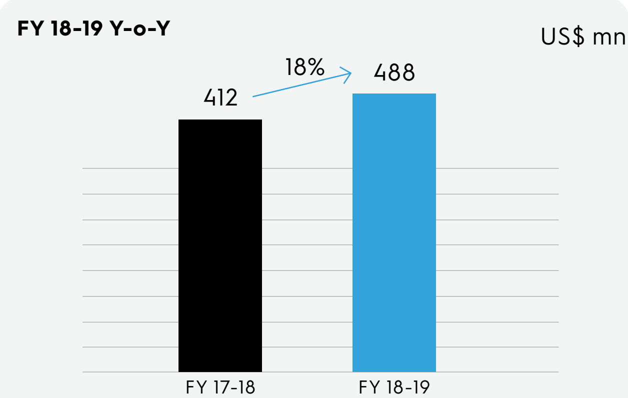
Cipla's trade generic business in India has been growing in healthy double digits. During FY 18-19, the generics business contributed ~23% of the overall domestic pharmaceutical revenues. The Company continued to drive strong synergies between the branded and generics business by focusing on product transfers.

During the year, the Company invested towards strengthening its channel partnerships in Tier 3 and Tier 4 towns, expanding product offerings and developing consumer connect with key brands. The generics business operates in a dynamic regulatory environment with proposed and uncertain changes related to governing of trade margins, ban on Fixed dose combinations (FDCs) and price cap through expansion of NLEM.

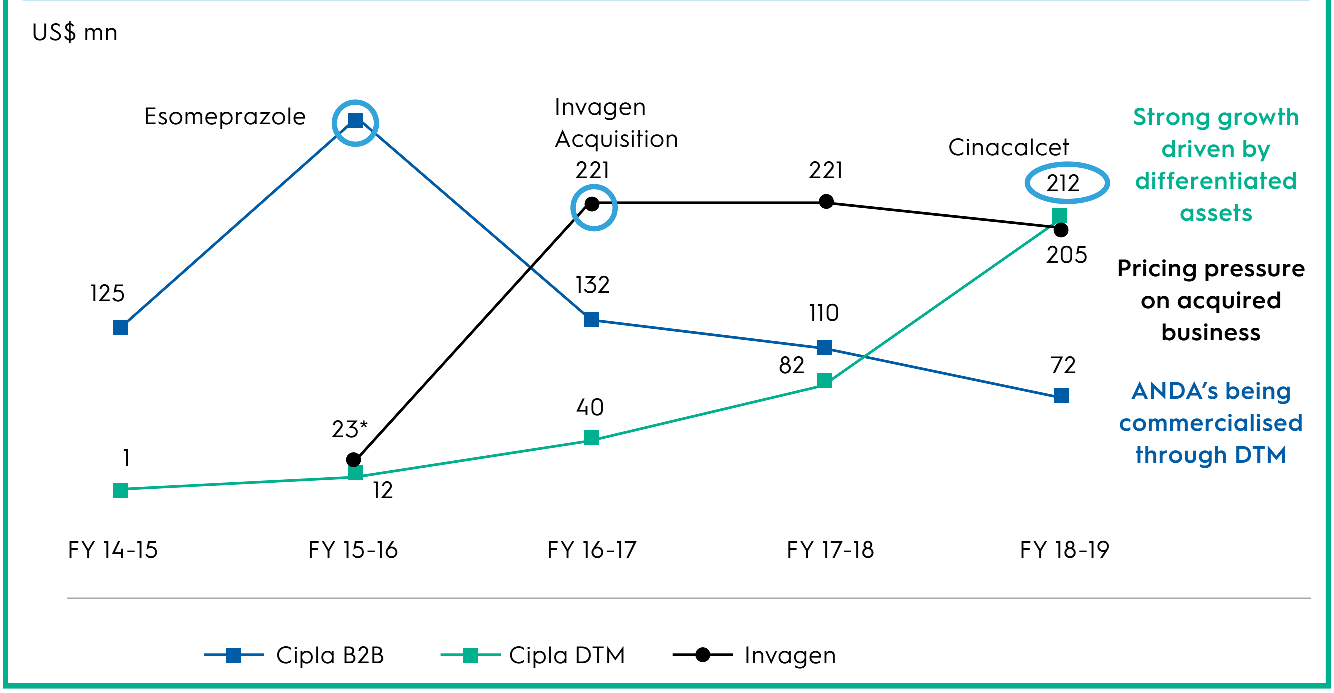
[B] North America

US Generics:

Over last 5 years, Cipla has significantly expanded its portfolio and presence in the world's largest pharmaceutical market of US. This has been a result of a well-designed strategy to balance capital allocation across organic and inorganic initiatives. Building further on the commercial front end acquired through InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc, Cipla has remained amongst the top 12 most dispensed companies in the US during FY 18-19 During FY 18-19, North America contributed 21% to the Company's revenues, a total of USD 488 million registering a growth of 18% over FY 17-18 driven by sales ramp-up in new launches and contribution from the phased and IP-enabled launch of generic Sensipar® (Cinacalcet). With a conscious focus to improve our DTM presence, the DTM market grew (~1.5x over FY 17-18).



Business-wise ramp-up *(rounded-off)*



Product Launches:

During the year, the Company continued its R&D investments for the market which has resulted in portfolio expansion to include multiple differentiated assets. In the Company expanded its offering of products and launched launched multiple products.

Key Assets:

- **Generic Albenza ®** *First Generic*
- **Generic Isuprel ®** *First Ampoule generic*
- **Generic Voltaren ®** *Amongst first 3 players*
- **Generic Sensipar ®** *Phased and IP-enabled launch*

Respiratory franchise in the US

Cipla is investing significant resources with a vision to expand its Respiratory franchise in the US market and gain a significant market presence. Currently, the Company is working towards developing respiratory products under various categories like ICS, ICS + LABA and LAMA especially focused on US market.

The Company has filed its first metered dose inhaler, generic Proventil®, in the US market and is expecting approval in FY 19-20. To expand the franchise further, Cipla is currently developing generic Advair® which is undergoing Phase 3 clinical studies.

Commercial Portfolio
- **Budesonide Respules (Cipla DTM)**
- **DYMISTA®** *(Partnered Product)*

Pipeline Products
- **Albuterol (generic Proventil®)** *Under-Approval*
- **FPSM (generic Advair®)** *Phase-3 Trials*

FY 18-19 Pipeline Portfolio Update:

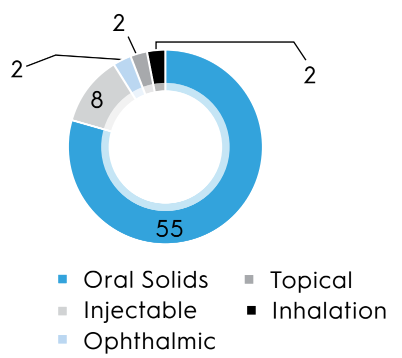
During the year, Cipla filed 20 ANDA's (including 2 ANDA's from in-licensing) ANDA filings include 2 products with CGT (Competitive Generic Therapy) designation. Cipla also initiated clinical trials for generic Advair during the year.

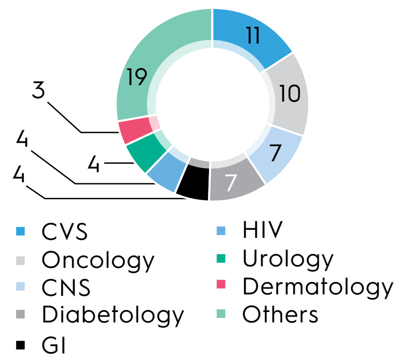
*Invagen consolidated for 2 months in FY 15-16 post-closing

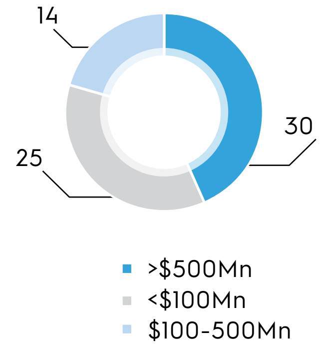
Under Approval ANDAs Pipeline

A strong pipeline of differentiated and complex molecules are part of Cipla's pipeline that shall continue to drive growth for US.

Split of 69 under approval products







Specialty Business:

Over last 2 years, Cipla has been focusing towards establishing its Engine 2.0 of growth based on the foundation of innovation and specialty medicine. The Company has committed significant capital towards acquiring and in-licensing assets which address unmet clinical needs of patients. The Company will continue to explore assets for future investments in the space which will help further develop a sustainable product portfolio with market exclusivities. The focus has been to establish a franchise of specialty medicines in the areas of Respiratory, CNS and Critical Care with a focus to build Institutional Specialty business. The Company already has a portfolio of 4 assets under development. The operations of a Specialty focused company differ significantly from the operations of a generic company and hence to establish a robust business model, Cipla Technologies LLC (hereafter referred as CipTec) has been established with its headquarters in San Diego, California. This also gives the Company ability to participate and operate in the biotech and lifesciences innovation hub in the US.

Specialty Product Pipeline:

Asset ->	Tizanidine Patch	Deuterated NCE	Inhaled Itraconazole	IV Tramadol
Development Stage	Phase 1	Pre-Clinical Stage	Phase-2 Asset	Phase-3 Asset
Therapy	CNS	CNS	Respiratory	Pain Management (Critical Care)

Tizanidine Patch - CPN-101: Phase 1 Asset

Unmet Need	Strategic Rationale
Inconvenient dosing frequency Twice in a Day (TID) dosing due to short duration of action / half life **Poor tolerability profile** Cmax related side-effects - somnolence, dry mouth, dizziness, etc.	• Convenient Dosing frequency (Once Daily as opposed to Twice in a Day with currently marketed products) • Reduced side-effects (due to Cmax blunting) • Complex formulation - Difficult to replicate • Off-label utility in low back pain and fibromyalgia

Cmax: Level at which concentration of drug is at its peak (in the blood)

Deuterated New Chemical Entity (NCE) - CPN-103 : Pre-Clinical stage

Unmet Need	Strategic Rationale
• Anti-spasticity medications have treatment limiting side-effects • This leads to sub-optimal dosing and efficacy • Low compliance due to high frequency of administration	• New product – Once Daily tablet • Lower side-effects than current treatment • Commercial synergy with Tizanidine Patch • Opportunities to expand label

Inhaled Itraconazole (PUR-1900): Phase 2 Asset

Unmet Need	Strategic Rationale

• ABPA (Allergic Bronchopulmonary Aspergillosis) is a unique condition found among asthmatic patients with hypersensitive immune reaction to aspergillus
• It is a serious and debilitating disease
• Current oral Itraconazole treatment (used off label) has multiple challenges:
  ◦ Unpredictable bioavailability
  ◦ Accentuated Cushingoid symptoms when used with steroids
  ◦ Gastric upset
	• Predominantly occurs in asthma patients –focus area for Cipla
	• Treated by small sub-section of specialized pulmonary physicians – small sales force required
	• Market exclusivity through product IP and clinical data
	• Will leverage Cipla DPI (Dry Powder Inhalation) Technology know-how.

IV Tramadol: Phase 3 Asset

During the year, Cipla's US subsidiary InvaGen Pharmaceuticals Inc. ("InvaGen") entered into definitive agreements with two closing stages for a proposed acquisition of Avenue Therapeutics, Inc. (NASDAQ: ATXI) ("Avenue"), a Fortress Biotech (NASDAQ: FBIO) company focused on the development and commercialization of intravenous (IV) Tramadol. Post the first stage closing, InvaGen acquired, through the issuance by Avenue of new shares, shares representing a 33.3% stake in Avenue's capital stock on a fully diluted basis for $35 million.

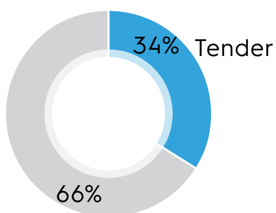
At the second stage closing, InvaGen or its affiliates will acquire the remaining shares of Avenue's common stock, pursuant to a reverse triangular merger with Avenue remaining as the surviving entity, for up to $180 million in the aggregate. The second stage closing is subject to the satisfaction of certain closing conditions, including conditions pertaining to US FDA approval, labeling, scheduling and the absence of any REMS or similar restrictions in effect with respect to IV Tramadol.

About IV Tramadol: Tramadol is a centrally acting analgesic with a unique dual mode of action. Oral Tramadol, a Schedule IV drug, has a well-established efficacy and safety profile, and is currently approved and marketed in the U.S. for moderate to moderately severe pain in adults. There is currently no approved intravenous formulation in the U.S.

[C] South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)

South Africa:

Cipla continues to be one of the largest pharmaceutical players in South Africa with annual revenue over ZAR 4bn. The Company has a strong presence in both the private and tender market in the country. In FY 18-19, the private business contributed 66% while the remaining 34% was contributed by the tender business.



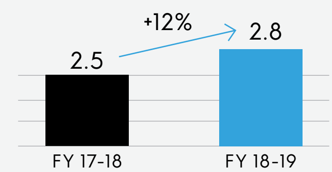
Private Market Business

During the financial year, Cipla became the 3rd largest private market company with market share of 6.6%. The South Africa private business continued its momentum as a market leader by growing three times the market at 10.4%. Cipla was the only company amongst top 10 companies to maintain a double-digit growth over the last fiscal.

10.4% ↑
As per IQVIA MAT Mar'19

3x
Vs market growth

South Africa : Private Market (ex Animal Health)
ZAR Bn



Respiratory in South Africa:

- Cipla continues to differentiate itself in South Africa with a strong Respiratory franchise. With leadership in the obstructive airway disease (Asthma and COPD) in private sector, the Company has national volume market share of 34% and 73% volume share in the government sector as per IQVIA MAT Mar'2019.
- Synchrobreathe™,Cipla's proprietary breath actuated pressurized metered dose inhaler, continued strong performance for second year in a row and has managed to attain the market leader status with 42% volume market share, growing at 28%.
- Cipla continued to leverage its partnership in South Africa with South African Thoracic Society, Allergy Society of South Africa, international specialists and various local interest groups towards educating healthcare professionals and patients.

Acquisition of Mirren (Pty) Ltd.

Cipla expanded its OTC portfolio offering in South Africa with the acquisition of Mirren. The acquired business has been growing over 25% in the fast growth OTC market. As part of the acquisition, the Company got access to 4 key OTC brands Coryx and Broncol in the Cough & Cold segment, Tensopyn in Pain management and Ultimag, a unique Mg & Zinc Supplement. Cipla's organic business with an existing commercial infrastructure has significant synergies with the acquired business. The acquisition will help Cipla become a key player in the overall OTC market.

Coryx: Cough & Cold

Broncol: Cough & Cold

Tensopyn: Pain Mgmt.

Ultimag: Mg & Zinc Supplement

Key Portfolio Highlights for the year

Market Performance:

- In the OTC space, Cipla's Airmune® and Entiro® continued their market leadership position in South Africa.
- Launch of Filgrastim from the Teva portfolio – first biosimilar to be approved and launched in South Africa.
- Reydin® launch: Approval and launch of TLD - new fixed-dose combination and an addition to Cipla's comprehensive portfolio of HIV medication.

Cipla is also partnering with the South African regulatory body SAHPRA to ensure faster product approvals under the Starburst initiative by the regulator. This will help the Company expand its portfolio of life-saving medicines in the country.

Cipla Medpro South Africa (Pty) Limited acquired **30%** stake in Brandmed (Pty) Limited becoming the first generic company to invest in digital therapeutic and provide connected health solutions to patients.

Tender Business:

Cipla's commitment to patients in South Africa continues with its strong partnership with the local government. The Company continues to offer a portfolio of live saving medication for fighting AIDS through government tenders. Cipla's BBBEE (Broad-Based Black Economic Empowerment) score and state-of-the-art local manufacturing capabilities provide it a sustainable advantage amongst other competitors. Cipla's manufacturing facility in Durban is aimed at making 'In-Africa, For Africa' and make South Africa self-sufficient in ARV production.

During the year, the Company has been awarded a share of the South African Government's National ARV tender for TEE (comprising tenofovir, emtricitabine and efavirenz) and TLD (a combination of tenofovir (TDF), lamivudine (3TC) and dolutegravir (DTG)). The contract is effective from 1 July 2019 and is valid for three years.

Cipla Global Access

Cipla's long-standing partnership with global funding organisations has been at the forefront of providing access to affordable care and has played a pivotal role in treatment of HIV/AIDS. Since its inception to year 2001, when the Company offered a paradigm-changing triple anti-retroviral therapy for HIV/AIDS to patients in Africa, till today, Cipla has always followed a humanitarian approach to medicines.

Given the nature of the tender business, during the year, the business faced significant pricing pressure across key molecules which led to the business declining ~36% on a year on year basis. The financials for the year also include charges related to liquidation of certain ARV stocks.

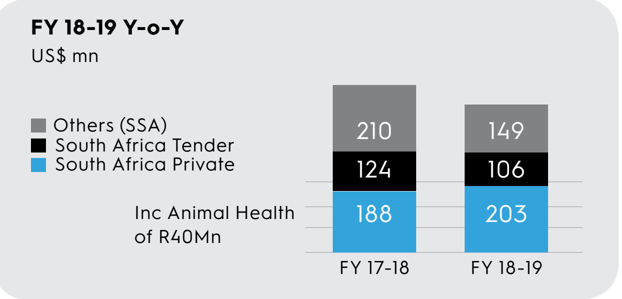
Sub-Saharan Africa:

In FY 17-18, to enhance Cipla's focus on Sub-Saharan Africa markets and drive strong synergies with our South Africa business, Cipla's SAGA region was formed. During FY 18-19, the Company restructured its business for growth and prioritized select markets in the region. Cipla's focus will be to continue to expand Cipla's portfolio in these markets, exploit synergies with the South African business and drive profitable growth in Cipla's prioritized DTM markets of Kenya, Tanzania and Uganda.

To further support our aspiration of 'In Africa, For Africa', a joint venture, Cipla Quality Chemicals Industries Limited was established. The CQCIL plant is a state-of-the-art manufacturing facility in Uganda with focus on Anti-retroviral (ARVs), Anti-malarial (ACTs) and Hepatitis B medicines and supplies to the Ugandan markets and exports to other African countries. During the year, CQCIL completed its capacity expansion project to ensure it can cater to the increasing demand of quality medicines in the region. CQCIL furthered its relationship with other regional government bodies including Government of Zambia in expanding access to life-saving medicines in the region. During the year, CQCIL completed a successful Initial Public Offering of CQCIL's shares on the Uganda Securities Exchange.

Overall SAGA Region:

During FY 18-19, the SAGA region contributed 20% to the Company revenues. While the tender businesses remained under pricing pressure, our private market business delivered strong growth.



The Company continues to remain committed towards expanding its reach in Africa through portfolio expansion, partnerships, strategic acquisitions and relationships with regional governments.

[D] Emerging Markets

Emerging Markets region for Cipla comprises of all markets outside of India, North America, South Africa/ Sub-Saharan Africa and Europe but includes North Africa and Australia. Cipla has presence in 52 countries in this region including direct to market models in 13 countries. Cipla has continued to be present in traditionally considered risky geographies to ensure medicines access to patients.

Emerging markets contributed USD 249 million, declining ~4% on a year on year basis. The decline was largely driven by challenges in the middle eastern markets.

Respiratory in Emerging Markets:

Over years, Cipla has established Respiratory as a key business growth driver for Emerging Markets. One of the key elements of the strategy is to strengthen the Respiratory portfolio and launch our flagship products across markets.

- Cipla continues to be a Respiratory leader in Sri Lanka, Nepal, & Morocco
- During the year, Cipla launched its proprietary breathe actuated inhaler (BAI) FPSM Synchrobreathe in various emerging territories
- Launched Budesonide & Levosalbutamol Respules in Colombia
- Approval received on Budesonide Respules for UAE & expected to launch in H2 2019

Strategy Ahead

The Company continues to focus on deepening its presence in Australia through respiratory portfolio and in markets such as China, Brazil & Indonesia through in-house pipeline products and JV partnerships. The Company currently has 5 products for China and 15 products for Brazil at various stages of development. In FY 18-19, the Company made 2 filings for Brazil and 1 filing in China. These filings along with products from in-licensing opportunities and partnerships will help drive significant growth in emerging markets over the medium and long-term.

[E] Europe

Cipla is present in almost all countries in the European region with 4 DTMs in Germany, Norway, Spain and the UK. The change in the business model for the European countries, moving from an investment-heavy DTM model to a partnership- led B2B model, has improved profitability significantly. Cipla's in-market partners are expected to drive stronger and profitable growth in the future.

During the year, Europe market recorded a revenue of USD 100 million (₹702 crore) in FY 18-19 growing 4% on a year on year basis. The year also saw significant improvement in operating margins over the previous year.

Strategy Ahead

Cipla will continue to focus on the DTM markets with our comprehensive product portfolio. Cipla would further leverage its partnership model to gain access to the newer markets in France & Italy and penetrate deeper in other established markets in Netherlands, Poland and Romania.

From a Therapy standpoint, while respiratory will continue to remain a focus area, Oncology and complex injectable will be a part of the differentiated product portfolio strategy in the region.

Key Products

Cipla's flagship product FPSM has gained significant traction with 10.5 % share of the overall MDIs market in Europe. FPSM contributed to 18% of Cipla's Europe business.

In our key DTMs -FPSM has a market share of 34% in Germany, 10% in UK and 3% in Spain. With our B2B customer across Europe, Cipla has more than 70% MS in Netherland, Romania, Poland, Czech Republic, Slovakia and continue to be a partner of choice is other key markets. The launch of our flagship product in 3 new countries has further deepened our market penetration in Europe.

Developing our Respiratory franchise further, we launched Beclomethasone in UK.

Franchise Development	• Respiratory franchise in the UK - Fluticasone Propionate Salmeterol (FPSM), Beclomethasone • Growth momentum continued in branded generics across DTMs
FPSM	• FPSM was launched in 3 more European countries.

[F] Active Pharmaceutical Ingredients (API)

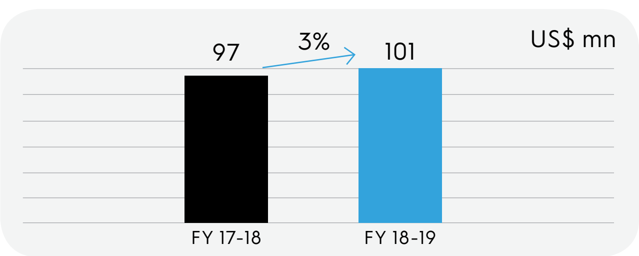
Capability

With its 50+ years' experience in manufacturing APIs, Cipla has produced 200+ generics and complex APIs. Our API Business covers 60 countries across the globe. The Company continues to be a preferred partner to some of the largest generic formulators globally due to our focus on niche molecules and quality. A strong dedicated team of over 250+ scientist aids the Company to differentiate itself with the capability to handle wide range of chemistries and complex molecules.

Cipla covers a wide array of therapies with over 600+ Drug Master Files (DMFs) filed till date. Within FY 18-19, Cipla made 20+ DMF filings in various countries. The Company has a robust pipeline of over 50 APIs across regulated markets in various stages of development.

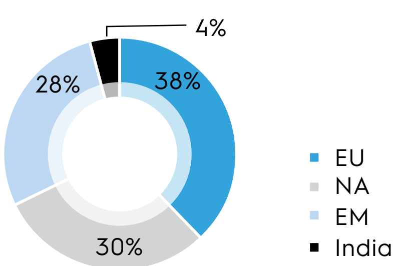
Performance

The API Business revenue has been steadily growing at an approximate 13% CAGR during the period of FY 16-17 to FY 18-19 with a 3% Y-o-Y increase over FY 17-18. The FY 18-19 revenue stood at USD 101 million (₹701 crore) of which 38% was contributed by Europe, followed by 30% from North America and 28% from Emerging Markets. The key therapy segments that contributed to these were Respiratory (28%), Gastroenterology (17%),



Anti-retroviral (ARV) (14%) and Oncology (12%). This ~2.5% growth over last year is a result of successful deliveries of differentiated product mix, improved traction in seeding and lock-ins and products launched for chosen customers.

API Revenue, by Geography



Cipla has a strong partnership with the world's largest generic pharmaceutical companies. The Company aspires to be a preferred supplier to companies working on 505(b) (2) projects. Cipla has taken steps to provide better realisations to its partners. With this and higher number of seeding and lock-ins for achieving sustainable growth, Cipla is also expanding the customer base across markets. The Company plans to enhance its API R&D and manufacturing capacities in therapeutic areas such as Respiratory and Oncology and conduct backward integration for manufacturing of Key Starting Material and critical API intermediates to have more control on the supply chain. The Company focused on productivity and achieved cost optimization through process/yield improvements.

Cipla is keen to partner with leading generic companies for their new products to further expand in markets such as Japan, China and the Commonwealth of Independent States (CIS) countries.

API Manufacturing Capability

Cipla has four sites with dedicated facilities for high potent APIs, corticosteroids, polypeptides, hormones, steroids and oncology with a total capacity of over 1,000 MT across. The Company has three API R&D Centres, two pilot plant and two process safety screening labs. All facilities are cGMP compliant and approved by the major international regulatory agencies including the US FDA, EDQM (Europe), PMDA (Japan) WHO, TGA (Australia), and KFDA (Korea).

Cipla's plants have zero liquid discharge waste water treatment facilities that include ETP with Multi Effect Evaporators (MEE), Agitated Thin Film Dryer (ATFD), Vertical Thin Film Dryer (VTFD) and Reverse Osmosis (RO) facilities.

[G] Cipla Health Limited (CHL)

Capability

Cipla Health Limited is Company's consumer healthcare subsidiary. With a vision of becoming the most preferred consumer healthcare company in India, CHL has focused on driving innovation and simplifying healthcare by creating solutions which address unmet consumer needs and seamlessly mesh in their lifestyle. During FY 18-19, CHL strengthened its existing brands through line extensions and making the products available to consumers across various touch points.

The flagship smoking cessation brand, Nicotex continued its momentum while retaining undisputed market leadership in its category. The product has supported and helped thousands of smokers on their journey of quitting smoking. The year saw Nicotex launching a new flavour (Fruity Mint) to add refreshing new taste to the portfolio. Establishing its leadership, Nicotex brand was recognised with 10 awards including 2 silver awards in the coveted EMVIES, Bronze at prestigious EFFIES, and received global recognition at the prestigious festival of Media Asia Pacific awards in Singapore.

CHL's efforts in building Cofsils franchise reaped benefits with the brand's market share increasing significantly over the previous year. Further, Cofsils cough drops were launched as a part of brand extension strategy across all trade channels (chemist, grocer and pan plus) at ₹1 price point. This launch enabled Cipla Health to enter the Herbal throat lozenge category.

ActivKids ImmunoBoosters, a kids' nutritional supplement in chocolate format, continued its growth and became the first Cipla product to be available in modern trade (such as Big Bazaar, D Mart, Reliance, Spencers, Tesco), e-commerce (such as Amazon, Flipkart, Big Basket) high end grocers, B2B channels (Walmart C&C, Metro C&C, Reliance B2B). It also partnered with Kidzania, a kids' edutainment property active in Mumbai and Delhi with a permanent establishment to generate aided trials. Brand participated in School contact programs to garner reach and sampling to 7 lakh kids. During the year, CHL also launched ActivKids Brain Boosters, a supplement for Brain Development.

During the year, CHL scaled up its Probiotic brand, UnoBiotics. Within 15 months of launch, the brand has become #1 player in LRGG (Lactobacillus Rhamnosus GG) market.

With this increased product portfolio, CHL is poised to achieve its mission of "Improving Consumers' Lives, Everyday".

[H] Stempeutics

Stempeutics Research Private Limited ("Stempeutics") a joint venture between Cipla and Manipal Group has been focused towards driving cutting edge Stem Cell research and develop transformative therapeutics that meets unmet patient needs. Stempeutics has worked with regulators for establishing regulatory framework for Bio Cosmetics using stem cells secretome. It has obtained ISO 9001:2015 certification for its Manipal Facility. Stempeutics has been recognized as one of the most innovative companies in India by CII in 2018.

Stempeutics signed a licensing deal with Cipla for its product Stempeucel® for Critical Limb Ischemia indication (CLI). As part of this licensing agreement, Cipla will fund Phase 3/Phase 4 clinical trial and launch the product in 2020 in India, upon approvals. Stempeucel® drug will provide substantial benefits to the CLI patients in terms rest pain reduction, ulcer healing and potentially avoid amputations. Based on the success of ulcer healings in CLI, Stempeutics has applied for Phase 3 approval for treating non healing Diabetic Foot Ulcer.

Human resource management and industrial relations

At Cipla, our constant endeavor is to outperform the industry and internal benchmarks as far as workforce productivity and performance is concerned. The professional objectives of individuals contributing towards the growth of the company across levels, are seamlessly linked to the organizational philosophy and objectives, which provides them with a sense of purpose and direction. Our focus areas to drive the HR initiatives at the company level include Promoting Diversity, Human resource development, Succession planning, Protection of human rights.

With 1/2 women representation at the top level, the Management council and 1/3 of the Board are driving our inclusion approach and we continue to support the capabilities of differently-abled people. We ensure strict adherence to our internal codes delineating our zero-tolerance policy towards discrimination on any ground. A structured internal system aids us with our talent acquisition and onboarding processes, while helps the new joiners seamlessly integrate with the workplace culture. Our employee retention initiatives revolve around the five core pillars of Cipla Engage program. With our performance assessment initiative MiDNA launched last year, we continue to successfully conduct periodic reviews of employee performance and enable spontaneous actionable feedback. Cipla's personnel capability building training sessions are conducted across levels, encompassing trainees to leadership. Blanket implementation of our Occupational Health and Safety (OHS) system across all our manufacturing facilities has enabled our workers and employees to work in an audited, certified and safe for conduct working environment. Our technology enabled incident tracking system, MySetu, at the disposal of factory workers, has helped us become aware of workplace mishaps without lags and also identify associated risks to emplace necessary mitigation measures. For more details on Cipla's approach towards Human Resources, refer to page 51 of the report.

Adherence to accounting standard

The Company continues adhering to the standard accounting policies under the Indian Accounting Standards ('Ind AS'), applicable since 01 April 2016. IND AS 115 pertaining to "Revenue from contracts with customers" 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

During the reporting period, the Company witnessed various shifts in its risk landscape. The Company adapted its risk management framework to effectively address the demands of a dynamic risk environment. Please refer Page No 36 for risk management framework and top-10 risks including the mitigation measures.

One of the key measures undertaken to augment the existing risk management capabilities was the initiation of the process to identify key personnel across business functions and appointing them as Risk Champions. Detailed risk assessments have now commenced in collaboration with the Risk Champions to get deeper insight into the risks faced by the Company on a daily basis. The presence of Risk Champions across functions also enables a better and more swift response to changes in risk profiles. During the reporting period, the Company has fine-tuned its risk management process to lay the platform for risk-informed strategic decision-making in the future.

Internal control and its adequacy

Cipla has an adequate system of internal controls commensurate with the nature of our business and the size and complexity of our operations. The Company has adopted policies and procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance over:

- Effectiveness and efficiency of operations
- Prevention and detection of frauds and errors
- Safeguarding of assets from unauthorized 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 is aligned with the requirement of the Act, 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 is supported by dedicated outsourced teams. The internal audit plan is approved by the Audit Committee at the beginning of every year. Every quarter, the Audit Committee of the Board is presented with key control issues and the actions taken on issues highlighted in the previous reports.

The Audit Committee deliberates with the management, considers the systems as laid down and meet the internal auditors and statutory auditors to ascertain their views on the internal financial control systems. 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 are 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, 2019.

Financial Summary and State of Affairs

₹ in Crore

Year ended 31st March, 2018		Particulars	Year ended 31st March, 2019	
Standalone	Consolidated		Standalone	Consolidated
11444.81	15219.25	Gross Total revenue	12374.01	16362.41
1988.92	1746.98	Profit before tax and exceptional item	2492.83	2079.14
1468.52	1410.53	Profit for the year (after tax and attributable to shareholders)	1888.41	1527.70
1.77	24.30	Other Comprehensive Income for the year (not to be reclassified to P&L)	7.81	34.91
0.47	369.23	Other Comprehensive Income for the year (to be reclassified to P&L)	31.75	(324.85)
7933.29	7774.11	Surplus brought forward from last balance sheet	9214.31	8988.78
9403.58	9188.05	Profit available for appropriation	11110.53	10535.40
		Appropriations:		
(160.94)	(160.94)	Dividend	(241.57)	(241.57)
(28.33)	(28.33)	Tax on Dividend	(40.40)	(42.52)
9214.31	8998.78	Surplus carried forward	10828.56	10251.31

The financial results and the results of operations, including major developments have been further discussed in detail in the Management Discussion and Analysis section.

The Standalone as well as the Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS').

Share Capital

During the year under review, 582102 equity shares were issued and allotted under Employee Stock Option Scheme. Consequently, the issued, subscribed and paid up share capital of the Company as on 31st March, 2019 stood at ₹1,61,14,02,532/- divided into 805701266 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 ₹3/- per equity share (i.e. 150 % of face value) for the FY 18-19. The dividend, if approved at the Annual General Meeting (AGM), will be paid to those members whose names will appear in the Register of Members as on close of Thursday, 1st August, 2019. The total dividend pay-out will amount to approximately ₹241.71 crore (excluding dividend distribution tax of ₹49.69 crore) resulting in a pay-out of 12.80% of the Standalone profit after tax of the Company.

Reserve

The Company has not transferred any amount to the Reserve for the financial year ended 31st March, 2019.

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, is presented in a separate section, forming part of the Annual Report.

Corporate Social Responsibility (CSR)

At Cipla, we consider it as our responsibility to support underprivileged people, to live a life with dignity and quality. Cipla undertake its CSR activities primarily in quality health, education and skilling. A detailed report on Cipla's various CSR initiatives has been provided in a separate section "Corporate Social Responsibility". The Corporate Social Responsibility Report also contains the Annual Report on CSR initiatives as required under section 135 of the Companies Act, 2013 (the Act) which is annexed as Annexure I to this report.

Business Responsibility Report

As mandated by the Securities and Exchange Board of India (SEBI), the Business Responsibility Report (BRR) forms part of the Annual Report. Since the Company is publishing Annual Report under International Integrated Reporting Council (IIRC) framework, report 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 is provided in relevant sections of the IR with suitable references to the BRR.

Corporate Governance

In compliance with the provisions of the Listing Regulations, the Report on Corporate Governance for the year under review, is presented in a separate section, forming part of the Annual Report.

A certificate from M/s. BNP & Associates, confirming compliance of conditions of Corporate Governance, as stipulated under the 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, 2019 and of the profit of the Company for the year ended 31st March, 2019;

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 to this report as Annexure III.

Employee Stock Option Scheme

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

In compliance with the requirement of SEBI (SBEB) Regulations, 2014, a certificate from auditor, confirming implementation of ESOP Scheme in accordance with the said regulations and shareholder's resolution, will be placed at the ensuing annual general meeting of the Company.

The requisite applicable disclosures under the SEBI (SBEB) Regulations, 2014 as on 31st March, 2019 will be uploaded on the Company's website at www.cipla.com.

Details of the Employee Stock Option Scheme 2013-A have also been provided under Note No. 42 of the Standalone financial statement.

Human Resources

Details of remuneration as 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 annexed as Annexure IV.

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

Particulars of Loans, Guarantees and Investments

Particulars of loans, guarantees and investments under section 186 of the Act are provided in Note No. 44 to the Standalone financial statements.

Extract of Annual Return

An extract of the annual return of the Company has been placed on the website of the Company and can be accessed at www.cipla.com under the investor information section. The extract of the annual return for FY 18-19 is given as Annexure V.

Vigil Mechanism

The Company has formulated a Whistle-Blower Policy, which serves as a mechanism for its directors, employees and external stakeholders to report genuine concerns regarding unethical behaviour, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal. An Ethics Committee consisting of the Global Chief People Officer (GCPO) as Chairperson, the Global Chief Financial Officer (GCFO), the Global General Counsel (GC) and the Global Chief Internal Auditor has been constituted to investigate whistle-blower complaints. Directors, employees and external stakeholders can report their genuine concerns either in writing or by an email to the Chairperson of Ethics Committee or to the Chief Internal Auditor at ethics@cipla.com or to the Chairperson of Audit Committee at audit.chairman@cipla.com. The complaints, reports and actions taken are 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//uploads/investor/1530187336_Whistle%20Blower%20Policy%20V1%20fc.pdf

A brief note on the highlights of the Whistle-Blower Policy and compliance with the Code of Conduct has also been provided in the Report on Corporate Governance, which forms part of this Annual Report.

Failure to implement any Corporate Action

There were no instances where the Company failed to implement any corporate action within the specified time limit.

Prevention of Sexual Harassment of Women at Workplace

The Company has in place a policy on Prevention of Sexual Harassment at Workplace, which is available on the Company website at https://www.cipla.com//uploads/investor/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.

The Company is in compliance with the provisions relating to the constitution of an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Contract and Arrangements with Related Parties

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, which forms part of this Annual Report.

All contracts, arrangements and transactions entered by the Company with related parties during FY 18-19 were in the ordinary course of business and on an arm's length basis. During the year, the Company did not enter into any transaction, contract or arrangement with related parties, that could be considered material in accordance with the Company's policy on related party transactions. Accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. However, detailed disclosure on related party transactions as per IND AS-24 containing name of the related party and details of the transactions entered with such related party have been provided under Note No. 41 of the Standalone financial statements.

The policy on dealing with related party transactions is available on the Company's website at https://www.cipla.com//uploads/investor/1532683654_Cipla%20Limited%20-%20Policy%20on%20Dealing%20with%20Related%20Party%20Transactions.pdf

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

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

Significant and Material Orders passed by regulators or courts or tribunals

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

Internal Financial Controls and its Adequacy

Cipla has an adequate system of internal controls that is commensurate with the nature of our business and the size and complexity of our operations. The Company has adopted policies and procedures covering all financial and operating functions. These controls have been designed to provide 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 accounting records
- Timely preparation of reliable financial information

The current system of internal financial controls is aligned with the requirements of the Act, and is in line with the globally accepted risk-based framework issued by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission.

The Company has an internal audit function, which is supported by dedicated outsourced teams. The internal audit plan is approved by the Audit Committee at the beginning of every year. Every quarter, the Audit Committee 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 auditors to ascertain their views on the internal financial control systems. 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.

Risk Management

The Company has put in place an Enterprise Risk Management (ERM) framework. Every quarter, a detailed update on ERM is presented and deliberated upon in the meetings of the Investment and Risk Management Committee of the Board. In terms of the provisions of Section 134 of the Act, a detailed note on Risk Management has been provided on page no. 36 of this report.

Deposits

During FY 18-19, the Company did not accept any deposit within the meaning of sections 73 and 74 of the Act read together with the Companies (Acceptance of Deposits) Rules, 2014.

Board Evaluation

The evaluation of all the Directors including the Chairman, the Executive Vice-Chairperson and the Managing Director and Global CEO, Board committees and the Board as a whole was carried out based on the criteria and framework approved by the Nomination and Remuneration Committee. A detailed disclosure on the parameters and the process of Board evaluation as well as the outcome has been provided in the Corporate Governance Report.

Subsidiaries and Associates

At the beginning of the year, the Company had 49 subsidiaries and 1 associate as against 48 subsidiaries and 2 associates as on 31st March, 2019. During the year, the following companies were incorporated, acquired, liquidated or divested:

During the year, Madison Pharmaceuticals Inc. was incorporated in USA and Cipla Gulf FZ- LLC in Dubai for strengthening its business operations. In South Africa, Mirren (Pty) Limited was acquired as a part of strategy to strengthen its OTC portfolio. In USA, 33.3% stake was acquired in Avenue Therapeutics Inc. for building specialty business in USA. The Company's wholly owned subsidiary Goldencross Pharma Private Limited acquired minority stake i.e. 11.71% in Wellthy Therapeutics Private Limited.

During the year, 4 non-operating subsidiaries viz. Xeragen Laboratories (Pty) Limited, Galilee Marketing (Pty) Ltd, Med Man Care (Pty) Ltd in South Africa and Cipla FZE in Dubai were liquidated.

Details of these subsidiaries and associates are set out on Page 283 of the Annual Report. Pursuant to section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014, a statements containing salient features of the financial statement of the subsidiary and associate companies is given on Page 334 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 subsidiaries will be available on the Company's website www.cipla.com and will also be available for inspection by the members at the registered office of the Company during business hours. Copies of the said financial statements will be made available to any member of the Company and those of the respective subsidiaries upon request.

Directors and Key Managerial Personnel

Ms Ireena Vittal, Independent Director resigned from the Board of the Company effective 1st April, 2019 due to her other professional commitments resulting in her inability to devote as much time as she need to. She has confirmed that there were no other material reasons for her resignation other than the one stated above. Consequent to the said resignation, she also ceased to be the member of the Audit Committee and the Nomination and Remuneration Committee w.e.f. 1st April, 2019. The Board places on record its sincere appreciation for the contribution made by her as a member of the Board.

Mr Adil Zainulbhai was appointed as the member of Audit Committee and Dr Peter Mugyenyi was appointed as the member of Nomination and Remuneration Committee w.e.f. 7th February, 2019

The tenure of appointment of Mr Ashok Sinha, Dr Peter Mugyenyi and Mr Adil Zainulbhai as independent directors will conclude on 2nd September 2019 and the tenure of appointment of Ms Punita Lal as independent director will conclude on 12th November, 2019. Pursuant to the provisions of section 149 and 152 of the Companies Act 2013, the recommendation of the Nomination and Remuneration Committee and the report of performance evaluation, the Board recommends re-appointment of the above-mentioned Independent directors for a further term of 5 consecutive years.

Mr Umang Vohra, Managing Director and Global Chief Executive Officer, retires by rotation and being eligible, offers himself for re-appointment. The Board on the basis of recommendation of the Nomination and Remuneration Committee recommends the re-appointment of Mr Umang Vohra as Director liable to retire by rotation.

Brief resume, nature of expertise in specific functional areas, names of companies in which the above-named directors hold directorships, committee memberships/ chairmanships, shareholding in Cipla etc., are furnished in notice of the ensuing AGM.

Criteria for determining qualification, positive attributes and independence of a director is given under Nomination, Remuneration and Board Diversity Policy, disclosed as Exhibit A to the Report on Corporate Governance.

As on 31st March 2019, the Company had the following Key Managerial Personnel ("KMP") as per section 2(51) of the Act:

Sr. No	Name of the KMP	Designation
1	Ms Samina Vaziralli	Executive Vice-Chairperson
2	Mr Umang Vohra	Managing Director and Global Chief Executive Officer
3	Mr Kedar Upadhye	Global Chief Financial Officer
4	Mr Rajendra Chopra	Company Secretary & Compliance Officer

Except Mr Peter Lankau, who received remuneration from InvaGen Pharmaceuticals Inc. a wholly owned subsidiary of Cipla Limited, none of the directors including the Managing Director and Global CEO nor the Whole-time Director, received any remuneration or commission from any of the Company's subsidiaries during the previous year.

Declaration by Independent Directors

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

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

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

The Board met five times during the year under review. The maximum gap between two Board meetings did not exceed 120 days. A detailed update on the Board, its Committees, its composition, detailed charter including terms of reference of various Board Committees, number of board and committee meetings held and attendance of the directors at each meeting is provided in the Report on Corporate Governance, which forms part of this report.

Secretarial Standards

The Company has complied with the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively.

Auditor and Auditor's Report

M/s. Walker Chandiok & Co LLP, Chartered Accountants, (Firm Registration No. 001076N/ N500013) were appointed as the Statutory Auditor of the Company at the AGM held on 28th September, 2016 to hold office till the conclusion of 85th AGM of 2021. The Company has received a certificate from the Statutory Auditor confirming that they continue to remain eligible to act as the Statutory Auditor of the Company.

There are no instances of any fraud reported by the Auditor to the Audit Committee or the Board pursuant to section 143(12) of the Act. The Auditor's Report for FY 18-19 does not contain any qualification, reservation or adverse remark.

Secretarial Auditor & its Audit Report

The Secretarial Audit Report for the financial year ended 31st March, 2019 is annexed to this report as Annexure VI. The Report does not contain any qualification, reservation, disclaimer or adverse remark.

The Board, 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 the FY 19-20. They have confirmed that they are eligible for the said appointment.

Cost Auditor and Cost Audit Report

The Cost Records of the Company are maintained in accordance with the provisions of section 148(1) of the Act as specified by the Central Government. The Cost Audit Report, for the year ended 31st March, 2018, was filed with the Central Government within the prescribed time.

The Board, on 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, 2019. The Cost Auditor will submit his report for the FY 18-19 on or before the due date.

In accordance with the provisions of section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditor for FY 19-20 is required to be ratified by the members, the Board recommends the same for approval by members at the ensuing 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 the Integrated Report section of the Annual Report.

Acknowledgements

We wish to place on record our appreciation to the Government of various countries where the Company has its operations. We thank the Ministry of Chemicals & Fertilizers, Central Government, State Government, 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 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: 22nd May, 2019
Place: New York

Y. K. Hamied
Chairman

Annexure I

Annual report on Corporate Social Responsibility (CSR) activities pursuant to Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time

I. Overview of Company's Corporate Social Responsibility

Cipla takes forward and grows its socially conscious legacy commitments to the communities. Some of these initiatives were put in place long before the CSR law came into effect. The Company's CSR initiatives and related projects are undertaken through Cipla Foundation and its implementing partners.

Our Initiatives are compliant of CSR requirements under the Section 135 of the Companies Act, 2013.

The Company has a Board approved CSR policy which was formulated with the following objective:

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

  I. Health
  II. Education
  III. Address Social Inequalities
  IV. Environment
  V. Rural Development Project
  VI. Others (Disaster Management & any other activity under Schedule VII of the Act)

- The CSR Policy of the Company including the CSR activities undertaken by it is available at:

  https://www.cipla.com/en/csr/overview.html

II. Composition of CSR Committee

The Composition of the CSR Committee is:

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

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

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

₹1606.78 Crore

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

₹32.14 Crore

V. Details of CSR spent during the financial year 2018-19

a) Total amount to be spent during the financial year: ₹32.14 Crore

b) Amount unspent, if any: Nil

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

(Amount in ₹ Crore)

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) State and district	Total Amount outlay (budget project or programs wise)	Amount spent in FY 18-19 on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period FY 18-19	Amount spent: (1)Direct or (2) through implementing agency*
1	**Cipla Palliative Care and Training Centre** (Palliative Care provides multi disciplinary team of doctors, nurses, social workers, Counsellor and other specialists for Cancer)	Promoting healthcare including preventive healthcare	1. Warje, Pune 2. Maharashtra	27.28	1) 5.59 2) 0.29	27.28	Cipla Foundation
2	**Promoting Healthcare addressing issues around affordability and accessibility of quality healthcare including palliative care and sanitation** (Healthcare services to the community, Infrastructure support to hospitals, Medical support to Individuals, Mobile Health care services, Awareness for Hepatitis, Construction of Sanitation blocks, Developmental Disabilities, Strengthen the services of ICDS in villages, Palliative care in humanitarian crises, Research studies and education on Public Health & Promoting Healthcare including Preventive Healthcare)	Promoting healthcare including sanitation Eradicating malnutrition	1. Baddi, South Goa, Indore, Kurkumbh, Mumbai, Patalganga, Tupgaon, Delhi, East Sikkim, Pune, Alappuzha, Kochi, Bengaluru, Kolkata, Jaipur 2. Himachal Pradesh, Goa, Madhya Pradesh, Maharashtra, Delhi, Sikkim, Kerala, Karnataka, West Bengal, Rajasthan	43.62	1) 16.45 2) 0.87	32.52	Cipla Foundation
3	**Promoting Education including special Education** (Mobile Science Van, Education of underprivileged children, Infrastructural support to School and Colleges, Meritorious Awards, Promoting Education in govt. schools, Sponsorship to Economically weaker Students, E- Learning & pre-school education, Awareness programme for Road Safety for students)	Promoting education including special education	1. Baddi, Chandigarh, Bengaluru, South Goa, Indore, Kurkumbh, Mumbai, Patalganga, Pune, Rangpo, East Sikkim, Kochi, Kolkata 2. Himachal Pradesh, Karnataka, Goa, Madhya Pradesh, Maharashtra, Sikkim, Kerala, West Bengal	12.96	1) 7.65 2) 0.40	11.51	Cipla Limited & Cipla Foundation

(Amount in ₹ Crore)

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) State and district	Total Amount outlay (budget project or programs wise)	Amount spent in FY 18-19 on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period FY 18-19	Amount spent: (1)Direct or (2) through implementing agency*
4	**Training and Skill Enhancement** (Skill development and entrepreneurship programmes)	Promoting special education, and employment enhancing vocation skills especially among children, women, and the differently abled and livelihood enhancement projects	1. Nalagarh, Ropar, Rangpo 2. Himachal Pradesh, Punjab, Sikkim	4.52	1) 1.49 2) 0.08	2.55	Cipla Foundation
5	**Disaster Relief** (Medical relief, Basic assistance material, Medical camps, Child friendly spaces)	Promoting health, sanitation and eradicating hunger and poverty	1. Tamenglong, Thrissur, Wayanad, Alappuzha 2. Manipur, Kerala	0.51	1) 0.49 2) 0.03	0.51	Cipla Foundation
6	**Others**						
i.	Support for child victim rescue vehicle	Promoting measures of reducing inequalities faced by socially and economically backward groups	1. Gangtok 2. Sikkim	0.03	1) 0.03 2) 0.002	0.03	Cipla Foundation
ii.	Environmental Sustainability, ecological balance and conservational natural resources	Ensuring Environmental sustainability	1. Patalganga, Panvel 2. Maharashtra	0.05	1) 0.05 2) 0.002	0.05	Cipla Foundation
	Sub Total of Others			**0.08**	**0.08**	**0.08**	
	Grand Total (1+2+3+4+5+6)			**88.97**	**33.42**	**74.45**	

* For details about Cipla Foundation, please refer page no. 64 of Social Capital.

VI. CSR Expenditure for the year 2018-19

During the year 2018-19, the Company spent ₹33.42 crore on various CSR initiatives, which is equivalent to 2.08% of its average net profit of the last three financial years.The above expenditure is complaint of statutory requirement of 2% required under the law.

VII. Responsibility Statement

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

Chairman
CSR Committee

Managing Director and
Global Chief Executive Officer

Place: Mumbai
Date: 22nd May, 2019

Annexure II

Certificate on Compliance with the Corporate Governance Requirements under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

To
The Members of
Cipla Limited

We have examined all relevant records of **Cipla Limited** (further known as the Company) for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the Listed Companies as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Schedule V of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR'), for the financial year ended 31st March 2019. 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: 22nd May, 2019

Annexure III

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

The information under section 134(3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2019 is given here below and forms part of the Directors' Report.

A. CONSERVATION OF ENERGY

(I) The steps taken or impact on conservation of energy

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

i. **Renewable energy utilization:** Sourcing of Solar power from IPP (Independent power producer) through 3rd party open access for Virogonagar & Bommsandra units in Karnataka under long term Power Purchase Agreement (10 years). Supply has commenced from August 2018 and during FY 18-19 we have procured 11.7 MU under this arrangement.

ii. **Heat Pump installation:** Successful installation of Heat pump at Kurkumbh location to improve the waste heat recovery from the system. This will result in savings of approx. 6.29 Lakh of KiloWatt Hours (KWH).

iii. **Lighting system performance improvement program:** Retrofitting of LED lights in existing light fixture at Baddi, Bommasandra, Goa, Indore, Sikkim and Virgonagar has resulted in saving of approx. 1.9 Lakh of KWH.

iv. **Auto Tube cleaning systems:** Installation of Auto Tube Cleaning systems at Patalganga & Medispray Satara for chilling equipment's to reduce the condenser approach temperature of systems thereby reduction of power consumption in chillers. More systems are yet to be installed at various sites. The installed systems amount to savings of approx.1 Lakh KWH.

v. **Condensate recovery systems:** Implemented condensate recovery systems at Patalganga, Goa & Virgonagar with steam applications to reduce the Fuel consumption of Furnace Oil used in boilers. Achieved approx savings of 60000 kg of fuel.

vi. **Variable Frequency Drive (VFD) system:** Continuation of Installation of variable frequency drive for various process and utility equipment's across sites

vii. **Energy Efficiency & Process optimization improvement program:**

At Goa

(1) Installation of Building Management System, system for Heating Ventilation & Air Conditioning to have auto-control of all environmental parameters.

(2) Fire suppression system installed in Uninterrupted Power Supply rooms as a part of safety measure.

At Indore

(1) Process simplification for Micro stoppages on Nasal filling machine: Improvement in practices for operation of Nitrogen cylinder from 2 cylinders to cylinder bank which resulted in drastic reduction in nasal spray filling machine. downtime due to nitrogen cylinder replacement. Saving of 30-45 Minutes / Batch Filling.

At Kurkumbh

(1) Modification done in Fluidised Bed Dryer by replacing the telescopic cylinder arrangement with side mounted shaking cylinder arrangement for ease of maintenance and no product contact during its operation.

(2) Online Ph monitoring systems for reactors in Active Pharmaceutical Ingredient (API) manufacturing areas to have process efficiency and time.

At Virgonagar/Bommasandra

(1) Effluent Treatment Plant dosing system improvements done by providing blower air for chemical mixing in place of electrically powered agitator which resulted in power savings, maintenance & spare cost reduction.

(2) Reduction in flame failure in boiler operation by balancing primary & secondary air.

viii. **New technology absorption:**

- Implementation of Systems, Applications & Products plant maintenance module at various locations so to improve operation

Efficiency, System Control with Operational Work Flow, Better Visibility and tracking for Planning, Electronic Reporting and Analysis.

- Highly efficient Electronic Commutating permanent magnet motors used for Air Handling Unit
- Energy efficient water chiller at Goa in procurement.
- Internal parts of utility pump are coated to improve efficiency.
- Installation of 4 no's Hastelloy condensers in place of graphite condensers as a part of equipment upgradation and to avoid leaching and frequent breakdowns at Patalganga, Kurkumbh, Virgonagar and Bommasundra.

ix. Maintaining Unity Power Factor Incentive at all Cipla Manufacturing Locations.

x. Virgonagar, Bommasandra, Patalganga and Kurkumbh, Goa, Indore units are certified & awarded Energy Management System (ISO 50001) by reputed Accreditation body.

xi. Energy Audits have been conducted for all units by reputed Energy consultants.

B. TECHNOLOGY ABSORPTION

(I) The efforts made towards technology absorption:

i. Development and scale-up of new formulations for existing and newer active drug substances using innovative and advanced processing equipments.

ii. Projects to develop APIs and formulations jointly with overseas companies for innovative and complex products and peptide formulations.

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

iv. Development of new products, both in the area of APIs as well as formulations, specifically, for export. These include development of complex technologies such as finished products which are drug-device combinations to maximize patient benefit and compliance.

v. Development of complex generic formulations based on Nanotechnology such as Nanoparticle solids & injections, liposomal injections, long acting depot injections, Intra-vaginal contraceptive dosage forms, peptide products, micellar emulsions, multi particulate extended release oral systems specifically for US market.

vi. Development of new drug delivery systems and new medical devices for Respiratory, Nasal, Vaginal rings, depot injections and Implants, drug-device combinations, Transdermal dosage forms.

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

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

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

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

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

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

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

ii. Development of new drug delivery systems and devices to improve patient benefit.

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

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

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

vi. Development of products for import substitution.

vii. Maximum utilization of indigenous raw materials.

(III) The details of Imported Technology (imported during the last three years reckoned from the beginning of the financial year) – No expenditure have been incurred on import of new technology during FY 16-17, FY 17-18 and FY 18-19.

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

	₹ in Crore
a. Opex	1013.35
b. Dep	55.96
Total	**1069.31**

The total R&D expenditure as a percentage of total turnover is around 8.64%.

C. Foreign Exchange Earnings and Outgo

The Exports Sales were ₹5541.89 Crore for FY 18-19. The Company earned ₹64.70 Crore towards technical know-how & licensing fees and ₹134.36 Crore for other services. During the year, the foreign exchange outgo was ₹1904.13 Crore and earnings in foreign exchange were ₹5740.95 Crore.

On behalf of the Board,

Date: 22nd May, 2019
Place: New York

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 2018-19 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19:

Name	Designation	Ratio to median remuneration	% increase in remuneration in FY 18-19
Dr Y. K. Hamied	Chairman	71:1	(0.49) %
Mr M. K. Hamied	Vice-Chairman	73:1	(1.19) %
Ms Samina Vaziralli	Executive Vice-Chairperson	226:1	12.56 %
Mr S. Radhakrishnan (4)	Non-Executive Director	176:1	(18.63) %
Mr Umang Vohra	Managing Director and Global Chief Executive Officer	531:1	(20.23) %
Mr Ashok Sinha	Independent Director	16:1	(2.87) %
Dr Peter Mugyenyi	Independent Director	15:1	0.34 %
Mr Adil Zainulbhai	Independent Director	13:1	2.14 %
Ms Punita Lal	Independent Director	14:1	2.39 %
Ms Naina Lal Kidwai	Independent Director	15:1	6.25 %
Ms Ireena Vittal (Resigned w.e.f. 1st April 2019)	Independent Director	14:1	0.00 %
Mr Peter Lankau	Independent Director	16:1	0.00 %
Mr Kedar Upadhye	Global Chief Financial Officer	126:1	41.73 % (5)
Mr Rajendra Chopra	Company Secretary	51:1	(14.04) %

ii. The percentage increase in the median remuneration of employees in the financial year: (11.82)%

iii. Number of permanent employees on the rolls of the Company as on 31st March 2019: 22644

iv. The average annual increase excluding the managerial personnel in the FY 18-19 was (9.66)%. The increase in the average managerial remuneration for the FY 18-19 was 4.89% including ESOP exercised value.

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 18-19" is either due to the tenure of directorship, change in the committee composition, membership, chairpersonship or payment of sitting fees for attendance at meetings.

(2) The ratio to median remuneration and % increase in remuneration does not include employers' contribution to PF.

(3) The % increase in the average managerial remuneration for FY 18-19 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 18-19) not been considered, the % increase in the average managerial remuneration for FY 18-19 would have been 33.49%.

(4) Mr S. Radhakrishnan completed his term as a whole-time director on 11th November 2017 and continues as a non-executive director of the Company w.e.f. 12th November 2017. The remuneration includes perquisite value of stock options granted in earlier years and exercised in FY 18-19.

(5) The % increase in remuneration is appearing high for Mr Kedar Upadhye due to perquisite value of stock options granted in earlier years and exercised during FY 18-19.

Annexure V

Extract of Annual Return

FORM NO. MGT-9

as on the financial year ended 31st March, 2019

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

I. Registration and other Details

i)	CIN	L24239MH1935PLC002380
ii)	Registration Date	17th August, 1935
iii)	Name of the Company	Cipla Limited
iv)	Category Sub-Category of the Company	Public Company Limited by shares
v)	Address of the Registered Office and Contact details	Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013 Tel: (022) 2482 6000 Fax: (022) 2482 6120 Email: cosecretary@cipla.com Website: www.cipla.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar & Transfer Agent	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot No.: 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032, Telangana Tel: (040) 6716 2222 / 6716 1511 Fax: (040) 2300 1153 Email: einward.ris@karvy.com

II. Principal business activities of the Company

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

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
Subsidiaries (held directly)					
1	Goldencross Pharma Pvt. Ltd. C1-Pooja Apartment, 17, Hariyali Estate, Vikhroli (West), Mumbai - 400 083, Maharashtra, India	U24239MH2000PTC123766	Subsidiary	100.00%	2(87)
2	Meditab Specialities Pvt. Ltd. C1-Pooja Apartment, 17, Hariyali Estate, Vikhroli (West), Mumbai - 400 083, Maharashtra, India	U23240MH1996PTC104442	Subsidiary	100.00%	2(87)

Sr. No.	Name and address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
3	Cipla BioTec Pvt. Ltd. L-147/ B, Verna Industrial Area, Verna, South Goa - 403722, India	U24239GA2008PTC007374	Subsidiary	100.00%	2(87)
4	Cipla Health Ltd. FOFB-11, B Wing, Fourth Floor, Art Guild House Phoenix Marketcity, L.B.S Marg, Kurla (West) Mumbai- 400070 India	U24100MH2015PLC267880	Subsidiary	70.35%	2(87)
5	Jay Precision Pharmaceuticals Pvt. Ltd. Government Indl Estate, Plot No. 40/41 ABCD, Charkop, Kandivali (West), Mumbai - 400 067, Maharashtra, India	U33111MH2012PTC234037	Subsidiary	60.00%	2(87)
6	Cipla (Mauritius) Ltd.* SGG Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis MAURITIUS	NA	Subsidiary	100.00%	2(87)
7	Cipla Medpro South Africa (Pty) Ltd. 1474 South Coast Road, Mobeni, Durban, Kwa-Zulu Natal 4052, South Africa	NA	Subsidiary	100.00%	2(87)
8	Cipla Holding B.V. Cipla Eurla, Antonie Van Leeuwenhoeklaan 9, Building A8, 2nd Floor, 3721 MA Bilthoven, The Netherlands	NA	Subsidiary	100.00%	2(87)
9	Cipla (EU) Ltd. Dixcart House, Addlestone Road, Bourne Business Park, Addlestone, Surrey, KT15 2LE, United Kingdom	NA	Subsidiary	100.00%	2(87)
10	Saba Investment Ltd. Building 3, Level 6, MR Square Downtown Dubai, P.O. Box 4254, Dubai, UAE	NA	Subsidiary	51.00%	2(87)
Subsidiaries (held indirectly)					
11	Medispray Laboratories Pvt. Ltd. Plot No.344/345, Kundaim Industrial Estate, Kundaim, Goa - 403 115, India	U52311GA1992PTC002801	Subsidiary	100.00%	2(87)
12	Sitec Labs Pvt. Ltd. C1-Pooja Apartment, 17, Hariyali Estate, Vikhroli (West), Mumbai - 400 083, Maharashtra, India	U74999MH2000PTC129210	Subsidiary	100.00%	2(87)
13	Cipla (UK) Ltd. Dixcart House, Addlestone Road, Bourne Business Park, Addlestone, Surrey, KT15 2LE, United Kingdom	NA	Subsidiary	100.00%	2(87)

Sr. No.	Name and address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
14	Cipla Australia Pty. Ltd. BSA Partnership Pty Ltd, Level 15, 461 Bourke Street, Melbourne, VIC, 3000, Australia	NA	Subsidiary	100.00%	2(87)
15	Meditab Holdings Ltd. C/o IQ EQ Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis, 11324, Mauritius	NA	Subsidiary	100.00%	2(87)
16	Tasfiye Halinde Cipla İlaç Ticaret Anonim Şirketi* Merkez Mah. Prf. Dr Nurettin Mazhar Öktel Sok. Lale Palas Apt. No: 10/15 Şişli – Istanbul	NA	Subsidiary	100.00%	2(87)
17	Cipla USA Inc. 251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA	NA	Subsidiary	100.00%	2(87)
18	Cipla Kenya Ltd. 4th Floor, Cavendish Block, 14 Riverside Business Park Riverside Drive off Chiromo Road Westlands,Nairobi – Kenya	NA	Subsidiary	100.00%	2(87)
19	Cipla Malaysia Sdn. Bhd. Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, 50100, Kuala Lumpur, Malaysia	NA	Subsidiary	100.00%	2(87)
20	Cipla Europe NV De Keyserlei 58-60, Box 19, 2018 Antwerpen Belgium	NA	Subsidiary	100.00%	2(87)
21	Inyanga Trading 386 Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
22	Cipla Medpro Holdings Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
23	Cape to Cairo Exports Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)

Sr. No.	Name and address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
24	Cipla Dibcare Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
25	Cipla Life Sciences Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
26	Cipla-Medpro Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
27	Cipla-Medpro Distribution Centre Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
28	Cipla Medpro Botswana Proprietary Ltd. P.O. Box 40185, Gaborone, South Africa	NA	Subsidiary	100.00%	2(87)
29	Cipla Nutrition Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
30	Medpro Pharmaceutica Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00%	2(87)
31	Breathe Free Lanka (Private) Ltd. No. 47, Alexandra Place, Colombo 07, Sri Lanka	NA	Subsidiary	100.00%	2(87)
32	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda City of Vargem Grande Paulista, State of Sao Paulo, at Estrada da Lagoinha, No. 489, block 2, Bairro da Lagoa, CEP 06730-000, Brazil	NA	Subsidiary	100.00%	2(87)
33	Cipla Philippines Inc. Level 40, PBCom Tower, 6795 Ayala Avenue Corner V. A., Rufino Street, Makati City, Metro Manila, 1226, Philippines	NA	Subsidiary	100.00%	2(87)
34	InvaGen Pharmaceuticals Inc. C T Corporation System 28 Liberty St. New york, New York, 10005, USA	NA	Subsidiary	100.00%	2(87)

Sr. No.	Name and address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
35	Exelan Pharmaceuticals Inc. 251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA	NA	Subsidiary	100.00%	2(87)
36	Cipla BioTec South Africa (Pty) Limited Building 2, Maxwell Office Park, Magwa Crescent West, Waterfall City Midrand, Gauteng, South Africa	NA	Subsidiary	100.00%	2(87)
37	Anmaraté (Pty) Limited 6th Floor, George, Medi-Clinic Building, 2 Goose-step Avenue, George, 6529, South Africa	NA	Subsidiary	100.00%	2(87)
38	Cipla Technologies LLC, 919 North Market Street, Suite 950, Wilmington, New Castle Delaware 19801.	NA	Subsidiary	100.00%	2(87)
39	Madison Pharmaceuticals Inc. Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.	NA	Subsidiary	100.00%	2(87)
40	Cipla Gulf FZ- LLC Premises : Unit No. 111,Floor :01 Building :DSP Laboratory Complex Dubai, UAE	NA	Subsidiary	100.00%	2(87)
41	Mirren (Pty) Limited 18 Golden Drive, Morehill Benoni,1501	NA	Subsidiary	100.00%	2(87)
42	Cipla Maroc SA Casablanca-Bureau n°7-1, 7ème étage, 33 Avenue Hassan Sghir, Morocco	NA	Subsidiary	60.00%	2(87)
43	Cipla Pharma Lanka (Private) Ltd. No 345- 4/1, Galle Roads, Colombo 03	NA	Subsidiary	60.00%	2(87)
44	Cipla Quality Chemical Industries Ltd. Plot 1-7, First Ring Road, Luzira Industrial Park, P.O. Box 34871, Kampala, Uganda	NA	Subsidiary	51.18%	2(87)
45	Cipla Middle East Pharmaceuticals FZ-LLC SD 2-50, 3rd Floor, DSP Laboratory Complex, Dubai, UAE	NA	Subsidiary	51.00%	2(87)
46	Quality Chemicals Limited Quality Chemicals House, Plot 64/65 Katwe Road, P.O. Box 3381, Kampala, Uganda	NA	Subsidiary	51.00%	2(87)

Sr. No.	Name and address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
47	Medica Pharmaceutical Industries Company Ltd. Al-Jabal Group building, Noakshot Street, Behind Canada Dry Factory, Sanaa, Yemen	NA	Subsidiary	50.49%	2(87)
48	Cipla Algérie 18, Rue de Zone Industrielle, Route De La Gare, Haouche Mahieddine, Reghala, Algeria	NA	Subsidiary	40.00%	2(87)
Associates (held indirectly)					
49	Stempeutics Research Pvt. Ltd. 3rd Floor, 143, 212-215,EPIP Industrial Area Hoodi Village,K.R.Puram, Hobli Bengaluru – 560066, Karnataka, India	U73100KA2006PTC038256	Associate	48.99%	2(6)
50	Avenue Therapeutics Inc. 2 Gansevoort Street, 9th Floor,NewYork, NY 10014	NA	Associate	33.3%	2(6)

*Under Liquidation

IV. Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2018)				No. of Shares held at the end of the year (As on 31st March, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual / HUF	111781000	-	111781000	13.88	114708572	-	114708572	14.24	0.36
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	6022409	-	6022409	0.75	5869837	-	5869837	0.73	(0.02)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**117803409**	**-**	**117803409**	**14.63**	**120578409**	**-**	**120578409**	**14.97**	**0.34**
2) Foreign									
a) NRIs - Individuals	177682187	-	177682187	22.07	174907187	-	174907187	21.71	(0.36)
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**177682187**	**-**	**177682187**	**22.07**	**174907187**	**-**	**174907187**	**21.71**	**(0.36)**
Total shareholding of Promoter (A) = (A)(1) + (A) (2)	**295485596**	**-**	**295485596**	**36.70**	**295485596**	**-**	**295485596**	**36.67**	**(0.03)**
B. Public Shareholding									
1) Institutions									
a) Mutual Funds / UTI	80006755	-	80006755	9.94	82716685	-	82716685	10.27	0.33
b) Banks / FI	2179218	4100	2183318	0.27	2826999	4100	2831099	0.35	0.08
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	28099837	-	28099837	3.49	27344189	-	27344189	3.39	(0.10)
g) Foreign Institutional Investors	2438302	-	2438302	0.30	5357355	-	5357355	0.66	0.36
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
• Foreign Portfolio Investors	189529677	-	189529677	23.54	209026785	-	209026785	25.94	2.4
•Alternate Investment Funds	308639	-	308639	0.04	1290798	-	1290798	0.16	0.12
Sub-total (B)(1)	**302562428**	**4100**	**302566528**	**37.58**	**328562811**	**4100**	**328566911**	**40.78**	**3.20**
2) Non-Institutions									
a) Bodies Corp.									
i) Indian	23681991	244062	23926053	2.97	32163137	242812	32405949	4.02	1.05
ii) Overseas	32525	-	32525	0.00	11729	-	11729	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2018)				No. of Shares held at the end of the year (As on 31st March, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	48153224	2901889	51055113	6.34	47971131	2155354	50126485	6.22	(0.12)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	60367781	21598799	81966580	10.18	68767359	10954037	79721396	9.89	(0.29)
c) Others (specify)									
i) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
ii) Trusts	5471194	-	5471194	0.68	5905369	-	5905369	0.73	0.05
iii) Non Resident Indians / Foreign Nationals / Foreign Bodies	27763891	397575	28161466	3.50	5222409	388200	5610609	0.70	(2.80)
iv) Clearing Members	1609875	-	1609875	0.20	3413113	-	3413113	0.42	0.22
v) Overseas Corporate Bodies	375	-	375	0.00	375	-	375	0.00	-
vi) NBFCs Registered with RBI	54234	-	54234	0.01	75022	-	75022	0.01	-
vii) Investor Education and Protection Fund Authority Ministry of Corporate Affairs	3793129	-	3793129	0.47	3783374	-	3783374	0.47	-
Sub-total (B) (2)	**170928219**	**25142325**	**196070544**	**24.35**	**167313018**	**13740403**	**181053421**	**22.46**	**(1.89)**
Total Public Shareholding (B)=(B)(1) + (B) (2)	**473490647**	**25146425**	**498637072**	**61.93**	**495875829**	**13744503**	**509620332**	**63.25**	**1.32**
C. Shares held by Custodian for GDRs & ADRs	10996496	-	10996496	1.37	595338	-	595338	0.07	(1.30)
Grand Total (A+B+C)	**779972739**	**25146425**	**805119164**	**100.00**	**791956763**	**13744503**	**805701266**	**100.00**	**-**

ii) Shareholding of Promoter and Promoter Group

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2018)			Shareholding at the end of the year (As on 31st March, 2019)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1)	Dr Y. K. Hamied	166742687	20.71	-	163967687	20.35	-	(0.36)*
2)	M. K. Hamied	31640000	3.93	-	34567572	4.29	-	0.36*
3)	Farida Hamied	0	0	-	0	0	-	-
4)	Sophie Ahmed	45982000	5.71	-	45982000	5.71	-	-
5)	Shirin Hamied	6363000	0.79	-	6363000	0.79	-	-
6)	Kamil Hamied	10939500	1.36	-	10939500	1.36	-	-
7)	Samina Vaziralli	17909500	2.22	-	17909500	2.22	-	-
8)	Rumana Hamied	9886500	1.23	-	9886500	1.23	-	-
9)	MN Rajkumar Garments LLP	2601852	0.32	-	5376852	0.67	-	0.35*
10)	Shree Riddhi Chemicals LLP	2434970	0.30	-	0	0	-	(0.30)*
11)	Alps Remedies Pvt. Ltd.	492985	0.06	-	492985	0.06	-	-
12)	Hamsons Laboratories LLP	492602	0.06	-	0	0	-	(0.06)*
13)	Neo Research Labs Pvt. Ltd.	0	0	-	0	0	-	-
	Total	**295485596**	**36.70**		**295485596**	**36.67**		**(0.03)^**

* The change in percentage of shareholding is due to inter-se transfer of shares between promoter group.

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

iii) Change in Promoter and Promoter Group's Shareholding

Sr. No.	Name	Shareholding		Date	Increase / (Decrease)	Reason	Cumulative Shareholding during the year (1st April, 2018 to 31st March, 2019)	
		No. of shares at the beginning (1st April, 2018) / end of the year (31st March, 2019)	% of total shares of the Company				No. of shares	% of total shares of the Company
1)	Hamsons Laboratories LLP	492602	0.06	01/04/2018		Inter-se transfer between Promoter and Promoter Group through Block Deal	492602	0.06
				05/06/2018	(492602)		0	0.00
		0	0.00	31/03/2019			0	0.00
2)	Shree Riddhi Chemicals LLP	2434970	0.30	01/04/2018			2434970	0.30
				05/06/2018	(2434970)		0	0.00
		0	0.00	31/03/2019			0	0.00
3)	M. K. Hamied	31640000	3.93	01/04/2018			31640000	3.93
				05/06/2018	2927572		34567572	4.29
		34567572	4.29	31/03/2019			34567572	4.29
4)	Dr Y. K. Hamied	166742687	20.71	01/04/2018			166742687	20.71
				22/03/2019	(2775000)		163967687	20.35
		163967687	20.35	31/03/2019			163967687	20.35
5)	MN Rajkumar Garments LLP	2601852	0.32	01/04/2018			2601852	0.32
				22/03/2019	2775000		5376852	0.67
		5376852	0.67	31/03/2019			5376852	0.67

iv) Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**ICICI Prudential Mutual Fund^**				
	At the beginning of the year	31149240	3.87	31149240	3.87
	Bought during the year	14732959	1.83	45882199	5.70
	Sold during the year	18376222	2.28	27505977	3.42
	At the end of the year	27505977	3.42	27505977	3.42
2	**First State Investments ICVC Stewart Investors Asia Pacific Leaders Fund**				
	At the beginning of the year	22132075	2.75	22132075	2.75
	Bought during the year	5966376	0.74	28098451	3.49
	Sold during the year	2904657	0.36	25193794	3.13
	At the end of the year	25193794	3.13	25193794	3.13
3	**Life Insurance Corporation of India^**				
	At the beginning of the year	26122794	3.24	26122794	3.24
	Bought during the year	9859098	1.22	35981892	4.46
	Sold during the year	10964746	1.36	25017146	3.10
	At the end of the year	25017146	3.10	25017146	3.10
4	**HDFC Mutual Fund^**				
	At the beginning of the year	22758038	2.83	22758038	2.83
	Bought during the year	1695942	0.21	24453980	3.04
	Sold during the year	4204320	0.52	20249660	2.52
	At the end of the year	20249660	2.52	20249660	2.52
5	**First State Investment ICVC - Stewart Investors Global Emerging Markets Leaders Fund**				
	At the beginning of the year	11193580	1.39	11193580	1.39
	Bought during the year	1874551	0.23	13068131	1.62
	Sold during the year	2156178	0.27	10911953	1.35
	At the end of the year	10911953	1.35	10911953	1.35
6	**Reliance Capital Trustee Co. Ltd.^**				
	At the beginning of the year	11015244	1.37	11015244	1.37
	Bought during the year	11677677	1.45	22692921	2.82
	Sold during the year	12467792	1.55	10225129	1.27
	At the end of the year	10225129	1.27	10225129	1.27
7	**Government Pension Fund Global**				
	At the beginning of the year	14902668	1.85	14902668	1.85
	Bought during the year	444325	0.06	15346993	1.91
	Sold during the year	5755813	0.71	9591180	1.20
	At the end of the year	9591180	1.20	9591180	1.20
8	**SBI Mutual Fund^**				
	At the beginning of the year	5848971	0.73	5848971	0.73
	Bought during the year	7440681	0.92	13289652	1.65
	Sold during the year	4495881	0.56	8793771	1.09
	At the end of the year	8793771	1.09	8793771	1.09

Sr. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
9	**UTI Mutual Fund^**				
	At the beginning of the year	5637874	0.70	5637874	0.70
	Bought during the year	3220565	0.40	8858439	1.10
	Sold during the year	1482328	0.18	7376111	0.92
	At the end of the year	7376111	0.92	7376111	0.92
10	**Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund**				
	At the beginning of the year	5702640	0.71	5702640	0.71
	Bought during the year	206289	0.03	5908929	0.74
	Sold during the year	667929	0.08	5241000	0.66
	At the end of the year	5241000	0.66	5241000	0.66

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

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

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase / (Decrease)	Reason	Cumulative Shareholding during the year (1st April, 2018 to 31st March, 2019)	
		No. of shares at the beginning (1st April, 2018) / end of the year (31st March, 2019)	% of total shares of the Company				No. of shares	% of total shares of the Company
1)	Dr Y. K. Hamied	166742687	20.71	01/04/2018	-	-	166742687	20.71
		-	-	22/03/2019	(2775000)	Inter-se transfer between Promoter and Promoter Group through Block Deal	163967687	20.35
		163967687	20.35	31/03/2019	-	-	163967687	20.35
2)	Mr M. K. Hamied	31640000	3.93	01/04/2018	-	-	31640000	3.93
		-	-	05/06/2018	2927572	Inter-se transfer between Promoter and Promoter Group through Block Deal	34567572	4.29
		34567572	4.29	31/03/2019	-	-	34567572	4.29
3)	Ms Samina Vaziralli	17909500	2.22	01/04/2018	-	-	17909500	2.22
		17909500	2.22	31/03/2019	-	-	17909500	2.22
4)	Mr S. Radhakrishnan#	87125	0.01	01/04/2018	-	-	87125	0.01
		-	-	06/12/2018	55196	Allotment pursuant to ESOS 2013-A	142321	0.02
		142321	0.02	31/03/2019	-	-	142321	0.02
5)	Mr Umang Vohra	137406	0.02	01/04/2018	-	-	137406	0.02
		-	-	15/11/2018	54850	Allotment pursuant to ESOS 2013-A	192256	0.02
		192256	0.02	31/03/2019	-	-	192256	0.02
6)	Mr Kedar Upadhye	0	0.00	01/04/2018	-	-	0	0.00
		-	-	06/12/2018	20280	Allotment pursuant to ESOS 2013-A	20280	0.00
		20280	0.00	31/03/2019	-	-	20280	0.00

includes 38125 equity shares as joint-holder.

V) Indebtedness

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

₹ in Crore

	Secured Loans excluding deposits	Unsecured Loans#	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	174.50	-	174.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.50	-	0.50
Total (i+ii+iii)	-	175.00	-	175.00
Change in Indebtedness during the financial year				
•Addition	-	41.00	-	41.00
•Reduction	-	(216.00)	-	(216.00)
Net Change	-	(175.00)	-	(175.00)
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

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

VI. Remuneration of Directors and Key Managerial Personnel

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

₹ in Crore

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Ms Samina Vaziralli (Executive Vice-Chairperson)	Mr Umang Vohra (Managing Director and Global Chief Executive Officer)	
	Gross salary			
1)	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.57	6.33	9.90
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.31	0.00 [&]	0.31
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2)	Stock Option	-	2.97 [$]	2.97
3)	Sweat Equity	-	-	-
4)	Commission as % of profit	2.30	-	2.30
5)	-Other employer contribution to provident fund and other funds	0.23	0.23	0.46
	-Variable Bonus	-	5.50	5.50
	Total (A)	**6.41**	**15.03**	**21.44**
	Ceiling as per the Companies Act, 2013 ("the Act") (being 10% of the net profit of the Company calculated as per section 198 of the Act)			246.43

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

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

ii) Remuneration to other directors

₹ in Crore

Sr. No.	Name of the Director	Fee for attending board / committee meeting	Commission	Others	Total Amount
1)	Independent Directors				
	Mr Ashok Sinha	0.06	0.40	-	0.46
	Dr Peter Mugyenyi	0.03	0.40	-	0.43
	Mr Adil Zainulbhai	0.06	0.32	-	0.38
	Ms Punita Lal	0.06	0.35	-	0.41
	Ms Naina Lal Kidwai	0.08	0.35	-	0.43
	Ms Ireena Vittal	0.05	0.36	-	0.41
	Mr Peter Lankau	0.04	0.40	-	0.44
	Total (1)	**0.38**	**2.58**	**-**	**2.96**
2)	Other Non-Executive Directors				
	Dr Y. K. Hamied	0.02	2.00	-	2.02
	Mr M. K. Hamied	0.07	2.00	-	2.07
	Mr S. Radhakrishnan	0.09	2.00	2.89*	4.98
	Total (2)	**0.18**	**6.00**	**2.89**	**9.07**
	Total (B) = (1+2)	**0.56**	**8.58**	**2.89**	**12.03**
	Ceiling as per the Act (being 1% of the net profits of the Company calculated as per section 198 of the Act)				24.64
	Total Managerial Remuneration (A+B)				**33.47**
	Overall Ceiling as per the Act (being 11% of Net Profits of the Company calculated as per section 198 of the Act)				271.07

*Perquisite value of stock options granted in earlier years and exercised in FY 18-19

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

₹ in Crore

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr Kedar Upadhye (Global Chief Financial Officer)	Mr Rajendra Chopra (Company Secretary)	
	Gross salary			
1)	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1.54	1.01	2.55
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.00 &	-	0.00
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2)	Stock Option	1.05	-	1.05
3)	Sweat Equity	-	-	0.00
4)	Commission	-	-	0.00
5)	Others (B)			
	-Employer contribution to provident fund and other funds	0.05	0.05	0.11
	-Variable Bonus	0.91	0.38	1.29
	Total (A+B)	**3.55**	**1.45**	**5.00**

& Since the value of perquisite is only ₹34,200/-, the amount has been shown as ₹0.00 crore.

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

On behalf of the Board,

Date: 22nd May, 2019
Place: New York

Y. K. Hamied
Chairman

Annexure VI

Secretarial Audit Report

For the financial year ended 31st March, 2019

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Cipla Limited having CIN No. L24239MH1935PLC002380 (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March 2019 (the 'audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Drugs and Cosmetics Act, 1940;

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

(iii) Drugs (Prices Control) Order, 2013

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

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

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

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

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

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

We further report that -

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

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

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

We further report that

- there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- during the audit period, there was no specific event / action having a major bearing on the Company's affairs in pursuance to the laws, rules, regulation, guidelines etc. referred to above.
- during the audit period, the Company has allotted 5,82,102 shares of face value ₹2 each under Employees Stock Option Scheme 2013- A of the Company.

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

Avinash Bagul
Partner
FCS 5578 / CP No.19862

Date: 22nd May, 2019
Place: Mumbai

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

Appendix A to the Secretarial Audit Report for the financial year ended 31st March 2019

To,
The Members
Cipla Limited

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

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

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

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

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

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

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

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

Avinash Bagul
Partner
FCS 5578 / CP No.19862

Date: 22nd May, 2019
Place: Mumbai

Business Responsibility Report

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

As a responsible corporate citizen, Cipla is focused on reaching more people with affordable healthcare options; promoting sustainable livelihoods; and enhancing the quality of life for the marginalised population. This report illustrates Cipla's efforts towards creating enduring value for all its stakeholders in a responsible manner. The Business Responsibility Report (BRR) is aligned with National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business, issued by Ministry of Corporate Affairs, and is in accordance with clause (f) of sub regulation (2) of regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

PRINCIPLE 1
Ethics Transparency & Accountability

PRINCIPLE 2
Product Life Cycle 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

Corporate Identity Number (CIN): L24239MH1935PLC002380

Company's name: Cipla Limited

Registered address: Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013

Website: www.cipla.com

E-mail id: cosecretary@cipla.com

Financial year reported: 1st April, 2018 to 31st March, 2019

Sector(s) that the Company is engaged in: 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.

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

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

- **Number of international locations**: South Africa, USA, Uganda, Middle East, Europe, Sri Lanka and Australia.
- **Number of national locations:** Cipla has over 40 state-of-the-art manufacturing facilities for API and formulations, across the states of Maharashtra, Goa, Madhya Pradesh, Karnataka, Himachal Pradesh and Sikkim.

Markets served by the Company: The major markets that Cipla serves are India, South Africa, USA, Uganda, Middle East, Europe, Sri Lanka and Australia.

Section B: Financial Details of the Company

Sr. No.	Particulars	Details as on 31st March, 2019 (₹ in Crore)
1.	Paid up Capital	161.14
2.	Total turnover (Revenue from operations)	12,374.01
3.	Total profit after taxes	1,888.41
4.	Total spending on corporate social responsibility (CSR) by the Company as percentage of profit after tax (%)	33.42 (2.08% of PAT)
5.	List of activities in which expenditure in 4 has been incurred	Health, Education, Skilling & Disaster Relief.

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

As on 31st March, 2019, the Company has 48 subsidiaries and 2 associates.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Almost all the subsidiaries & associates of Cipla are aligned with the Company's BR Initiatives.

3. Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Company encourages its other stakeholders i.e. suppliers, distributors and other stakeholders in the value chain to participate in its BR initiatives, however it does not track the actual participation and therefore for reporting purposes the percentage of such entities who participate in BR initiatives is less than 30%

Section D: BR Information

1. Details of Director/Directors responsible for BR

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

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

b) Details of the BR Head:

- DIN Number: Not applicable
- Name: Mr Rajendra Chopra
- Designation: Company Secretary
- Telephone number: +022 2482 6000
- Email-id: cosecretary@cipla.com

2. Principle-wise (as per NVGs) BR Policy/ policies

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 National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July 2011. Cipla's Environment Policy is as per the requirements of ISO 14001, Environment Management System.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Yes								
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	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/en/csr/overview.html								
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 which covers the 9 NVGs Principles and this year our Annual Report is in line with <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??

   Reference point Page 145 & 154 of Corporate Governance Report

2. How many stakeholder 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.

   Reference point Page 56 of Human Capital

PRINCIPLE 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

   Reference point Page 42 of Manufacturing Capital

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Cipla has a multi-product, multi-facility production system and hence, it is not possible to determine product-wise resource consumption. Variations in resource consumption patterns have been observed in manufacturing units based on product mix, batch size and time cycle, among others. Further, as consumption of resource per unit depends on the product mix, it is difficult to set specific standards to ascertain reduction achieved at product level

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   Reference point Page 61 of Relationship Capital

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Reference point Page 61 of Relationship Capital

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5 per cent, 5-10 per cent, >10 per cent). Also, provide details thereof, in about 50 words or so.

   Reference point Page 75 of Natural Capital

PRINCIPLE 3

Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

   Reference point Page 51 of Human Capital

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

   Reference point Page 51 of Human Capital

3. Please indicate the Number of permanent women employees.

   Reference point Page 51 of Human Capital

4. Please indicate the Number of permanent employees with disabilities

   Reference point Page 51 of Human Capital

5. Do you have an employee association that is recognized by management?

   Reference point Page 56 of Human Capital

6. What percentage of your permanent employees is members of this recognized employee association?

   Reference point Page 56 of Human Capital

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.

   Reference point Page 56 of Human Capital

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

   Reference point Page 53 & 55 of Human Capital

PRINCIPLE 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the Company mapped its internal and external stakeholders? Yes/No

   Reference point Page 33 of Stakeholder Engagement

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

   Reference point Page 65 of Social Capital

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

   Reference point Page 65 & 67 of Social Capital

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?

   Reference point Page 56 of Human Capital

   Page 154 of Corporate Governance Report

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   Reference point Page 56 of Human Capital

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.

   Reference point Page 71 of Natural Capital

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   Reference point Page 71 of Natural Capital

3. Does the Company identify and assess potential environmental risks? Y/N

   Reference point Page 71 of Natural Capital

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. If yes, please give hyperlink for web page etc.

   Reference point Page 72 of Natural Capital

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Reference point Page 72 of Natural Capital

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.

   Reference point Page 72 of Natural Capital

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:

   Reference point Page 63 of Relationship Capital

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)

   Reference point Page 62 of Relationship Capital

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.

   Reference point Page 64 of Social Capital

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

   Reference point Page 64 of Social Capital

3. Have you done any impact assessment of your initiative?

   Reference point Page 70 of Social Capital

4. What is your Company's direct contribution to community development projects? Amount in INR and the details of the projects undertaken.

   Reference point Page 64 of Social Capital

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Reference point Page 65 of Social Capital

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?

   Reference point Page 62 of Relationship Capital

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A ./Remarks (additional information)

   Reference point Page 62 of Relationship Capital

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

   Reference point Page 62 of Relationship Capital

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

   Reference point Page 59 of Relationship Capital

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 and global best practices.

Our legacy of deep commitment to compassion and care for patients resonates throughout the organisation. Our vision of providing high quality life-saving drugs at affordable prices since our inception, has evolved into our endearing purpose, 'Caring for Life'. This purpose ultimately guides our organisational decisions and anchors our every action.

Creating Value

At Cipla, we aim to abide by the highest standards of good governance and ethical behaviour across all levels within the organisation with a zero-tolerance policy towards any deviation from these standards. Our ethical framework focuses on long-term shareholder value creation through responsible decision making. Cipla's corporate governance framework is founded on the following pillars:

Transparency

For us, transparency is key to healthy self-sustaining growth and promotes self-enforcing checks and balances. It also fosters deep and long-standing trust among our stakeholders. We strive to demonstrate the highest levels of transparency, over and above statutory requirements, through accurate and prompt disclosures.

Fairness

We practice fair play and integrity in our transactions with all stakeholders, both within and outside the organisation. We conduct ourselves in the most equitable manner.

Accountability

For us, accountability is about holding ourselves firmly responsible for what we believe in and for delivering what we have promised. We ensure this by promoting a mind-set of end-to-end ownership throughout the organisation. By means of openness and transparency, we consider ourselves accountable to the entire universe of stakeholders including our patients, employees, shareholders, vendors, government agencies, society, medical community, customers and business partners, and supply chain participants.

Competent leadership and management

We believe that a dynamic, diverse and experienced board with a focus on excellence plays a pivotal role in Cipla's corporate governance aspirations. In view of this, we endeavour to maintain a board composition that brings healthy balance of skills, experience, independence, assurance, growth mind-set and deep knowledge of the sector.

Empowerment

The empowerment of leaders and employees is an important step in enabling high performance and developing leadership capabilities within the Company. Our leadership essentials focused on people, performance and health are strongly embedded in our First Principles. They define a common vocabulary and approach for building leadership within the Company.

Sustainability

At Cipla, sustainability is about effectively managing the triple bottom line i.e. the financial, social and environmental aspects, whilst focusing on business continuity. We are committed to pursuing our economic growth while concurrently watching our ecological footprint and increasing our positive social impact.

Compliance and risk management

Full adherence to all regulatory and statutory requirements in letter and spirit is a key guiding principle at Cipla. Our global footprint and the associated operating environment is characterised by several risks, which can potentially impact our current and future earnings. The risk management function targets to maintain a live register of important risks along with implementing a plan to monitor and mitigate them. We believe that effective compliance and risk management activities will drive the sustainability of corporate performance.

Governance Structure

With a strong governance philosophy, we have a multi-tiered governance structure with defined roles and responsibilities of every constituent of the system.

Board of Directors: The Board of Directors (the Board) is responsible for strategic supervision, overseeing the management performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board exercises independent judgement and plays a vital role in the oversight of the Company's affairs. The Board also ensures adherence to the standards of Corporate Governance and transparency in the Company's functioning.

Board Committees: To effectively discharge its obligations and comply with the statutory requirements, the Board has constituted six board committees. The committees deal with specific areas that are assigned to them for either final decision-making or appropriate recommendations to the Board. All the committees have a clearly laid down charter and are responsible for discharging their roles and responsibilities as per the charter. The details about these committees have been discussed in subsequent sections in the report.

Chairman: The Chairman acts as the leader of the Board and presides over the meetings of the Board and the shareholders. He ensures that the Board is collectively effective in its task of setting and implementing the Company's strategy. He oversees the conduct of the Board and ensures that it adheres to the statutory requirements and good governance practices in letter and spirit. The Chairman is supported by the Executive Vice-Chairperson, who takes a lead role in managing Board meetings and interactions, determining the Board's composition and facilitating effective communication among the directors.

Executive Vice-Chairperson: The Executive Vice-Chairperson engages with the management to drive and monitor key initiatives in line with Cipla's approved corporate strategy and business objectives. She drives board engagement by setting the agenda, facilitating critical discussions and the cadence for Board meetings. She is also responsible for promoting the depth of board conversations while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. She supports the Chairman on matters pertaining to governance, including the Board's composition, Board meetings and Board effectiveness. She continues to be the bridge between the management, promoters and the Board.

Managing Director and Global Chief Executive Officer (MD & GCEO): The day-to-day management of the affairs of the Company rest with the MD & GCEO. He is responsible for the business performance, driving growth, and implementation of the strategic decisions taken at the Board level. As the MD & GCEO of the Company, his priorities include articulating Cipla's long-term strategy based on organic and inorganic initiatives, defining the innovation agenda for the Company, balancing growth imperatives with margin and return on capital thresholds, executing Cipla's roadmap to maintain momentum across the global markets in which it operates, augmenting the capabilities in operations and support functions, and building a strong talent-focused organisation that is ready to take on the challenges. The MD & GCEO works under the supervision of the Board and is vested with the requisite powers to manage the Company's day-to-day affairs.

Management Council (MC): The MD & GCEO is supported by the Management Council to take informed business decisions. Apart from the MD & GCEO, who chairs the MC, its other members include the Global Chief Operating Officer, Global Chief People Officer, Global Chief Financial Officer, Global Head - Quality and Global Head - Manufacturing Operations. The MC has been constituted to integrate the top leadership, implement strategic decisions taken at the Board level leading to a stronger and healthier organisation, drive company-wide processes, systems and policies and to function as a role model for leadership development. The MC provides cross-functional and cross-business perspectives on organisational issues. The MC members lead multiple functions and business units across various facets of the Company's operations.

Operating Committees: The Company has various cross-functional committees that ensure the robust delivery of business objectives and operationalisation of strategic plans. They also ensure that the Company maintains its growth momentum within the defined risk management framework and governance principles. These committees include the Portfolio Selection Committee, Capex Committee, Ethics Committee, Global Finance Committee, Operations Committee etc. They are headed by relevant MC members to achieve their desired objectives.

Shared Goal Process: When two or more functions/ functional leaders share a goal, we call it a shared goal at Cipla. Our leaders are aligned on few shared goals with collective ownership instead of focusing on their individual functional goals. These shared goals focus on both performance and long-term health outcomes for the organisation. The shared goals are defined on the basis of Cipla's FY 21-22 winning aspiration and the MD & GCEO's long-term and short-term objectives for the year. For each of the shared goals, we have set out key performance indicators (KPI) and related targets that we aim to meet. The KPIs and targets are embedded into the goal sheets of all the members of the MC and are also cascaded to all leaders and their teams, who have significant amount of cross-functional overlap, to ensure that everyone is moving together in the same direction.

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 Companies Act, 2013 (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.

At present, the Board comprises of eleven directors, of which two are executive, three including the chairman are non-executive and six are independent directors. Three are women directors, of which, two are independent.

The statutory details of the directors, including the directorships held by them in other listed companies and their committee memberships/chairmanships in other public companies, are listed in Annexure A.

Board Membership Criteria and Selection Process

The responsibility for identifying and evaluating a suitable candidate for the Board is delegated to the Nomination and Remuneration Committee (NRC). While selecting a candidate, the NRC reviews and evaluates the Board's composition and diversity to ensure that the Board and its committees have the appropriate mix of skills, experience, independence and knowledge for continued effectiveness.

We acknowledge the importance of diversity in the boardroom as a driver of effectiveness. For the Board, diversity encompasses plurality in perspective, experience, education, background, ethnicity, nationality, age, gender and other personal attributes.

To ensure proper diversity and a transparent election process, the guidance on eligibility criteria and attributes for an individual's appointment on the Board, including executive and independent directors, has been defined in the Nomination, Remuneration and Board Diversity Policy of the Company [Exhibit A]. The candidate is, *inter alia*, screened based on background, knowledge, skills, abilities (including their ability to exercise sound judgement), professional experience and functional expertise, and educational and professional background.

The NRC recommends the appointment of a candidate based on the defined criteria and attributes. The Board, on recommendation of the NRC and profile of the candidate, recommends the appointment to the members for their approval.

Profile of Directors

Dr Y. K. Hamied, Non-Executive Chairman

Dr Y.K. Hamied is Non-Executive Chairman of the Company, and represents the second generation of Cipla's founding family. A world-renowned scientist, Dr Hamied obtained his PhD in organic chemistry in 1960 from the University of Cambridge under the tutelage of the Nobel laureate Lord Alexander Todd. He joined Cipla in the same year as an R&D Officer. Dr Hamied was appointed Managing Director of Cipla in 1976 and became Chairman of Cipla in 1989. He retired as Managing Director on 31st March, 2013 and is continuing as a Non – Executive Chairman since 1st April, 2013.

For close to 60 years, Dr Hamied has been an insightful R&D leader, a courageous industry captain, and an outspoken statesman of global pharma. From affordable drugs in HIV to enabling one of the world's largest portfolio of drugs and devices in inhalation therapy, his pioneering work and immense contribution to healthcare have been celebrated around the world. For his distinguished service to the pharmaceutical industry, in 2005, Dr Hamied was awarded the Padma Bhushan by the Government of India. In 2013, Dr Hamied was named by NDTV as one of India's 25 Greatest Global Living Legends, and in 2014, the University of Cambridge awarded him a D.Sc, the highest honour that the University can bestow. In 2017, Columbia University's Mailman School of Public Health conferred the 'Public Health Hero Award' on Dr Hamied, and in 2018, the India Today publication named him one of '20 Global Indians' who have challenged convention and created history. Dr Hamied has been the recipient of several lifetime achievement awards, he is an Honorary Fellow of the Royal Society of Chemistry, and is a frequent presence on high-level international panels on healthcare.

Mr M. K. Hamied, Non-Executive Vice-Chairman

Mr M. K. Hamied is Non-Executive Vice-Chairman of the Company and represents the second generation of Cipla's founding family. He is a science graduate from Bombay University. He has vast and varied experience in all functions of the Company including production, technical areas, quality management and general administration. He retired as Executive Vice- Chairman of the Company on 31st March, 2014 and is continuing as a Non- Executive Vice-Chairman since 1st April, 2014.

Ms Samina Vaziralli, Executive Vice-Chairperson

Ms Samina Vaziralli is the Executive Vice-Chairperson of the Company, and represents the third generation of Cipla's founding family. Samina is a MSc in International Accounting and Finance from the London School of Economics and Political Science. An alumna of the London School of Economics, she has in the past worked in UK and the US with the leading global firm Goldman Sachs before joining the Cipla leadership team in 2011.

Samina joined Cipla in the year 2011 as a member of management team. In the year 2013, she was designated as the "Head Strategic Projects – Cipla New Ventures". She was appointed as an Executive Director of the Company w.e.f. 10th July, 2015 and subsequently she was elevated as the Executive Vice-Chairperson of the Company, w.e.f. 1st September, 2016. She has been instrumental in driving the Company's current transformation agenda. Samina played a key role in successfully incubating and shaping Cipla Health Limited, spearheaded Cipla's ambitious foray into the US market with strategic acquisitions. Samina has built a top-class leadership pipeline for the Company as it continues to spread its wings globally.

As Executive Vice-Chairperson of Cipla, Samina focuses on board and governance issues, in addition to furthering Cipla's strategic priorities through key global partnerships, corporate culture, hiring the right talent, and public advocacy.

Recognised as the promoter face of Cipla, Samina has been feted for her diverse work experience and business knowledge. In 2017, she received the 'Most Powerful Women in Business' award from Business Today. In 2018, Forbes named Samina among the top 25 emergent women business leaders in Asia, and Fortune India named her among the most powerful women in business.

Mr Umang Vohra, Managing Director and Global Chief Executive Officer

Mr Umang Vohra joined Cipla in 2015, and has been Managing Director and Global Chief Executive Officer of Cipla since September 2016. After gaining degrees in engineering, marketing and finance, Umang worked with Eicher Motors, PepsiCo and Dr Reddy's. Through his previous roles in India and the US, he has built a distinguished career spanning almost two decades with deep understanding and experience in various aspects of the global pharmaceutical business.

As Cipla's MD & GCEO, Umang's priorities have been Cipla's strategic growth, defining and executing Cipla's roadmap to maintain momentum in home markets whilst strengthening its presence in other regions, consolidating its core focus areas, augmenting capability, and building the right organisation. Recognised as an action-oriented industry leader, Umang is a firm believer in the power of agile business models, disruptive technologies, data-driven analytics and a future-ready workforce with a view to making a difference to the lives of patients.

Mr S. Radhakrishnan, Non-Executive Director

Mr S. Radhakrishnan is a Non-Executive Director of the Company and is a qualified Chartered Accountant. He possesses rich experience in financial, commercial, legal and allied areas. He has been with Cipla for over 35 years and has played pivotal role in the overall journey and growth of the organisation. Mr S. Radhakrishnan retired from the position of Whole-time Director in November, 2017 and thereafter continues as the Non-Executive Director of the Company.

Mr Ashok Sinha, Independent Director

Mr Ashok Sinha is an Independent Non-Executive Director of the Company. He has a B.Tech. degree in Electrical Engineering from the Indian Institute of Technology (IIT), Kanpur and Post Graduate Diploma in Management from the Indian Institute of Management (IIM), Bangalore with specialisation in Finance.

He has been conferred with the distinguished alumnus award from both IIT, Kanpur and IIM, Bangalore. He has also been conferred with the India Chief Financial Officer Award 2001 for Information and Knowledge Management by the Economic Intelligence Unit (EIU) India and American Express. He is also a recipient of award from TMG (Technology Media Group) for Customer Management.

He has a wealth of experience, competencies and expertise from his leadership journey as the Chairman and Managing Director of Bharat Petroleum Corporation Ltd. (BPCL). He has spent 33 years in BPCL, where he served on the Board of BPCL for 15 years – first as Director (Finance) for 10 years from 1996 and then as its Chairman and Managing Director for 5 years from August 2005.

Dr Peter Mugyenyi, Independent Director

Dr Peter Mugyenyi is an Independent Non-Executive Director of the Company. He is a Bachelor of Medicine and Surgery (MB ChB), Fellow of the Royal College of Physicians of Ireland (FRCPI), Fellow of the Royal College of Physicians (Edinburgh) (FRCP Edin), Doctor of Science [ScD(h)], is a Ugandan Paediatrician, researcher and specialist on HIV/AIDS and related conditions. He is the Executive Director of Joint Clinical Research

Centre, Kampala – a centre of excellence in medical research, training and healthcare. He was among the pioneers who introduced use of ARV in Africa, as well as development of an effective model for scaling up ARVs in resource limited countries.

Dr Mugyenyi has been a Principal Investigator on dozens of landmark research projects some of them funded by National Institutes of Health (NIH), European Union, WHO and Medical Research Council (MRC). His research and publications cover a wide spectrum of HIV/AIDS, related diseases and other medical conditions. Specific areas of his research include: paediatric and adult HIV treatment, drug trials, HIV resistance, HIV prevention, immunological studies including HIV vaccine trials, pharmacokinetic, molecular and epidemiological studies as well as social and economic impact of HIV.

Internationally, he has served as a board member on a number of institutions and organizations in Africa, UK, India and the USA. Other roles include membership of various advisory boards including HIV Vaccine Trials Network, USA, Massachusetts General Hospital and Institute of Medicine of the National Academies, USA and the Joint United Nations Programme on HIV/AIDS (UNAIDS) 90-90-90 initiative to end the HIV epidemic, among others. He is also on the Board of our Ugandan subsidiary i.e. Cipla Quality Chemical Industries Limited as an Independent Non – Executive Director.

Mr Adil Zainulbhai, Independent Director

Mr Adil Zainulbhai is an Independent Non-Executive Director and Lead Independent Director of the Company. He is the Chairman of the Quality Council of India (QCI) and Board Advisor to US India strategic partnership forum. He is also on the Board of Reliance Industries Limited, Larsen & Toubro Limited and Chairman of Network18 Media and Investment Limited and TV18 Broadcast Limited. He is involved in many philanthropic causes and is on the Board of Piramal Foundation.

Mr Zainulbhai has graduated in Mechanical Engineering from the Indian Institute of Technology. He also has an M.B.A. from Harvard Business School. He retired as Chairman of McKinsey, India after 34 years at McKinsey, and the last 10 in India. Prior to returning to India, he led the Washington office of McKinsey and founded the Minneapolis office.

Mr Zainulbhai has co-edited the book, ‘Reimagining India’ which featured 60 authors including prominent businessmen, academics, economists, authors and journalists.

Ms Punita Lal, Independent Director

Ms Punita Lal is an Independent Non-Executive Director of the Company. She is a B.A. (Hons.) Economics graduate from St. Stephen’s College, Delhi and an MBA from Indian Institute of Management, Kolkata. With over 25 years of experience in strategy, marketing and leadership in the corporate world across Asia, her experience spans multiple disciplines, geographies and cultures.

As a senior business leader, she has many accolades to her credit, including being chosen as one of India’s top 20 Business Women by Business Today in 2006 and being awarded Corporate Woman of the Year in 2009 by the FICCI Women’s Organisation. She is currently practising as an independent Strategy and Marketing Consultant.

Ms Naina Lal Kidwai, Independent Director

Ms Naina Lal Kidwai is an Independent Non-Executive Director of the Company. An MBA from Harvard Business School, she makes regular appearance on listings by Fortune and others of international women in business. A recipient of many awards and honours in India, she was awarded the Padma Shri by the Government of India for her contribution to Trade and Industry. She has authored 3 books, “Survive Or Sink - An Action Agenda for Sanitation, Water, Pollution and Green Finance”, “Contemporary Banking in India” and “30 Women in Power: Their Voices, Their Stories.”

She possesses rich experience in the areas of banking and finance. She is one of the Government of India’s representatives on the BRICs Business Council and the INDO-ASEAN Business Council. She is also on the Advisory Board of ICRIER, the Rajasthan Chief Minister’s Advisory Council, the investment advisory committee of the Army Group Insurance Fund and on the Governing Board of Lady Shriram College and Harvard Business School South Asia Advisory Board.

Mr Peter Lankau, Independent Director

Mr Peter Lankau is an Independent Non-Executive Director of the Company. He has graduated with Bachelors of Science in Biology from the State University of New York at Albany, USA. Mr Lankau has over 30 years of management experience in developing and commercialising pharmaceutical products. He is currently a principal of Lankau Consulting LLC.

Resignation of Ms Ireena Vittal as Independent Director

Ms Ireena Vittal, Independent Director resigned from the Board of the Company effective 1st April, 2019 due to her other professional commitments resulting in her inability to devote as much time as she need to. She has confirmed that there were no other material reasons for her resignation other than the one stated above. The Board places on record its sincere appreciation of the contribution made by her as a member of the Board.

Board Skill Matrix

The Board of Directors of the Company comprises of qualified members who possess relevant skills, expertise and competence for the effective functioning of the Company. In compliance with the Listing Regulations, the Board has identified the following skills / expertise / competencies fundamental for the effective functioning of the Company:

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, HR 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 and Accounts	Proficiency in financial management, financial reporting process, budgeting, treasury operations, audit, capital allocation
Manufacturing, Quality and Supply Chain	Operational expertise and technical know-how in the area of manufacturing, quality and supply chain
Sales, Marketing, Commercial	Experience in strategizing market share growth, building brand awareness, enhancing enterprise reputation
M&A and Business Development	Examining M&A deals for inorganic growth in line with the Company's growth strategy

Basis the above-mentioned skill matrix, the skills which are currently available with the Board have been mapped below:

Name	Global Economics	Corporate Governance	General Management, HR and Leadership	Pharmaceuticals, Science and Technology	Finance and Accounts	Manufacturing, Quality and Supply Chain	Sales, Marketing, Commercial M&A and Business Development
Dr Y.K Hamied	✓	✓	✓	✓		✓	✓
Mr M.K Hamied	✓	✓	✓	✓		✓	✓
Ms Samina Vaziralli	✓	✓	✓		✓		✓
Mr Umang Vohra	✓	✓	✓	✓	✓	✓	✓
Mr S. Radhakrishnan	✓	✓	✓		✓		✓
Mr Ashok Sinha	✓	✓	✓		✓	✓	✓
Dr Peter Mugyenyi	✓	✓	✓	✓		✓	
Mr Adil Zainulbhai	✓	✓	✓	✓	✓	✓	✓
Ms Punita Lal	✓	✓	✓		✓		✓
Ms Naina Lal Kidwai	✓	✓	✓		✓		✓
Mr Peter Lankau	✓	✓	✓	✓		✓	✓

Role of the Board of Directors

The Board of Directors is the apex body constituted by shareholders and is vested with the powers of governance, control, direction and management of affairs of the Company. The Board provides strategic direction and guidance to the Company, and has been steering the Company towards achieving its business objectives. Driven by the principles of corporate governance philosophy, the Board strives to work in best interest of the Company and its stakeholders.

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

a. Annual operating plans, capital budgets and updates therein;

b. Quarterly and annual consolidated and standalone results & financial statements of the Company;

c. Minutes of meetings of the Board and Board Committees, resolutions passed by circulation, and Board minutes of the unlisted subsidiary companies;

d. The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary;

e. Material important show cause, demand, prosecution notices and penalty notices, if any;

f. Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any;

g. Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company;

h. Any issue which involves possible public or product liability claims of substantial nature, if any;

i. Human resource updates and strategies;

j. Quarterly compliance certificates which includes non-compliance, if any, of regulatory, statutory nature or listing requirements and shareholders service;

k. Appointment, remuneration and resignation of Directors;

l. Formation/re-constitution of Committees;

m. Disclosures received from Directors;

n. Proposals requiring strategic guidance and approval of the Board;

o. Related party transactions;

p. Regular business / function updates;

q. Update on Corporate Social Responsibility (CSR) activities;

r. Significant changes in accounting policies and internal controls;

s. Takeover of a company or acquisition of a controlling or substantial stake in another company;

t. Report on action taken on previous Board meeting decisions;

u. Supervision of financial and tax management strategies;

v. Reviewing and guiding the corporate strategy.

Independent Directors

All our Independent Directors meet the baseline definition of Independent Directors under the Act and the Listing Regulations. At the time of appointment and thereafter at the beginning of each financial year, the Independent Directors submit a self-declaration confirming their independence and compliance under section 149(6), Schedule IV of the Act and Regulation 16(1)(b) of the Listing Regulations, 2015 [Listing regulations]. All such declarations are placed before the Board for information and noting. Based on the declarations received, the Board also confirms that the Independent Directors fulfil the independence criteria under the Listing Regulations and are independent of the management.

As a process at the time of appointment, each Independent Director is issued a formal letter of appointment containing the terms of appointment, roles, duties and code of conduct among other items. The draft letter of appointment is available on the Company's website, at https://www.cipla.com//uploads/investor/1536319690_TC%20of%20ID.pdf

Lead Independent Director

As a part of our continuous efforts to enhance the Corporate Governance practices and in lines with the OECD Principles of corporate governance, Mr Adil Zainulbhai is designated as the Lead Independent Director w.e.f. 11th August, 2017 for an initial term of two years with the authority to renew the appointment for a further period of two years. The roles and responsibilities of Lead Independent Director includes the following:

a. To preside over all meetings of Independent Directors.

b. To provide objective feedback of the Independent Directors as a group to the Board on various matters.

c. To liaise between the Promoters, Chairman / Vice-Chairman, CEO and Independent Directors on contentious matters for consensus building.

d. To preside over meetings of the Board and shareholders when the Chairman and Vice-Chairman are not present, or where they are an interested party.

e. To help the Board and the NRC in identifying suitable candidate for the position of director and Board succession planning.

f. Advocacy with key external stakeholders.

g. To help the Company in further strengthening the Board effectiveness and Governance practices, including suggestions on agenda items for Board / Committee meetings on behalf of the independent directors.

h. To be a permanent invitee in all Board Committee meetings.

i. To perform such other duties as may be delegated by the Board from time to time.

Meeting of Independent Directors

Generally, before board meeting, the Independent Directors meet without the presence of the management and Non-Executive Directors. During FY 18-19 the independent Directors met three times i.e. on 21st May, 2018, 7th August, 2018 and 5th February, 2019. The Independent Directors *inter alia* discuss matters arising out of Board and Board Committee agendas, company performance and various other board-related matters, identify areas where they need clarity or information from management and to review the performance of Independent Directors, the Chairman and the Board as a whole and assess the effectiveness and promptness of the information flow *inter se* the Board and the management. They also met the statutory auditor and internal auditor without the presence of management, to ensure auditors independence, audit quality and effectiveness, control environments, quality of financials, risk areas for the Company and their general feedback. The Lead Independent Director briefs the Board on the proceedings of the meeting and the matters requiring attention of the Board members.

Familiarisation Programme for Board Members

Induction:

We have a robust induction process that enables newly appointed directors to familiarise themselves with Cipla, its business and its functioning so as to gain a clear understanding of their roles, rights and responsibilities. All directors undergo the induction process at the time of appointment to the Board. The new directors are formally apprised of their roles and responsibilities through a letter of appointment. They are provided with a dossier about Cipla comprising various documents including Cipla's group structure, an introduction to the existing Board members, the structure of the Board committees and their respective terms of reference, the Company's charter documents and its various policies, among other things. This dossier gives an insight on Cipla's current position as an organisation while highlighting major events in the Company's journey. Interactive sessions with management council members and senior management are arranged to further familiarise new directors with specific functions / business of the Company. The Company also arranges factory visits for the directors for a better understanding of Cipla's business.

Regular familiarisation:

In addition, the directors are provided regular updates on the organisation, its products, business, media coverage and ongoing events. At the Board and committee meetings and at the strategy meeting held during the year, directors are given comprehensive updates on various businesses, functions, geographies and products pertinent to Cipla and the pharmaceutical industry in addition to regular updates on key changes and developments in legal and regulatory matters. These sessions are conducted by Cipla's senior executives and external subject matter experts and provide insight besides giving the Independent Directors an opportunity to interact with the senior leaders.

During FY 18-19, the Company updated the familiarisation programme comprehensively to cover its enhanced initiatives and inclusion of brief of topics discussed during FY 18-19 under the familiarisation program. The enhanced programme was reviewed and approved by the NRC and the Board. Details of the familiarisation programme for the Independent Directors are put up on the Company's website,https://www.cipla.com/uploads/investor/Familiriasation_Programme.pdf

Board Evaluation

Every year the Board conducts evaluation of its own performance, the performance of its Committees and the individual directors. The performance evaluation also confirms compliance requirements stipulated under the Act and the Listing Regulations.

Board Evaluation Criteria

During FY 18-19, the NRC approved the criteria for evaluating the performance of the Board, Board committees and individual directors, including the Chairman, Executive Vice-Chairperson and MD & GCEO, and authorised the Company Secretary to facilitate the evaluation process. The criteria for the performance evaluation included the following:

- The Board – Structure, composition and quality of the Board, Board meeting schedule, agenda and collaterals, Board meeting practices and overall effectiveness of the Board.

- Board committees – Composition, charter, information flow and effectiveness of the meetings, recommendations to the Board, effectiveness of committee chairpersons etc.
- Individual directors – Attendance at the meetings, preparedness for discussion, quality of contribution, engagement with fellow board members, key managerial personnel and senior management, etc.

  The Chairman, Executive Vice-Chairperson, the Managing Director and the Independent Directors were also evaluated on a few additional parameters:

  - The Chairman – Leadership of the Board, promoting effective participation of all Board members in the Decision-making process etc.
  - Independent directors – Independence from the Company, exercising independent judgement in decision-making, contributing strongly to the objectivity of the Board's deliberations based on their external expertise, etc.
  - Executive Vice-Chairperson – Managing shareholders, Board, management and employee relationships, leading the Board effectively in developing and delivering the Company's strategy and business plans.
  - MD & GCEO – He was additionally evaluated against the Key Performance Indicators (KPIs) set at the beginning of the financial year, which, *inter alia*, included both long-term and short-term financial and non-financial performance parameters. The financial parameters included targets on Revenue, EBITDA, PAT etc. the non-financial parameters covered areas such as strategy and portfolio, talent and leadership management, succession planning, operations and quality, etc. The Board and NRC regularly reviewed the progress on the KPIs.

In order to ensure confidentiality, the Board's evaluation was undertaken by way of a questionnaire through an online tool by an independent agency. All the directors participated in the evaluation process. The responses received from the Board members were compiled by the agency and a consolidated report was submitted by the agency to the Board through the Company Secretary.

The evaluation reports were discussed at the meeting of the independent directors' respective committee meetings and at the Board meeting held in February 2019. The Board deliberated over the suggestions and inputs to augment its own effectiveness and optimise the individual strengths of the directors.

The Board was largely satisfied with the effectiveness and governance standards as well as the performance of the Board, Board Committees, and individual directors. The Board members' suggestions for further strengthening the Board's effectiveness included, inter alia, institutionalising the process for oversight of affairs of subsidiary companies by the Board, increasing engagement with senior management and discussions on specific businesses and regions, external feedback on the Company and enhancing periodical training and development. All these were noted and taken up for implementation.

The suggestions from the previous Board evaluation, which included regular training and external stimulus to Board members on pharmaceutical subjects, enriching discussions at Board meetings and succession planning for critical positions, were implemented during the year.

Succession Planning of the Board and Senior Management

The succession planning process of the Board and the senior management is managed by the NRC and reviewed by the Board. Succession planning for the Board is also regularly reviewed by the NRC with the Executive Vice-Chairperson. Succession planning for the top 25 positions including the Management Council members is reviewed by the NRC with the Executive Vice-Chairperson, MD & GCEO and the Global Chief People Officer to ensure that the Company has a pipeline of professionals at the senior management level to match its needs. The Board is regularly updated on the progress.

As a process, the NRC identifies the top 25 management positions, defines the leadership competencies and takes suitable steps to build robust succession plans.

Board Meetings & Procedure

The Board and committee meetings are pre-scheduled and an annual calendar of the meetings is circulated to the directors well in advance to facilitate planning of their schedule and ensure meaningful participation in the meetings. However, in case of urgent matters, the Board's approval is taken by passing resolutions by circulation. The Board, Audit Committee and Nomination and Remuneration Committee are facilitated with the annual agenda plan in advance. The annual agenda plan helps the Board and Board Committees to ensure that they are able to discharge their role and responsibilities effectively and take up all important issues systematically over a period of time. The annual agenda plan is finalised with inputs from the management and Board members and is approved by the Board.

The management team is invited to present the Company's performance in key areas such as the major business segments and their operations, the subsidiaries and key functions. The Global Chief Financial Officer is an invitee at all the Board meetings of the Company.

The Company Secretary finalises the agenda for the meetings in consultation with the Chairman/ Vice-Chairperson, Lead Independent Director and MD & GCEO, and the same is circulated to the Board/ committee members in advance. With respect to the agenda for the committee meetings, the chairman of the respective committee is also consulted while finalising the agenda. In special and exceptional circumstances, additional item(s) are taken up as 'any other item' with the permission of the Chairman and consent of majority of the Board /committee members present in the meeting.

The agenda of the Board and committee meetings is circulated electronically through a secured IT platform. The online platform also enables Board members to access the historical agendas, minutes, constitutional documents, committee charters, dossiers etc. It enables the participants to make notes and exchange notes amongst each other in a secured environment.

Post-Meeting Follow-up System

The Company has an effective post-meeting follow-up system. The Company tracks important decisions and discussions taken at Board/committee meetings till their closure. An action taken report is placed before the Board/committees providing details on the action taken on the decisions of the Board/committees.

Number of Board Meetings Held

The Board met five times during FY 18-19 i.e. on 22nd May 2018, 8th August 2018, 5th November 2018, 5th December 2018 to 6th December 2018, and 6th February 2019. This includes one strategy meeting.

Board Meeting on Strategy

A strategy board meeting was held on 5th and 6th December 2018 to discuss the existing strategy and the roadmap for future. Beside board members, the meeting was attended by the Management Council and select senior management employees. The external experts from respective fields along with the Internal functional heads were also invited to attend respective sections.

Attendance of the Directors

Information about the attendance of Directors at the Board Meetings either in person or through video conference during FY 18-19 and at the last Annual General Meeting (AGM) is stated in Annexure A.

Remuneration to Directors

The details of remuneration to Directors during FY 18-19 are given below:

₹ in Crore

Directors	Sitting Fees[1]	Salary	Commission	Perquisites	Allowances	Variable Bonus	Retiral Benefits and others	Total
Dr Y. K. Hamied	0.02	-	2.00	-	-	-	-	2.02
Mr M. K. Hamied	0.07	-	2.00	-	-	-	-	2.07
Ms Samina Vaziralli	-	1.88	2.30	0.31	1.69	-	0.23 [2]	6.41
Mr Umang Vohra	-	1.95	-	2.97 [3]	4.38	5.50	0.23 [2]	15.03
Mr S. Radhakrishnan	0.09	-	2.00	2.89 [4]	-	-	-	4.98
Mr Ashok Sinha	0.06	-	0.40	-	-	-	-	0.46
Dr Peter Mugyenyi [5]	0.03	-	0.40	-	-	-	-	0.43
Mr Adil Zainulbhai	0.06	-	0.32	-	-	-	-	0.38
Ms Punita Lal	0.06	-	0.35	-	-	-	-	0.41
Ms Naina Lal Kidwai	0.08	-	0.35	-	-	-	-	0.43
Ms Ireena Vittal	0.05	-	0.36	-	-	-	-	0.41
Mr Peter Lankau [5]	0.04	-	0.40	-	-	-	-	0.44

(1) The above figures are inclusive of fees paid for attendance of Committee meetings.

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

(3) Includes perquisite value of stock options exercised during the year.

(4) Perquisite value of stock options granted in earlier years and exercised in FY 18-19

(5) USD equivalent to ₹ amount paid to the Directors.

Notes:

- The commission / variable bonus payable to the Directors is determined each year by the Board on the basis of the recommendation of the NRC within the limits approved by the shareholders. The commission / variable bonus payable to Executive Directors is determined on the basis of the performance evaluation and is approved by the Board on the recommendation of the NRC.

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

- The Non-Executive Directors are entitled to receive sitting fees of ₹50,000/- per meeting of the Board and Committees. No sitting fee is paid for attending meeting of Operations and Administrative Committee.

- The commission to Independent Directors is based on the following criteria approved by the Board on 22nd May, 2018:

    - Annual Fixed Commission of ₹30 lakhs
    - Additional compensation of ₹10 lakhs for foreign directors
    - Additional ₹10 lakhs to the chairman of Audit Committee*
    - Additional ₹5 lakhs to the members of Audit Committee
    - Additional ₹5 lakhs to the chairman of NRC*
    - Additional ₹1 lakh to the members of NRC

*Committee chairman would not be entitled for additional commission as member of such Committee and vice versa.

- Mr Umang Vohra was appointed as Managing Director and Global Chief Executive Officer for a term of five years w.e.f. 1st September, 2016. The appointment can be terminated by either party by giving not less than six months' prior notice. The Company may relieve him by paying pro-rata of his fixed salary in lieu of the notice. The other terms and conditions for severance fee are laid down in the employment agreement entered with him.

  Subject to other terms of agreement entered between him and the Company, Mr Umang Vohra is also eligible for stock options administered in 5 grants over a period of 4 years, of such number of shares having an annual earn-out of upto ₹3,50,00,000 (Rupees Three Crores and Fifty Lakhs) to be calculated basis the market value of the shares at close of business as of the date preceding the date of grant, at face value of ₹2/- under the Employee Stock Option Scheme 2013-A. In line with the above, Mr Vohra, was granted 55799 stock options on 1st November, 2018 at an exercise price of ₹2/- per option with vesting period of 1 year. The options can be converted into equity shares either in full or in tranches at any time upto five years from the date of vesting of the options.

- Ms Samina Vaziralli was appointed as whole time director of the Company for a term of 5 years w.e.f 10th July, 2015. The appointment can be terminated by either party by giving not less than three months' prior notice in writing to the other party or pro-rata fixed salary in lieu of the notice. There is no separate provision for payment of severance fees.

Board Committees

The Board Committees are set up by the Board and are governed by their respective terms of reference which exhibit the scope and responsibilities of the Committees. Presently, the Board has six committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Investment and Risk Management Committee, Corporate Social Responsibility Committee and Operations and Administrative Committee. The Committees operate under the direct supervision of the Board. Committee meetings are held prior to the board meeting and the chairpersons of the respective committees report to the Board about the deliberations and decisions taken by the Committees.

Audit Committee

Composition of the Audit Committee

The Audit Committee currently comprises of four Directors, of whom three, including the Chairman of the Committee, are Independent Directors. The Committee is headed by Mr Ashok Sinha and has Mr Adil Zainulbhai, Ms Naina Lal Kidwai and Mr S. Radhakrishnan as its members. The Company Secretary of the Company is the secretary to the Committee. The composition of the Committee meets the requirements of section 177 of the Act and the Listing Regulations.

Role of Audit Committee

The role of the Audit Committee is as follows:

(A) Accounts and Audit

(1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(2) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

   (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;

   (b) changes, if any, in accounting policies and practices and reasons for the same;

   (c) major accounting entries involving estimates based on the exercise of judgment by management;

   (d) significant adjustments made in the financial statements arising out of audit findings;

   (e) compliance with listing and other legal requirements relating to financial statements;

   (f) disclosure of any related party transactions;

   (g) modified opinion(s) in the draft audit report;

(3) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(4) Recommendation for appointment, remuneration and terms of appointment of statutory auditors;

(5) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(6) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(7) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(8) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(9) To review management discussion and analysis of financial condition and results of operations.

(B) Internal Controls and Internal Audit

(1) Review the appointment, removal and terms of remuneration of the chief internal auditor and other internal auditors.

(2) Reviewing, with the management, performance of internal auditors, adequacy of the internal control systems, internal controls of different functions and businesses;

(3) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, scope of internal audit, reporting structure coverage and frequency of internal audit;

(4) Discussion with internal auditors of any significant findings and follow up there on;

(5) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(6) Review with the management letters of internal control weaknesses issued by the internal auditors.

(7) Evaluation of internal financial controls and risk management systems.

(C) Insider Trading

(1) To recommend to the Board revision in Insider Trading Policy and to supervise implementation of the Insider Trading Code.

(2) The Chairman of the Audit Committee to note the status reports detailing the dealings by Designated Persons in securities of the Company.

(3) To provide directions on any penal action to be initiated, in case of any violation of the Insider Trading Regulations by any person.

(D) Public issue funds

(1) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

(2) To review Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s).

(3) To review Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice.

(4) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(E) Miscellaneous

(1) Approval or any subsequent modification of transactions with related parties;

(2) To review statement of significant related party transactions (as defined by audit committee), submitted by management.

(3) Scrutiny of inter-corporate loans and investments of the Company;

(4) Valuation of undertakings or assets of the Company, wherever it is necessary;

(5) To review the functioning of the vigil policy / whistle blower mechanism;

(6) Review of utilization of loan / investment by holding company to subsidiary companies exceeding ₹100 crore or 10% of subsidiary's asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

(7) Discharge such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.

(8) Discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

(9) Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of Audit Committee

The Audit Committee met four times during the FY 18-19 i.e. on 21st May 2018, 7th August 2018, 5th November 2018 and 5th February 2019. In addition, the Committee also held conference call before every regular Committee meeting to discuss key accounting matters, internal audit reports, internal controls, etc. These calls helped the Committee to optimise its time on quarterly financial results at the meeting and invest more time on discharging the responsibilities assigned to it under the terms of reference.

The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)	Number of conference calls attended (total held during tenure)
Mr Ashok Sinha	Independent Director (Chairman)	4 (4)	4 (4)
Ms Ireena Vittal (1) (2)	Independent Director	4 (4)	0 (4)
Ms Naina Lal Kidwai (1)	Independent Director	4 (4)	4 (4)
Mr S. Radhakrishnan	Non-Executive / Non-Independent Director	4 (4)	4 (4)
Mr Adil Zainulbhai (3)	Independent Director	NA	NA

(1) Attended one through video conferencing.

(2) Resigned w.e.f 1st April 2019

(3) Member w.e.f. 7th February 2019

The Chairman of the Committee was present at the last AGM held on 30th August, 2018.

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, 2019.

I. Constitution

The Audit Committee is a four-member committee, comprising of three Independent Directors, including the Chairman and one Non-Executive Director, all of whom have requisite knowledge about core principles of accounting, financial management and internal controls. The composition of Audit Committee complies with the statutory requirements of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations). The Executive Vice-Chairperson, the Managing Director, the Chief Financial Officer and the Chief Internal Auditor are invitees at the audit committee meetings to assist in conducting the proceedings and for issuing clarifications wherever necessary. The Statutory Auditor is also invitee at all committee meetings for relevant agenda items which *inter-alia* include financial statements, internal audit reports, approval and review of related party transactions, IFC testing, fraud monitoring, key audit matters.

II. Charter

The Committee is guided by the charter approved by the Board of Directors of the Company. The Charter was reviewed during the year and was amended to incorporate the changes in regulatory provisions. The Charter is available on the website of the Company under Corporate Information section.

III. Meetings / Responsibilities and Auditors

The Committee met four times in FY 18-19 and also held discussions through 'pre-audit calls'. The Chairman – Audit Committee regularly meet the Global Chief Executive Officer, the Global Chief Financial Officer, the Chief Internal Auditor, the Company Secretary and other members of the management team to discuss significant / critical matters in greater detail. The pre-audit calls and the Chairman's meeting with the management help audit committee to optimize its time and quality of discussion on important agenda items at the meeting. The Chairman of the Committee, after each committee meeting briefs the Board about their discussions on critical matters, outcome and Committee recommendation, etc. The Board favourably considered all recommendations of the Committee. The Committee was facilitated with an annual agenda plan, which comprised items requiring the Committees' review, monitoring and approval.

The Management presented the Company's financial statements and is responsible for preparation of the financial statements, financial reporting process and the Company's Internal Financial Controls. The Committee reviewed and 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 with the statutory auditors and relied on their report and the financial expertise of the Management, while using its best judgement. The Committee believes that the financial statements provide a true and fair view of the Company's financial position.

The Statutory Auditor is responsible for independent audit, overall audit strategy, period and length of audit, audit observations significant to financial statements, internal financial control testing, and issuing reports thereon. The Committee discussed with the statutory auditor, the statutory audit plan, the audit findings, financial reporting process and the overall quality of the financial reporting and compliances, and was satisfied with the company's functioning in this regard. There is no qualification or adverse remark in the Statutory Auditors' Report for FY 18-19.

The Audit Committee is responsible for the recommendation of appointment and remuneration and reviewing the scope of audit of statutory auditor. M/s. Walker Chandiok & Co, LLP, would continue as the Statutory Auditor of the Company upto the 85th Annual General Meeting. The Committee evaluated the auditors' performance while ensuring the independence of the statutory auditor. The Audit Committee has also reviewed and approved the non-audit services availed from the statutory auditor and confirm that such services did not affect the independence of the auditor in any manner and were either mandatorily required to be procured from statutory auditor or were in the best interest of the Company. The independent directors met the statutory auditors without the presence of the management.

The Committee considered the cost audit report which states that the cost records were complete and proper for all relevant products, so as to give a true and correct view in agreement with the financial statements for FY 18-19. The Committee, after confirming the independence, recommended appointment of Mr D.H. Zaveri as the Cost Auditor for FY 19-20.

M/s. BNP & Associates were appointed as the Secretarial Auditor of the Company for FY 18-19. The Secretarial Audit Report confirm that the Company is compliant of the statutory provisions.

The Chief Internal Auditor is responsible for internal audit and testing of internal controls and procedures. The Chief Internal Auditor conducted internal audits and submitted his report on quarterly basis with management comments and implementation timelines for review of the Committee. The Committee discussed the Internal Audit Reports with the auditor and the management on quarterly basis. The Internal Audit was conducted as per the risk based internal audit plan approved by the Committee. The Company has strengthened its' framework of internal controls for better transparency and accountability by rationalising and streamlining controls. These controls were also tested to assess design and operating effectiveness. The Committee appreciates the improvement in the audits and the controls maturity journey. The Committee evaluated the performance of the internal auditor with the management and was generally satisfied with his performance.

The Committee has reviewed the internal financial controls for ensuring that the Company's accounts are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. The Committee affirms that there is no material weakness in the Company's internal control system.

The Committee reviewed the functioning of the whistle blower mechanism and were updated that cases received were carefully evaluated and investigated and wherever necessary, appropriate action was / was being taken. The whistle blower had access to the Chairman of the Audit Committee and the Committee was assured that none of the whistle blowers were victimised.

The Committee periodically reviewed all related party transactions and ratified the same, where necessary. Majority of the related party transactions were between the Company and its subsidiaries/ associates and were in the ordinary course of business, on arm's length basis and routine in nature. The Committee granted omnibus approval for the related party transactions proposed to be entered by the Company during FY 18-19. The Company did not enter into related party transactions that required shareholders' approval. The Committee revised the Policy on Related Party Transactions to make it more comprehensive and abreast with the latest regulations. Disclosure and reporting requirements under the applicable laws are clearly specified in the revised policy for ensuring transparency. The Committee also reviewed in detail the process of identification of related parties and approval of related party transactions.

During the year, the Company strengthened its commitment towards good governance. The Company implemented the Insider Trading Code pursuant to amendment to SEBI (Prohibition of Insider Trading) Regulations, 2015, including the Code of Conduct for Fair Disclosure, scope of Whistle-Blower therein. On a quarterly basis, the Committee reviewed the Report on Insider Trading. The Code of Conduct and policies are available on the website of the Company[1].

The Committee has been vested with the adequate powers to seek support and the other resources from the Company. The Committee has access to the information and records as well. It also has the authority to obtain professional advice from external sources, if required.

The Committee also carried out its own annual evaluation and discussed the evaluation report of its performance. The Committee believes it has performed effectively and has carried out the role assigned to it. In February 2019, the Committee reviewed the compliance status of its Charter (i.e. its role and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the Charter.

Place: Mumbai
Date: 21st May, 2019

Ashok Sinha
Chairman - Audit Committee

Nomination and Remuneration Committee

Composition of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) currently comprises of four Non-Executive Directors, of whom three members including the Chairperson of the Committee are Independent Directors. The Committee is headed by Ms Punita Lal and has Mr M.K Hamied, Mr Adil Zainulbhai and Dr Peter Mugyenyi as its members. The Company Secretary of the Company is the secretary to the NRC. The composition of the Committee meets the requirements of Section 178 of the Act and the Listing Regulations.

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

Role of Nomination and Remuneration Committee

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

(A) Employee Stock Option Scheme ("ESOS") related

(1) Implementation, administration and superintendence of the ESOS and for formulation of the detailed terms and conditions of the ESOS including but not limited to –

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

(b) The procedure for Exercise of options and allotment of Shares in pursuance of the ESOS;

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

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

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

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

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

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

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

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

(h) The procedure for cashless exercise of options;

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

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

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

(B) Nomination related

(1) Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board.

(2) Identify persons who are qualified to become Directors and, who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board for their appointment and removal.

(3) Formulate policy on Board diversity, criteria for performance evaluation of directors, Board and Board Committees and for determining qualifications, positive attributes and independence of directors.

(C) Human Resources and Remuneration related

(1) Recommend to the Board a policy relating to remuneration for the directors, key managerial personnel and other employees.

(2) Recommend remuneration of Executive and Non-Executive Directors and relative of Directors.

(3) Review key human resource related matters including organization structure, top 25 talent succession planning, employee attrition / retention / development plans, cultural transformation initiatives, annual increment approach including variable pay, results of employee survey, etc.

(4) Recommend to the board, all remuneration, in whatever form, payable to senior management.

(D) Miscellaneous

(1) Discharge such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.

(2) Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of Nomination and Remuneration Committee

The Nomination and Remuneration Committee met three times during FY 18-19 i.e. on 21st May 2018, 7th August 2018 and 5th February 2019. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Ms Punita Lal	Independent Director (Chairperson)	3 (3)
Mr Adil Zainulbhai	Independent Director	3 (3)
Mr M. K. Hamied	Non-Executive/ Non-Independent Director	3 (3)
Ms Ireena Vittal (1)	Independent Director	3 (3)
Dr Peter Mugyenyi (2)	Independent Director	NA

(1) Resigned w.e.f 1st April 2019

(2) Member w.e.f. 7th February 2019

Mr Adil Zainulbhai, member of the Committee and also the Lead Independent Director attended the AGM held on 30th August 2018 on behalf of the Chairperson of the Committee who was unable to attend the AGM due to other prior commitments.

Nomination and Remuneration Committee Report

The Report of the Chairperson of Nomination and Remuneration Committee ("NRC") is as follows:

To the Members of the Company,

The NRC is pleased to present its report for the year ended 31st March, 2019.

I. Constitution

The NRC is a four-member committee, comprising of three independent directors including the chairperson and one non-executive director. The NRC composition complies with the statutory requirements of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company Secretary acts as Secretary to the Committee. The Executive Vice-Chairperson, the Managing Director and Global Chief Executive Officer, the Global Chief People Officer are permanent invitees at the meetings of the Committee in order to provide clarification and assist the functioning of the Committee on relevant agenda items. The management team recuse themselves on the agenda items where they have conflict of interest.

During the year, the Committee reviewed and noted the composition of the Board and that of the Committees. Although, the Committee was satisfied with the existing structure of the Board, changes were made during the year in the composition of the Committees to further enhance the effectiveness. Dr Peter Mugyenyi was appointed as Member of the NRC in place of Ms Ireena Vittal.

II. Charter

The NRC is guided by the Charter adopted by the Board of Directors. The Charter was reviewed during the year and was amended to incorporate the changes in regulatory provisions. The Charter is available on the website of the Company under Corporate Information section.

III. Meetings / Responsibilities

The Committee met three times in FY 18-19. The Chairperson of the Committee, after each committee meeting briefs the Board about their discussions on critical matters. The Committee was facilitated with an annual agenda plan, which comprised items requiring the Committees' review and monitoring periodically.

The Committee *inter-alia* considered the following matters during FY 18-19:

1. The Objectives (key performance indicator) of the Managing Director and Global Chief Executive Officer were finalised by the Committee and approved by the Board and his performance was evaluated against the said Objectives. The Board, on the basis of performance and recommendation of the Committee, approved variable bonus for FY 18-19 and revision in remuneration of MD & GCEO and senior management, wherever applicable.

2. (a) The leadership of the Company defines its ability to stay relevant in changing times and therefore succession planning for the Board and promoters was one of the crucial matters taken up by the Committee. The Committee oversees key processes through which the Company inducts new members to its Board, worked closely with the Board on the leadership succession plan and prepared contingency plans for succession in case of any exigencies.

   (b) The Committee devoted considerable time on succession planning for critical positions within the Company. Twenty-five key senior management positions have been identified and the process of grooming internal talent for these positions is done in a systematic manner.

3. The Committee periodically reviewed with the management human resource related matters inter-alia including talent demographics such global headcount, attrition, workforce diversity in terms of gender, nationalities, talent management and mobility, etc. The Company has undertaken several initiatives during the year to enhance its employees' engagement effectiveness, efficiency and capability e.g. launch of Innoventia, leadership development through programmes such as C.L.A.P, LEAD, LEAP, campus engagement, Young Manager's Program, etc. The Committee also reviewed the Company's policy and practices on Prevention of Sexual Harassment (POSH) matters which included matters such as internal complaints committee, POSH policy, POSH complaints, awareness plan, sensitisation drive, industry benchmarking, etc.

   Various initiatives led to Cipla being certified as a "Great Place to Work" in 2019. The accreditation is considered the 'Gold Standard' when it comes to employer brand recognition and employee experience.

4. (a) The Committee revised the familiarisation programme for independent directors based on benchmarking with best corporate governance and leading industry practices.

   (b) The Committee also revised the Nomination, Remuneration and Board Diversity Policy with a view to strengthen the governance framework and adopt good practices.

   (c) The Board based on the recommendation of the Committee approved the matrix setting out the skills/expertise/competence required for the Board in the context of the business and sector. The matrix *inter-alia* included areas such as global economics, corporate governance, pharma expertise, finance & accounts, M&A and business development.

5. The Company has an Employee Stock Option Scheme named as Employee Stock Option Scheme 2013-A ("ESOS 2013-A") for the benefit of its employees and the employees of its subsidiary companies. During the financial year, the Committee granted 441026 stock options to 92 eligible employees, of which 55799 stock options were granted to the Managing Director and Global Chief Executive Officer.

6. The Committee formulated the board evaluation parameters in the form of a simplified questionnaire for carrying out evaluation of Board, board committees and individual directors. Based on parameters approved, the evaluation of the Board, board committees and the individual directors was undertaken in January 2019 and the relevant reports were discussed in the subsequent board and board committee meetings.

7. The Committee carried out its annual evaluation and discussed the evaluation report of its performance. The Committee believes it has performed effectively and has carried out the role assigned to it. In February 2019, the Committee reviewed the compliance status of its Charter (i.e. its role and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the Charter.

Punita Lal
Chairperson - Nomination and Remuneration Committee

Place: Mumbai
Date: 21st May, 2019

Stakeholders Relationship Committee

Composition of Stakeholders Relationship Committee

The Stakeholders Relationship Committee currently comprises of three Directors, of whom two members, including the Chairperson are Independent Directors. The Committee is currently headed by Ms Naina Lal Kidwai and has Mr S. Radhakrishnan and Mr Adil Zainulbhai as its members. The Company Secretary of the Company is the secretary to the Committee.

Role of the Stakeholders Relationship Committee

The role of the Stakeholder Relationship Committee is as follows:

(1) Approve and review the mechanism adopted for redressing the grievance(s) of the security holders and the status of such redressal;

(2) Resolve the grievances of the security holders including grievances relating to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates and general meetings.;

(3) Approve issuance of duplicate share certificate(s) and new share certificates on split / consolidation / removal / rematerialisation, etc.;

(4) Approve and register the transfer, transmission, deletion of name, transposition, and rematerialisation requests;

(5) Review adherence to service standards and standard operating procedures adopted by Company relating to the various services rendered by the Registrar and Transfer Agent;

(6) Oversee the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services;

(7) Review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders;

(8) Review measures taken by Company for effective exercise of voting rights by shareholders;

(9) Review the engagement with security holders including institutional investors and identify the actionable points for implementation;

(10) Review movement in shareholdings and ownership structure;

(11) Evaluate its performance annually;

(12) Review and reassess the adequacy of Charter on annual basis and recommend any proposed changes for approval of the Board;

(13) Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person;

(14) Perform such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various circulars issued by the regulatory authorities thereof, as amended from time to time and discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

Meetings of Stakeholders Relationship Committee

The Stakeholders Relationship Committee met three times during FY 18-19 i.e. on 22nd May, 2018, 8th August, 2018 and 6th February, 2019. 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 [(1)]	Non-Executive / Non-Independent Director (Chairman)	3 (3)
Mr S. Radhakrishnan	Non-Executive Director / Non-Independent Director	3 (3)
Ms Naina Lal Kidwai [(2)]	Independent Director	3 (3)
Mr Adil Zainulbhai [(3)]	Independent Director	-

(1) ceased to be member and chairman w.e.f. 23rd May 2019

(2) chairperson w.e.f. 23rd May 2019

(3) member w.e.f 23rd May 2019

The Chairman of the Committee was present at the last AGM held on 30th August, 2018.

Investor Services

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, *inter alia*, such as transfer/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 Investor Information section.

During the year under review, the Company received 20 investor grievances. All of them were satisfactorily resolved and there were no pending investor grievances as on 31st March, 2019.

Mr Rajendra Chopra, Company Secretary, acts as the Company's Compliance Officer. He is responsible for ensuring the provision of prompt and effective services to shareholders and for monitoring the dedicated email address for receiving investor grievances.

Corporate Social Responsibility Committee

Composition of Corporate Social Responsibility Committee

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

Role of Corporate Social Responsibility Committee

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

(1) formulate and recommend to the Board, the Corporate Social Responsibility Policy and the activities to be undertaken by the Company

(2) recommend the amount of expenditure to be incurred on the activities

(3) monitor the Corporate Social Responsibility Policy from time to time

(4) discharge such duties and functions as indicated in the section 135 of the Companies Act, 2013 and Rules made thereunder from time to time and such other functions as may be delegated to the Committee by the Board from time to time

(5) take all necessary actions as may be necessary or desirable and also to settle any question or difficulty or doubts that may arise with regards to Corporate Social Responsibility activities/Policy of the Company.

Meetings of Corporate Social Responsibility Committee

Three meetings of the Committee were held during FY 18-19 i.e. on 21st May 2018, 7th August 2018 and 5th February 2019. 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)	3 (3)
Mr Adil Zainulbhai	Independent Director	3 (3)
Ms Punita Lal	Independent Director	3 (3)
Mr S. Radhakrishnan	Non-Executive / Non-Independent Director	3 (3)
Mr Umang Vohra	Executive Director	3 (3)

Investment and Risk Management Committee

Composition of Investment and Risk Management Committee

The Investment and Risk Management Committee currently comprises of six Directors, of whom three members are Independent Directors. The Committee is headed by Ms Samina Vaziralli and has Mr Ashok Sinha, Ms Naina Lal Kidwai, Mr Peter Lankau, Mr S. Radhakrishnan and Mr Umang Vohra as its members. The Company Secretary of the Company is the secretary to the Committee.

Role of Investment and Risk Management Committee

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

(1) To review and provide recommendation on investments, acquisitions or divestment by Cipla or any of its subsidiaries / associates / joint ventures in any legal entity to the Board.

(2) To approve purchase, sell or disposal of Intellectual Property Rights or other assets and entering into in-licensing deals by Cipla or review and provide recommendation to any of its subsidiaries / associates / joint ventures for ₹175 crore or more but upto ₹525 crore. The proposals exceeding ₹525 crore shall be approved by the Board directly for Cipla and the Board will provide its recommendation for any of the above for the subsidiaries / associates / joint ventures.

(3) Subject to approval of the shareholders, as may be required under the applicable laws for the time being in force, to approve sell, lease or disposal of any undertaking or substantially the whole of undertaking by Cipla or review and provide recommendation to any of its subsidiaries / associates / joint ventures for an amount exceeding ₹50 crore but within the limits mentioned under section 180(1)(a) of the Companies Act, 2013.

(4) Monitoring short term and long term strategic priorities of the Company.

(5) Review and recommend to the Board annual capital expenditure budget of the Company.

(6) Review and recommend to the Board any unbudgeted capital expense.

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

(8) Monitor and review the risk management plan.

(9) Review cyber security related matters.

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

(11) Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of Investment and Risk Management Committee

Three meetings of the Investment and Risk Management Committee were held during FY 18-19 i.e. on 21st May 2018, 7th August 2018 and 5th February 2019. 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 Vaziralli	Executive Director (Chairperson)	3 (3)
Mr Ashok Sinha	Independent Director	3 (3)
Ms Naina Lal Kidwai	Independent Director	3 (3)
Mr Peter Lankau	Independent Director	3 (3)
Mr S. Radhakrishnan	Non-Executive / Non-Independent Director	3 (3)
Mr Umang Vohra	Executive Director	3 (3)

Operations and Administrative Committee

Composition of Operations and Administrative Committee

The Operations and Administrative Committee currently comprises of four Directors, of whom two members are Non-Executive Directors. The Committee is headed by Ms Samina Vaziralli and has Mr M. K. Hamied, Mr S. Radhakrishnan and Mr Umang Vohra as its members.

Role of the Operations and Administrative Committee

(A) Treasury related

(1) To grant loan at a rate of interest not lower than the rate as prescribed under the Companies Act, 2013 or any other relevant law and give guarantee or provide security in connection with the loan.

(2) To deal in government securities, units of mutual funds, fixed income and money market instruments, fixed deposits and certificate of deposit programme of banks and other instruments / securities / treasury

products of banks and financial institutions within the limits approved by the Board from time to time.

(3) To deal in foreign exchange and financial derivatives linked to foreign exchange and interest rates including but not limited to foreign exchange spot, forwards, options, currency swaps and interest rate swaps as per the Foreign Exchange and Interest Rate Risk Management Policy.

(4) To open, operate, close, change in authorisation / signatory for any current / deposit / cash credit account(s), safe deposit vault(s), electronic bank account(s), internet bank account(s) / facility, subsidiary general ledger account(s), dematerialisation / depository account(s) with any nationalized bank(s), scheduled bank(s), co-operative bank(s) in any part of the country including foreign bank(s) authorised by Reserve Bank of India to do banking business in the country and in any country outside India with bank(s) authorised to do banking business in that country.

(5) To approve, finalise and authorise the execution of any deed, document, letter or writing in connection with the aforesaid activities, including borrowing / credit facilities, creation of charge.

(6) To approve revision in authorised signatories for any of the above matters.

(B) Employee Stock Option Scheme related

(1) Issue and allot equity shares of the Company pursuant to the Employee Stock Option Scheme(s) for the time being in force.

(2) To seek listing of shares issued as above on one or more Stock Exchanges in India and all such shares being pari-passu with the existing equity shares of the Company in all respects.

(3) To do all such acts, deeds and things, as may be necessary and incidental to allotment and listing of shares.

(C) General Authorisations

(1) To purchase, sell, take on lease / license, transfer or otherwise deal with any movable / immovable assets or property for a maximum value of ₹50 crore.

(2) To constitute, reconstitute, modify, dissolve any trust or association for Company / business related matters and to appoint, reappoint, remove, replace the trustees or representatives.

(3) To issue voting instructions to the Depositary of the Global Depositary Shares in respect of the resolutions at the General Meeting / Postal Ballot of the Company.

(4) To authorize affixing the common seal of the Company and re-locate / move the common seal to any place other than the registered office of the Company.

(5) To grant / revoke general and specific power of attorney / letter of authorisation in favour of employees of the Company as and when required for business purposes.

(6) To grant approval for setting up and closure of branch / representative / liaison office of the Company and nominate managers for such office.

(7) To nominate director / representative on the subsidiaries, joint ventures and associates and to approve and vote on all resolutions of the Companies, body corporates or entities or bodies, where the Company is a shareholder or member and where specific shareholder resolution is required.

(8) To handle and deal with the following matters, in case any specific authorization, approval or resolution is required from the Board of Directors or a committee thereof:

(a) Obtain / renew / surrender license / Letter of Permission or such other registration of the Company with any regulatory / statutory authorities and execute legal undertaking / legal agreement or any document required for this purpose.

(b) Approve for participation into any tender, bid, auction by the Company.

(c) Register / de-register the Company with any Central / State Government authorities, Semi-Government authorities, regulatory authorities, statutory authorities, quasi-judicial authorities, local authorities, tax authorities including sales tax, service tax, goods and service tax, value added tax, labour law authorities, administrative authorities, business associations and any other bodies.

(d) Nominate or revoke nomination of a representative under Foods Safety and Standards Act, 2006, Manager under Factories Act, 1948, managers for branch office and such similar requirement under any other applicable law.

(e) Appoint any Merchant Banker, Chartered Accountant, Advocate, Counsels, Company Secretary, Engineer, Technician, Consultants and / or Professionals for undertaking any assignment for and on behalf of the Company requiring specific approval of the Board of Directors under any law.

(f) Apply for and surrender any electricity, power or water connection.

(9) To do all such acts, deeds and things as may be required for the smooth conduct of the operations of the Company and which does not require specific approval of the Board of Directors of the Company or which has not been delegated by the Board specifically to any other Committee of the Board.

(10) To discharge such other functions as may be specifically delegated to the Committee by the Board / shareholders from time to time.

(11) To delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of Operations and Administrative Committee

Ten meetings of the Operations and Administrative Committee were held during FY 18-19 i.e. on 24th May 2018, 13th June 2018, 17th July 2018, 4th September 2018, 11th October 2018, 15th November 2018, 6th December 2018, 21st January 2019, 19th February 2019 and 19th March 2019. 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 Vaziralli	Executive Director (Chairperson)	7 (10)
Mr M.K. Hamied	Non-Executive / Non-Independent Director	8 (10)
Mr S. Radhakrishnan	Non-Executive / Non-Independent Director	10 (10)
Mr Umang Vohra	Executive Director	9 (10)

Policies

In line with Cipla's philosophy for adhering to ethical and governance standards and ensure fairness, accountability, responsibility and transparency to all its stakeholders, the Company, *inter-alia*, has the following policies and codes in place. All the policies have been uploaded on the website of the Company.

Name of the Policy	Website Link
Code of Conduct	https://www.cipla.com//uploads/investor/1530274684_Cipla---Code-of-Conduct-FC.PDF
Code of Conduct for Prevention of Insider Trading	https://www.cipla.com/uploads/investor/Code-of-Conduct-for-Prevention-of-Insider-Trading.pdf
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.cipla.com/uploads/investor/Cipla_Limited_Code_of_Fair_Disclosures_01_04_19.pdf
Corporate Responsibility Policy	https://www.cipla.com//uploads/investor/1536248078_Corporate_Responsibility_Policy.pdf
Corporate Social Responsibility Policy	https://www.cipla.com//uploads/investor/1536247932_Corporate_Social_Responsibility_Policy.pdf
Dividend Distribution Policy	https://www.cipla.com//uploads/investor/1497009813_Dividend_Distribution_Policy.pdf
Investor Grievance Redressal Policy	https://www.cipla.com//uploads/investor/1530538002_Investor%20Grievance%20Redressal%20Policy_v12.pdf
Nomination, Remuneration and Board Diversity Policy	https://www.cipla.com//uploads/investor/1560495705_Revised%20Remuneration%20Policy.pdf
Environment, Health and Safety (EHS) Policy	https://www.cipla.com//uploads/investor/1530518599_ehs-policy-2006%201.pdf

Name of the Policy	Website Link
Conflict of Interest Policy	https://www.cipla.com//uploads/investor/1554391523_1530187477_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf
Whistle Blower Policy	https://www.cipla.com//uploads/investor/1530187336_Whistle%20Blower%20Policy%20V1%20fc.pdf
Anti-Trust and Fair Competition Policy	https://www.cipla.com//uploads/investor/1553587611_Anti-Trust-and-Fair-Competition-Policy.pdf
Anti-Bribery and Anti-Corruption Policy	https://www.cipla.com//uploads/investor/1530187172_Anti-Bribery%20and%20Anti-Corruption%20Policy.pdf
Policy for determination of Materiality of Events or Information	https://www.cipla.com//uploads/investor/1449836039_Policy%20for%20Determination%20of%20Materiality%20of%20Event%20or%20Information.pdf
Policy for determining Material Subsidiaries	https://www.cipla.com//uploads/investor/1443000071_Policy-for-determining-Material-Subsidiaries.pdf
Policy on dealing with Related Party Transactions	https://www.cipla.com//uploads/investor/1532683654_Cipla%20Limited%20-%20Policy%20on%20Dealing%20with%20Related%20Party%20Transactions.pdf
Archival Policy	https://www.cipla.com//uploads/investor/1449810938_Archival%20Policy_new.pdf
Policy on prevention of sexual harassment at workplace	https://www.cipla.com//uploads/investor/1558508425_POSH-%20Cipla.pdf

Code of Conduct

The Code of Conduct is a comprehensive guide on how Cipla conducts its business and *inter-alia* include various policies such as Whistle-Blower Policy, Prevention of Sexual Harassment Policy, Insider Trading Code, Environment, Health and Safety Policy, Anti- bribery and Anti – Corruption Policy and Conflict of Interest Policy. The Code is administered by the Ethics Committee which comprises of Global Chief People Officer, Global Chief Financial Officer, Global General Counsel and Chief Internal Auditor.

The Code is applicable to board members, employees, trainees, consultant and contractor of the Company and its subsidiaries, affiliates, group companies and persons or entities contractually obligated across the globe. The vendors, suppliers and other parties dealing with the Company are encouraged to adhere with Company's Code of Conduct[2].

Members of the Board and senior management personnel have affirmed their compliance with the Code of Conduct for FY 18-19. A declaration to this effect signed by Mr Umang Vohra, Managing Director and Global Chief Executive Officer forms part of the report.

Whistle-Blower Policy

The Code of Conduct also has a Whistle-Blower Policy that contains a reporting mechanism, the manner in which all reported concerns shall be dealt with, confidentiality of the investigations and processes, protection of the whistle-blower against any retaliation, retention of records during the investigation/reporting of the case etc. The Audit Committee oversees the functioning of the vigil mechanism and receives periodic reports from the Ethics Committee. The whistle-blower can report his concerns either in writing or by email to the Chairperson of the Ethics Committee at ethics@cipla.com. In exceptional cases, the whistle-blower can also approach the Chairperson of the Audit Committee at audit.chairman@cipla.com.

During the year, we received 43 complaints, of which 36 complaints were resolved satisfactorily as on 31st March, 2019. One complaint was resolved subsequently before the date of this report. The remaining complaints are under investigation. No employee was denied access to the Audit Committee.

Code of Conduct for Prevention of Insider Trading & Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)

The Code of Conduct for Prevention of Insider Trading ('the Policy') & Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('the Code') were revised by the Board with effect from 1st April, 2019 to comply with the amended regulations.

The Code is applicable to the designated persons (DPs) and their immediate relatives. It, *inter alia*, lays down the procedures to be followed by DPs while trading/dealing in Cipla shares and while sharing Unpublished Price Sensitive Information ('UPSI'). The revised Code includes the obligations and responsibilities of DPs,

[2]Information in line with BRR Principle 1, Question 1 and Principle 5, Question 1

maintenance of the digital database, mechanism for preventing insider trading and handling of UPSI, familiarisation of sensitivity of UPSI, prohibited and permitted transactions, etc.

The Company has also formulated a policy for investigations during leaks/suspected leak of UPSI which, *inter alia*, provides for the investigation process to be undertaken, reporting of the investigation, etc.

The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information has been revised in line with the amended regulations. A policy on legitimate purpose forming a part of the Code of Fair Disclosures has been developed, which is to be followed by DPs while sharing UPSI. Promoters, directors, employees and other persons are encouraged to report any instances of misuse of UPSI under the Whistle-Blower Policy.

To ensure strict enforcement of the Insider Trading Code and its administration, a Monitoring Committee has been constituted by the Board comprising of the MD and GCEO, the Global Chief People Officer, the Global Chief Financial Officer, Company Secretary and Compliance Officer. The Committee meets on a quarterly basis to review the list of DPs, trading by DPs, implementation of policies under the Insider Trading Regulations, etc. A report on insider trading, covering trading by DPs and various initiatives/actions taken by the Company under the Insider Trading Regulations, is also provided to the Audit Committee and its Chairman on a quarterly basis.

Nomination, Remuneration and Board Diversity Policy

The Nomination, Remuneration and Board Diversity Policy of the Company was revised based on review and benchmarking with leading corporate houses. The revision also incorporated amendments pursuant to changes in law. The revised Policy is enclosed as Exhibit A to this report.

Share Transfer System

We have appointed Karvy Fintech Private Limited (Karvy) as the Registrar and Share Transfer Agent to handle shares and shareholders related matters. Karvy has adequate infrastructure to process share transfer related matters.

In compliance with regulation 40(9) of the Listing Regulations, the Company obtains certificate from a practicing Company Secretary on a half-yearly basis to the effect that all the transfers are completed within the statutory stipulated period. A copy of the certificate, so received, is submitted to both Stock Exchanges, where the shares of the Company are listed.

In terms of regulation 40 of the Listing Regulations, the companies are not allowed to process any request for effecting transfer of securities in physical mode except in case of transmission or transposition of securities. All the shareholders have been duly communicated the regulatory change at their last known registered address. All the requests received for transfer of shares have been processed and there are no pending request for transfer of shares with the Company or RTA.

Monitoring Governance of Subsidiary Companies

Pursuant to regulation 16(1)(c) of the Listing Regulations, the Company has one material subsidiary as on 31st March, 2019, i.e. Cipla USA Inc. However, the Company does not have any material subsidiary pursuant to regulation 24 of the Listing Regulations and is not required to appoint Independent Director on the Board of its material subsidiary. As a good governance practice, the Company has appointed Mr Peter Mugyenyi and Mr Peter Lankau on the Board of Cipla Quality Chemical Industries Limited and InvaGen Pharmaceuticals Inc., respectively.

The financial statements of the subsidiaries are reviewed by the Audit Committee. The minutes of the meetings of the subsidiaries are placed before the Board of Directors of the Company, and the Board has periodically noted and reviewed all significant transactions entered into by the subsidiaries. Investment proposals beyond threshold values are executed by the subsidiary companies only after positive recommendation by the Board/Investment and Risk Management Committee of the Company.

Statutory Auditor

The Audit Committee of the Company in its meeting held on 21st May, 2019 evaluated the performance of the statutory auditor and was generally satisfied with their performance. The statutory auditor have confirmed that they are eligible to act as the statutory auditor of the Company. In the opinion of the Board, the statutory auditor are competent, qualified and are independent of the Board and the management, and there is no conflict of interest between them. The Company or its subsidiary companies has not availed any of the non-audit services mentioned under clause (a) to (i) of section 144 of the Act from the statutory auditor or any of their network firms. The other permitted non-audit services provided by the statutory auditor were approved by the Audit Committee and were not material in nature.

Compliance management

A certificate of compliance of all applicable laws and regulations applicable to the Company is submitted by the Group General Counsel to the Board of Directors with respect to compliance on a quarterly basis. Also, 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.

Unclaimed dividend and transfer of dividend and shares to IEPF

Pursuant to 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 dividend are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. The Company has transferred eligible dividend and shares to IEPF authority within statutory timelines for the FY 18-19.

Unclaimed final dividend for the financial year ended 31st March, 2012 shall become due for transfer to IEPF on 17th September, 2019.

Shareholders can check the details of any unclaimed shares and unclaimed dividend on the Company's website, i.e. www.cipla.com under Unclaimed Data tab of the Investor Information section.

Status of unclaimed dividend and shares which have been transferred to IEPF are given hereunder:

Unclaimed dividend	Status	Whether it can be claimed	Can be claimed from	Actions to be taken
Up to and including the Financial Year 1994-95	Transferred to the General Revenue Account of the Central Government	Yes	Office of Registrar of Companies, CGO Complex, CBD, Belapur, Navi Mumbai - 400 614	Claim to be forwarded in prescribed Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978
For the Financial Years 1995-96 to 2010-11 and shares transferred to IEPF	Transferred to the IEPF of the Central Government	Yes	Submit 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 verification report submitted by the Company and the documents submitted by the investor
For the Financial Years 2011-12 to 2017-18	Amount lying in respective Unpaid Dividend Accounts	Yes	Karvy Fintech Private Limited	Application to Karvy 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
2011-12	2	17th August, 2012	17th September, 2019
2012-13	2	22nd August, 2013	22nd September, 2020
2013-14	2	03rd September, 2014	03rd October, 2021
2014-15	2	27th August, 2015	27th September, 2022
2015-16	2	28th September, 2016	28th October, 2023
2016-17	2	11th August, 2017	10th September, 2024
2017-18	3	30th August, 2018	29th September, 2025

Disclosures

- During the year, there were no materially significant related party transactions that may have potential conflict with the Company's interests. All transactions entered into with related parties during the financial year were in the ordinary course of business and on arm's length basis.
- Prior omnibus approval of the Audit Committee is obtained for related party transactions which are repetitive in nature and in case such transactions exceed the limits approved through the omnibus approval, the transactions are subsequently ratified. All related party transactions are periodically placed before the Audit Committee and the Board for review and approval as appropriate. The details of related party transactions as per IND AS-24 are discussed in detail in Note No. 41 to the standalone financial statements.
- The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years 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 policies of the Company. The Company's approach to managing currency risk is to leave no material residual risk. The Company uses forward exchange contracts to hedge against its net foreign currency exposures. All material foreign exchange transactions are fully covered. There are no materially uncovered exchange rate risks relating to the Company's imports and exports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2019 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 auditors is a part is provided in Note No. 39 to the consolidated financial statements.
- Cost of raw materials forms a large portion of the Company's operating expenses. The Company monitors the price of key commodities closely and formulates procurement strategies based on actual price movements and trends as well as external regulatory environment. The Company has adequate governance structure to align and review procurement strategies in line with external and internal dynamics. The Company has historically not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.
- During FY 18-19, the Company has not raised funds through preferential allotment or qualified institutions placement.
- The Company is in compliance with the mandatory requirements of the Code of Corporate Governance as specified in Regulations 17 to 27 read with Schedule V and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the 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 a director of the Company by Securities Exchange Board of India / Ministry of Corporate Affairs or any other authority is provided in Annexure B which forms part of this report
- During FY 18-19, the Board of Directors has accepted all the recommendations of the Committees of the Board.
- Disclosures on complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, during FY 18-19:

Particulars	Number
Number of complaints filed during the financial year	12
Number of complaints disposed off during the financial year	12
Number of complaints pending as on 31st March, 2019	0

Compliance of non-mandatory requirements

Cipla has always followed highest standards of the Corporate Governance and has benchmarked its governance and disclosure practices against national and international codes, guidelines or principles. Enhancing the standards of disclosures and transparency, we voluntary followed the below regulations, guidelines or principles:

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

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

c. The Non-Executive Chairman has an office within the Company's premises. The Company also has a provision for reimbursement of expenses incurred by him in the performance of his duties.

d. The Chief Internal Auditor functionally reports directly to the Audit Committee.

e. The Company is substantially in compliance with the G-20 OECD Principles of Corporate Governance.

f. The Company is substantially in compliance with the National Guidelines on responsible business conduct principles issued by the Ministry of Corporate Affairs.

g. The Annual report is made in accordance with the Global Reporting Initiative (GRI) standards in accordance to Core option.

h. For the second year in a row, the Annual report is prepared in accordance with the International Integrated Reporting Council's Integrated reporting (<IR>) framework. To improve the credibility of the Integrated Annual Report, the Board has appointed M/s. DNV GL Business Assurance India Private Limited as an independent assurance partner to audit the non-financial parameters of the Integrated Annual Report. The assurance report from the assurance partner will be attached as Annexure C to this report.

Awards and Recognition

Our initiatives on governance and transparency were recognised and appreciated during the year at various forums. Cipla received the following notable awards and recognition in corporate governance and transparency:

- Golden Peacock Award for excellence in Corporate Governance 2018 from the Institute of Directors, India.
- 18th ICSI National awards for excellence in Corporate Governance from the Institute of Company Secretaries of India.
- Cipla remained a constituent of the FTSE4Good Index Series which demonstrates our Company strong Environmental, Social and Governance practices.
- Ranked 2nd on account of voluntary disclosures made by the Company as per India Disclosure Index, 2018 issued by FTI Consultants (Independent Global Advisory Firm) with a score of 9.2 out of 10.

Certification by Global Chief Executive Officer and Global Chief Financial Officer

The Global Chief Executive Officer and Global Chief Financial Officer of the Company have certified positively to the Board on the financial statements as required under Regulation 17 read with Part B of Schedule II of the Listing Regulations.

Shareholder Information and Communication

Means of 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 are displayed on the Company's website – www.cipla.com.

News and Media Release

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

Earning calls and presentations to Institutional Investors / Analysts

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

Compliance reports, corporate announcements, material information and updates

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

Annual Report

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

Website

The Company's website contains a separate section for investors. Information on various topics such as the Board of Directors, Committees of the Board, Management Council, Investor FAQs, Policies, Annual Reports, Intimation to stock exchanges are available on the website of the Company.

Shareholder feedback survey

The Company at its 82nd Annual General Meeting of the Company conducted a shareholder feedback survey. The shareholders were generally satisfied with the overall service standards.

Due consideration was given to the feedback of various shareholders and appropriate actions have been taken in this regard.

General Meetings

- The details of last three annual general meetings are:

Financial Year	Meeting	Date	Venue	Time
2015-16	80th AGM	28th September 2016	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai – 400 021	3.00 p.m.
2016-17	81st AGM	11th August 2017	Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy Sayani Road, Prabhadevi, Mumbai – 400 025	
2017-18	82nd AGM	30th August 2018	Nehru Centre Auditorium, Discovery of India Building, Dr Annie Besant Road, Worli, Mumbai – 400 018	

- No Special Resolution was passed at the Company's AGM held on 28th September, 2016.
- The following Special Resolutions were passed at the Company's AGM held on 11th August, 2017:
  - (i) Authorisation for issuance of Equity Shares / Securities Convertible into Equity Shares upto ₹2000 crore.
  - (ii) Authorisation for issuance of Debt Securities upto ₹2000 crore.
- The following Special Resolutions were passed at the Company's AGM held on 30th August, 2018:
  - (i) Alteration of Memorandum of Association
  - (ii) Adoption of new Articles of Association
  - (iii) Authorisation for issuance of equity Shares / other securities convertible into equity shares upto ₹2000 crore.
  - (iv) Authorisation for issuance of debt securities upto ₹2000 crore.
  - (v) Continuation of Dr Y.K. Hamied as Director
  - (vi) Continuation of Mr M.K. Hamied as Director
- No resolution was passed through postal ballot during FY 18-19.
- None of the business proposed to be transacted at the ensuing AGM require passing of resolution through postal ballot.

General Shareholder Information

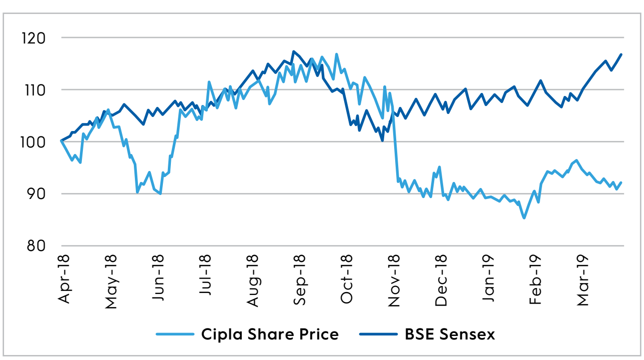
• Date, Time and Venue of the AGM	Friday, 16th August, 2019 at 3.00 p.m. Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020
• Financial Calendar	1st April to 31st March of the next calendar year
• Adoption of Financial Results (Tentative Schedule, subject to change)	
For the quarter ending 30th June, 2019	Wednesday, 7th August, 2019
For the quarter and half year ending 30th September, 2019	Wednesday, 6th November, 2019
For the quarter and nine months ending 31st December, 2019	Wednesday, 5th February, 2020
For the fourth quarter and financial Year ending 31st March, 2020	Friday, 15th May, 2020

• 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	Friday, 2nd August, 2019 to Friday, 16th August, 2019 (both days inclusive).
• Dividend and Dividend Payment Date	₹3 /- per equity share for FY 18-19. The dividend, if approved at the AGM will be paid within statutory time limit of 30 days from the date of AGM
• Listing on Stock Exchanges	**Equity Shares:** 1. BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 2. National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 **Global Depository Receipts (GDRs):** Societe De La Bourse De Luxembourg, Societe Anonyme, 35A Boulevard Joseph II, L-1840 Luxembourg The Company has paid the requisite annual listing fees to the above stock exchanges for FY 19-20.
• 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

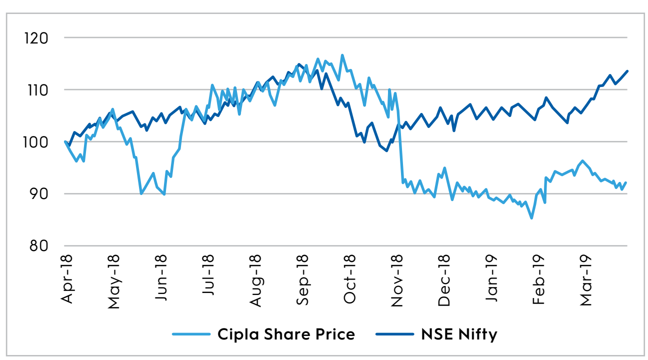
Market Price Data for the period from 1st April, 2018 to 31st March, 2019

Month (FY 18-19)	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	608.40	545.00	3159949	609.00	545.90	45765524	9.10	8.52
May	621.65	508.10	4278239	621.90	507.20	47821869	9.18	7.64
June	622.10	517.80	6616329	622.75	517.15	71219407	9.08	7.75
July	649.25	603.00	3184143	648.00	608.05	48579471	9.35	8.84
August	677.50	614.25	4641296	677.50	614.50	63765377	9.40	9.00
September	678.00	638.00	3060262	678.45	637.20	45547571	9.28	8.89
October	663.45	598.65	3982046	663.95	598.65	40656561	8.98	8.23
November	631.00	512.15	3975632	631.95	511.75	78585265	8.37	7.19
December	548.60	503.95	2159788	549.00	503.00	39702003	7.75	7.18
January	524.00	483.75	1742780	524.00	483.75	38104067	7.38	6.92
February	557.95	501.25	2799226	558.30	501.20	57266357	7.80	7.10
March	557.00	516.65	5294355	555.30	516.20	36318453	7.80	7.60

Performance in comparison to BSE SENSEX – FY 18-19



Performance in comparison to NSE Nifty – FY 18-19



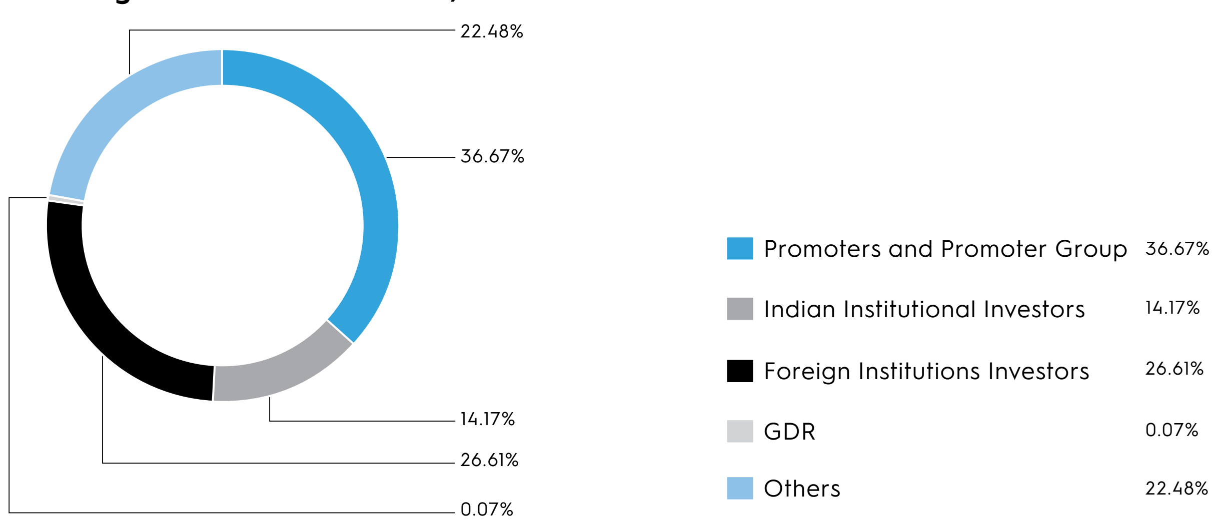
Address for Correspondence

	Contact details	Address
For Corporate Governance and other Secretarial matters	Mr Rajendra Chopra Company Secretary Email : cosecretary@cipla.com	Cipla Limited Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013 Tel: (022) 2482 6000 Fax: (022) 2482 6120
For IEPF related matters	Mr Karan Tanna Nodal Officer Email : cosecretary@cipla.com	
For Financial Statements related matters and Institutional Investors	Mr Naveen Bansal Investor Relations Email : investor.relations@cipla.com	
For Corporate Communication related matters	Ms Heena Kanal Vice President, Corporate Communications Email : heena.kanal@cipla.com	
For share transfer, transmission, National Electronic Clearing Service (NECS), dividend, dematerialisation, etc.	Karvy Fintech Private Limited (Share Transfer Agents) Email : einward.ris@karvy.com	Karvy Selenium Tower B, Plot No.: 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana Tel: (040) 6716 2222 /6716 1511 Fax: (040) 2300 1153

Distribution of shareholding as on 31st March, 2019 (Class-wise distribution of equity shares)

Category	No. of Folios	% of Total	No. of Shares	% of Total
1-5000	210307	98.67	29927276	3.71
5001-10000	898	0.42	6635842	0.82
10001-20000	587	0.28	8287927	1.03
20001-30000	282	0.13	6888867	0.86
30001-40000	159	0.07	5581311	0.69
40001-50000	122	0.06	5545067	0.69
50001-100000	272	0.13	19333656	2.40
100001 & Above	512	0.24	723501320	89.80
Total	**213139**	**100.00**	**805701266**	**100.00**

Shareholding Pattern as on 31st March, 2019



Dematerialisation of Shares and Liquidity

As on 31st March, 2019, 99.61% of the share capital was held in dematerialised form. Break-up of shares held in physical and dematerialised form as on 31st March, 2019:

Shareholding	No. of Folios	% of Total	No. of Shares	% of Total
Physical Mode	836	0.39	13744503	1.71
Dematerialised Mode	212303	99.61	791956763	98.29
Total	**213139**	**100.00**	**805701266**	**100.00**

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

Outstanding GDRs/ADRs/Warrants/Stock Options

The GDRs are listed on Luxembourg Stock Exchange and the underlying equity shares are listed on BSE Limited and National Stock Exchange of India Limited. Each GDR represents one underlying equity share of the Company. The Company is governed by the rules and regulations of the Luxembourg stock exchange. As on 31st March, 2019, 5,95,338 GDRs were outstanding.

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

The Company has granted stock options to its employees and those of its subsidiaries under the Employee Stock Option Scheme(s). The Company allots equity shares from time to time on exercise of stock options by the employees pursuant to the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the terms and conditions of the Employee Stock Option Scheme(s). As on 31st March, 2019, 63,95,167 stock options were outstanding.

List of credit ratings obtained / revision

During FY 18-19, credit rating of the following debt instruments was done by CARE Ratings and India Ratings & Research

Instrument Type	Rating/Outlook	Rating Action	Credit rating agency
Proposed non-convertible debentures (NCDs)*	Provisional IND AAA/Stable	Affirmed	India Ratings and Research Private Limited
Commercial paper (CP)*	IND A1+	Affirmed	
Short-term Bank Facilities (Fund-based)	CARE A1+ (A One Plus)	Reaffirmed	CARE Ratings Limited
Short-term Bank Facilities (Non-fund-based)	CARE A1+ (A One Plus)	Reaffirmed	

*No NCDs or CPs have been issued by the Company during the FY 18-19.

Plant locations as on 31st March, 2019

Plant Type	Plant Address
Active Pharmaceutical Ingredients (API) Manufacturing Facility	Virgonagar, Old Madras Road, Bengaluru – 560 049, Karnataka
	Bommasandra-Jigani Link Road, Industrial Area, KIADB 4th Phase, Bengaluru – 560 099, Karnataka
Active Pharmaceutical Ingredients (API) and Formulations Manufacturing Facility	MIDC, Patalganga - 410220, District: Raigad, Maharashtra
	MIDC Industrial Area, Kurkumbh - 413802, Daund, District: Pune, Maharashtra
Formulations Manufacturing Facility	Verna Industrial Estate, Verna - 403722, Salcette, Goa
	Village Malpur Upper, P.O. Bhud, Nalagarh, Baddi – 173 205, District: Solan, Himachal Pradesh
	Village Kumrek, Rangpo - 737132, District: East Sikkim, Sikkim
	Indore SEZ, Phase II, Sector III, Pharma Zone, P.O. Pithampur – 454 774, District: Dhar, Madhya Pradesh
	Taza Block, Amba TareythangIllaka, Rorathang- 737 133, District: East Sikkim, Sikkim

Declaration of Compliance with the Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct laid down by the Company for the financial year ended 31st March, 2019.

For Cipla Limited

Date: 22nd May, 2019
Place: Mumbai

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, 2019 (in years)	No. of Board Meetings attended (total held in the FY 18-19 during tenure)	Attendance at last AGM held on 30th August, 2018	No. of Directorships held in other Indian companies as on 31st March, 2019	Name of other listed companies where he/she is a Director as on 31st March, 2019[(1)]	No. of Committee Memberships/ Chairmanships held in other Indian public companies as on 31st March, 2019[(2)]	
								Memberships	Chairmanships
Dr Y. K. Hamied (DIN: 00029049)[(4)]	Non-Executive / Non -Independent Directors	21-07-1972	46.8	3 (5)	Yes	1	-	Nil	Nil
Mr M. K. Hamied (DIN: 00029084)		16-08-1977	41.7	5 (5)	Yes	Nil	-	Nil	Nil
Mr S. Radhakrishnan (DIN: 02313000)		12-11-2010	8.4	5 (5)	Yes	1	-	Nil	Nil
Ms Samina Vaziralli (DIN: 00027923)	Executive Directors	10-07-2015	3.8	5 (5)	Yes	1	-	1	Nil
Mr Umang Vohra (DIN : 02296740)		01-09- 2016	2.7	5 (5)	Yes	Nil	-	Nil	Nil
Mr Ashok Sinha (DIN: 00070477)	Independent Directors	16-07- 2013	5.8	5 (5)	Yes	4	-	3	2
Dr Peter Mugyenyi[(3)] (DIN: 06799942)		12-02-2014	5.1	5 (5)	Yes	Nil	-	Nil	Nil
Mr Adil Zainulbhai (DIN: 06646490)		23-07-2014	4.8	5 (5)	Yes	9	• Reliance Industries Ltd • Reliance Jio Infocomm Ltd • Network18 Media & Investments Ltd • TV18 Broadcast Ltd • Larsen & Toubro Ltd	6	5
Ms Punita Lal [(3)] (DIN: 03412604)		13-11-2014	4.4	5 (5)	No	2	• CEAT Ltd	Nil	Nil
Ms Naina Lal Kidwai (DIN: 00017806)[(3)]		06-11-2015	3.4	5 (5)	No	5	• Max Financial Services Ltd • Larsen and Toubro Ltd • Altico Capital India Ltd	3	Nil

Name	Category	Original Date of Appointment	Tenure as on 31st March, 2019 (in years)	No. of Board Meetings attended (total held in the FY 18-19 during tenure)	Attendance at last AGM held on 30th August, 2018	No. of Directorships held in other Indian companies as on 31st March, 2019	Name of other listed companies where he/she is a Director as on 31st March, 2019[1]	No. of Committee Memberships/ Chairmanships held in other Indian public companies as on 31st March, 2019[2]	
								Memberships	Chairmanships
Ms Ireena Vittal[4] [5] (DIN: 05195656)	Independent Directors	01-12-2016	2.4	3 (5)	No	8	• Godrej Consumer Products Ltd • Wipro Ltd • The Indian Hotels Company Ltd • Titan Company Ltd • Housing Development Finance Corporation Ltd	6	Nil
Mr Peter Lankau[3] (DIN: 07688110)		10-01-2017	2.2	5 (5)	No	Nil	-	Nil	Nil

(1) All the directorships held by the directors in other listed companies are in the capacity of Independent Directors.

(2) Committees considered for the purpose are those prescribed under the Listing Regulations viz. audit committee and stakeholders relationship committee of listed Indian companies and unlisted Indian public limited companies other than Cipla Limited.

(3) Out of five Board meetings held during the year, attended four meetings in person and one meeting through video conferencing.

(4) Out of five Board meetings held during the year, attended two meetings in person and one meeting through video conferencing.

(5) Resigned as Independent Director w.e.f. 1st April 2019.

Except Dr Y. K. Hamied and Mr M. K. Hamied, who are brothers and Ms Samina Vaziralli, who is daughter of Mr M. K. Hamied and niece of Dr Y. K. Hamied, none of the Directors are relatives of any other Director.

Shareholding of Dr Y. K. Hamied, Mr M. K. Hamied and Mr S. Radhakrishnan, Non-Executive Directors as on 31st March 2019 is as under:

Sr. No	Name of Director	No of shares held
1	Dr Y. K. Hamied	163967687
2	Mr M. K. Hamied	34567572
3	Mr S. Radhakrishnan*	142321

*38,125 shares are held jointly with his wife.

Apart from the above three directors, no other Non-Executive Director of the Company holds any equity shares or any convertible instruments in the Company.

Annexure B

Certificate from a company secretary in practice

(Pursuant to clause 10 of Part C of Schedule V of LODR)

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015; (LODR) in respect of Cipla Limited (CIN: L24239MH1935PLC002380) I hereby certify that:

On the basis of the written representation/declaration received from the directors and taken on record by the Board of Directors, as on 31st March, 2019, none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

For BNP & Associates
Company Secretaries
Firm Registration. No.P2014MH037400

Avinash Bagul
Partner
FCS No: 5578
C P No: 19862

Date: 22nd May, 2019
Place: Mumbai

Annexure C - Independent Assurance Statement

Scope and Approach

DNV GL Business Assurance India Private Limited ('DNV GL') was engaged by the management of Cipla Limited ('Cipla', Corporate Identity Number L24239MH1935PLC002380) to undertake an independent assurance of the Company's sustainability performance in its printed Annual Report 2018-19 ('the Report'). The sustainability performance disclosures in this Report are prepared based on the Guiding Principles and Content Elements of the International <IR> Framework ('<IR>') of the International Integrated Reporting Council ('IIRC'). This Report uses frameworks such as the Global Reporting Initiative's (GRI's) Sustainability Reporting Standards ('GRI Standards'), to bring out the various Content Elements of <IR>. The intended user of this Assurance Statement is the management of the Company. Our assurance engagement was planned and carried out in June 2019 – July 2019.

We performed our work using DNV GL's assurance methodology VeriSustain™[1], which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and the GRI's Principles for Defining Report Content and Quality.

We planned and performed our work to obtain the evidence we considered necessary to provide a limited level of assurance based on ISAE 3000/VeriSustain, in doing so, we evaluated the qualitative and quantitative disclosures presented in the Report together with Cipla's protocols for how the data and information were measured, monitored, recorded and reported. The performance data in the agreed scope of work included the qualitative and quantitative information on non-financial performance disclosed in the Report based on <IR> Framework for the value creation across the six (6) capitals of <IR> for its identified material topics, for the activities undertaken by the Company over the reporting period 1st April 2018 to 31st March 2019.

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 not included in our scope of work. As part of our assurance process, we did not engage with any external stakeholders.

Responsibilities of the Management of Cipla and of the Assurance Provider

The Management of Cipla has the sole accountability for the preparation of the non-financial disclosures in this Report and are responsible for the integrity of all information disclosed in the Report as well as the processes for collecting, analysing and reporting the information presented within the Report, including the references to the Company's website. Cipla is also responsible for ensuring the maintenance and integrity of reported and referenced non-financial disclosures in its website.

In performing this assurance work, our responsibility is to the management of Cipla; however, this statement represents our independent opinion and is intended to inform the outcome of our assurance to the stakeholders of the Company. DNV GL was not involved in the preparation of any statement or data included in the Report except for this Assurance Statement and Management Report highlighting our assessment findings for future reporting.

DNV GL's assurance engagements are based on the assumption that the data and information provided by Cipla to us as part of our review have been provided in good faith and are free from any misstatements. We disclaim any liability or responsibility for any decision, investment or otherwise, that a person or an entity may make based on this Assurance Statement.

Basis of our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at Cipla's corporate office

[1] The VeriSustain protocol is available on request from www.dnvgl.com

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

at Mumbai and visited sample operational sites at, Patalganga in Maharashtra, and Goa and desk review for Indore in Madhya Pradesh, Bommasandra in Karnataka and KSA unit in South Africa. We adopted a risk-based approach, i.e. we concentrated our verification efforts on the issues of high material relevance to Company's pharmaceutical business, and its key stakeholders. We undertook the following activities:

- Reviewed the Company's approach to addressing the reporting requirements of <IR> including stakeholder engagement and its materiality determination process;
- Reviewed disclosures related to value creation across six capitals and claims made in the Report, and assessed the robustness of related management systems, data accuracy, information flow and controls for the reported disclosures;
- Visits to sample facilities ie. Active Pharmaceutical Ingredients (API) and Formulations Manufacturing Facility at Patalganga (Unit-1, Unit-1 Extension and Unit-2, and Bommasandra) in Maharashtra and Karnataka, Formulations Manufacturing Facilities (Goa-1, Goa-2, Goa-3 and Goa-4) in Goa and Indore in Madhya Pradesh, and the corporate office at Mumbai in India, 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;
- Conducted a desk review at CIPLA RSA unit, South Africa for the sustainability performance related to Cipla's global operations to evaluate the processes in place to collate sustainability information from different sites;
- Examined and reviewed documents, data and other information made available by the Company related to reported disclosures;
- Conducted in-person interviews with top and senior management team of Company and other representatives, including data owners and decision-makers from different divisions and functions of the Company to validate the non-financial disclosures;
- Performed sample-based reviews of the mechanisms for implementing the Company's sustainability related policies, as described in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative and qualitative information included in the Report based on the GRI Standards chosen by Cipla to bring out its non-financial performance.

During the assurance process, we did not come across limitations to the scope and boundary of the agreed assurance engagement.

Opinion and Observations

On the basis of the verification undertaken, nothing has come to our attention that causes us to believe that the Report does not properly describe Cipla's adherence to the Guiding Principles and Content Elements of <IR> including representation of the material topics, business model, disclosures on value creation through six capitals, related strategies and management approach, and GRI Topic-specific Standards chosen related to the material topics identified by Cipla. Without affecting our assurance opinion, we also provide the following observations:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report identifies patients, channel partners, suppliers, government and regulators, healthcare professionals, communities, shareholders and investors, institutional partners and employees as its key stakeholders across its pharmaceutical business. The formal and informal processes that the Company has in place for stakeholder engagement are brought out in the Report along with the key outcomes and stakeholder concerns that arise from these engagements. 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 its processes of identification, prioritization and review through which twenty-six (26) focus areas identified by Cipla have emerged. The exercise considers the previous year's material topics, global and peer sector analysis, Company and Group policies, business risks, and inputs from key internal and external stakeholders of Cipla. In our opinion, Cipla has not missed out any known material issues, and nothing has come to our attention to suggest 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 established formal and informal processes to identify and respond to key stakeholder concerns and this is evidenced through its various policies and strategies. In our opinion, Cipla's sustainability performance is fairly disclosed in the Report, through the management approach, Content Elements of <IR>, selected GRI Topic-specific Standards and challenges considering the overall sustainability context of Cipla's pharmaceutical business. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of data and information verified at the corporate office and sites visited by us were found to be fairly accurate and reliable. Sustainability performance related to selected GRI Topic-specific Standards are captured in bespoke 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 were communicated and subsequently corrections have been made in the reported data and information. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability, however Cipla may further strengthen the Reliability of its disclosures by implementing formal processes and tools for sustainability data management including processes for periodic reviews and validation.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported

The Report has fairly addressed the disclosure requirements of <IR> related to Content and Quality, including value creation through six capitals, business model, strategy, management approach and monitoring systems and has brought out its sustainability performance through GRI Standards. Cipla may further strengthen on its adherence to the Principle of Completeness by bringing out sustainability performance related to geographies where systems for capturing sustainability performance reliably are being developed and has been currently excluded; for eg. performance related to Natural Capital for operations in Morocco; these exclusions are indicated in the Report through relevant footnotes.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone

The Report had disclosed sustainability issues, challenges and performance in a fairly 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 capitals during the reporting period. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

For and on behalf of DNV GL AS
Bengaluru, India
5th July 2019

Kiran Radhakrishnan
Lead Verifier,
DNV GL Business Assurance India Private Limited, India.

Vadakepatth Nandkumar
Assurance Reviewer,
DNV GL Business Assurance India Private Limited, India

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Exhibit A – Nomination, Remuneration and Board Diversity Policy

Preamble and Title

This Policy shall be called the Nomination, Remuneration and Board Diversity Policy (the "Policy").

The Board of Directors (the "Board") at their meeting held on 22nd May, 2019 has approved and adopted this revised Policy, on the recommendation of the Nomination and Remuneration Committee ("NRC"), in compliance with the requirements under the provisions of the Companies Act, 2013 and rules made thereunder (the "Act"), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") as amended from time to time.

Objective

This Policy is intended to achieve the following objectives:

a) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive including Independent Directors), Key Managerial Personnel and persons who may be appointed in senior management positions.

b) To provide framework for remuneration of the Directors, Key Managerial Personnel and Senior Management Personnel and align with the Company's business strategies, values, key priorities and goals.

c) To provide for rewards linked directly to the effort, performance, dedication and achievement of Company's targets by the employees.

d) To lay down approach for Board diversity.

Scope

This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

Definitions

a) **"Applicable Law"** includes any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notification and clarification or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time.

b) **"Company"** means Cipla Limited.

c) **"Employee"** means any person who is in the permanent employment of the Company.

d) **"Senior Management Personnel"** means officers/ personnel of the Company who are members of its Core Management Team (i.e. Management Council Members) excluding Board Members comprising all members of management one level below the chief executive officer / managing director / whole time director / manager (including chief executive officer / manager, in case they are not part of the board) and shall specifically include chief financial officer and company secretary (except administrative support staff/executive assistants), including the Functional Heads.

Words and expressions not defined in this policy shall have the same meaning as contained in the Act and the Listing Regulations.

Applicability of Parts

a) Part I provides for criteria for appointment of Directors, Key Managerial Personnel, Senior Management Personnel and other employees;

b) Part II deals with remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees (parameters, components and limit).

Part I: Appointment

General Criteria

a) The Board shall comprise of optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 3 and maximum of 15, the Board shall have an appropriate combination of Executive, Non-Executive, Independent and Women.

b) The NRC shall be responsible for identifying suitable candidate for appointment as Director of the Company. While evaluating a person for appointment / re-appointment as Director, the Committee shall consider and evaluate number of factors including but not limited to background, knowledge, skills, abilities (ability to exercise sound judgement), professional experience and functional expertise, educational and professional background, personal accomplishment, age, experience of pharma sector / industry, marketing, technology, finance and other disciplines relevant to the business etc. and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board.

c) The proposed candidate shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, medical science, pharmaceutical, corporate governance or such other areas related to the Company's business as determined by the NRC.

d) During the term of the office, every director shall -

   i. uphold ethical standards of integrity and probity;

   ii. act objectively and constructively;

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

   iv. shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;

   v. shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.

Appointment of Managing Director/ Whole-Time Director

The Board based on the recommendation of the NRC shall be responsible for identifying suitable candidate for the position of Managing Director/Whole-time Director.

The terms and conditions of the appointment shall be in accordance with the provisions of Applicable Law.

Appointment of Independent Director

While evaluating a person for appointment / re-appointment as an Independent Director, the Committee shall ensure that the proposed candidate satisfies the following additional criteria:

- Meet the baseline definition and criteria of "independence" as set out in section 149 of the Act, the Listing Regulations and other applicable laws.
- Should not hold any board / employment position with a competitor in the geographies where the Company is operating. However, the Board may in special circumstances waive this requirement.
- Has attained minimum age of 25 years and is not older than 70 years.
- Does not hold independent directorship in more than seven listed entities.
- Does not hold directorship in more than three listed entities if serving as a whole time director in any listed entity.

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

The re-appointment / extension of term of the Director shall be on the basis of their performance evaluation report.

Appointment of Key Managerial Personnel and Senior Management Personnel (Not Being a Director)

a) The Managing Director and Global Chief Executive Officer ("MD & GCEO") shall be responsible for identifying suitable candidate for the position of Key Managerial Personnel i.e. Chief Financial Officer, Company Secretary and other Senior Management Personnel;

b) The appointment of Key Managerial Personnel and Senior Management Personnel shall be approved by the Board on recommendation of the NRC and the MD & GCEO;

Appointment of Other Employees

The appointment of other employees shall be made on the basis of the experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be approved by the Human Resource Department under the overall control of the MD & GCEO.

Removal of Directors, KMP or Senior Management Personnel

a) The removal of directors, KMP or senior management personnel may be warranted due to reasons such as disqualification prescribed under the applicable laws, performance, disciplinary reasons, etc.

b) The removal of any director can be recommended by NRC in consultation with the Chairman / Vice Chairperson to the Board. The removal shall be finally approved by the shareholders' basis recommendation of the Board.

c) The removal of KMP and senior management personnel shall be approved by the Board basis recommendation of the NRC and MD&GCEO.

Part II: Remuneration

Board Members

a) The overall limits of remuneration of the board members including executive board members (i.e.

managing director, whole-time director, executive directors etc.) are governed by the provisions of section 197 of the Act read with the Rules and Schedules made thereunder and shall be approved by the shareholders of the Company.

b) Within the overall limit approved by the shareholders, on the recommendation of the NRC, the Board shall determine the remuneration. The Board can determine different remuneration for different directors on the basis of their role, responsibilities, duties, time involvement etc.

c) While determining the remuneration to Directors, KMP, Senior Management Personnel and other employees, the following shall be ensured:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMP, senior management and other employees of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate benchmarks and
- Remuneration to directors, KMP, senior management and other employees involves a balance of fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

Remuneration to Managing Director/Whole-Time Director

The shareholders shall approve maximum permissible amount which can be paid to the Managing Director/ Whole-time Director. Within the overall limits approved by the shareholders, on the recommendation of the Nomination and Remuneration Committee, the Board shall have the authority to revise the remuneration from time to time.

The Managing Director / Whole-time Director (other than promoters) shall also be eligible for the grant of stock options, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the Nomination and Remuneration Committee from time to time.

Remuneration to Non-Executive Directors

Pursuant to the provisions of section 197 of the Act and the shareholders' approval, the Board has approved the following remuneration for Non-Executive Directors (including Independent Directors):

Non-Executive Directors shall be entitled to sitting fees of ₹50,000 per board meeting and per board committee meetings except for Operations and Administrative Committee.

The Non-Executive Directors shall be entitled to such commission as approved by the Board within the overall limits approved by the shareholders. In no case the commission shall exceed 1% of the profits of the Company computed as per the applicable provisions of the Act.

The sitting fee shall be payable immediately after the board / board committee meeting to those directors who attend the meeting. The Commission shall be payable at the end of the financial year after approval of the annual financial statements by the Board.

The Promoter Directors and the Independent Directors will not be entitled for grant of Stock Options.

All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/Committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/management, site visits, induction and training programmes and in obtaining professional advice from independent advisors in furtherance of his/her duties as a director.

Remuneration to Key Managerial Personnel, Senior Management Personnel and Other Employees (Not Being a Director)

The MD & GCEO shall propose the remuneration for the KMPs and Senior Management Personnel to the NRC. The Board shall have the final authority to approve the remuneration based on recommendation of NRC.

The remuneration including revision in remuneration of other employees shall be decided by the Human Resources Department in consultation with the matrix manager within the overall framework of compensation and appraisal practices of the Company and under the overall authority of the MD & GCEO.

The remuneration may include basic salary, allowances, perquisites, performance linked incentive, retirement benefits, joining / retention bonus, long-term or retention incentives, leave travel concessions, ex-gratia / one-time payments, medical benefits, housing / other loans at concessional rates, severance package or any other component / benefits.

The Key Managerial Personnel, Senior Management Personnel and other employees of the Company (not being a Director) shall also be eligible for grant of stock options, wherever deemed fit, under the applicable

Employee Stock Option Scheme of the Company, as may be decided by the NRC from time to time.

Directors and Officers Liability Insurance Policy

All directors and officers (including Key Managerial Personnel and Senior Management Personnel) of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy.

Board Diversity

a) The Company acknowledges the importance of diversity in its broadest sense in the Boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that 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.

Exhibit B – Dividend Distribution Policy

Title

This Policy shall be called 'Dividend Distribution Policy'.

Commencement

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

Objective

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

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

Definitions

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

b. "Company" means Cipla Limited.

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

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

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

Declaration of Dividend

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

Parameters for Dividend Payout

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

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

1. Prospective growth opportunities/threats/ concerns of the Company;
2. Inadequacy or absence of profits;
3. Higher working capital requirements for business operations of the Company.

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

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

1. Profits of the Company;
2. Past dividend pattern;
3. Major capital expenditure to be incurred by the Company;
4. Cash flow requirements of the Company;
5. Debt-equity ratio of the Company;
6. Cost of borrowing of the Company, keeping in view the growth opportunities;
7. Debt obligations of the Company;
8. Investments in new business;
9. Provisioning for financial implications arising out of unforeseen events and/or contingencies;
10. Reputation of the Company;
11. Restrictions/covenants if any, contained in any lender agreements or any other arrangement or agreement entered into by the Company.

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

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

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

d. Utilization of Retained Earnings:

The Company believes in cash retention for growth, expansion and diversification including acquisitions to be made by it, and also as a means to meet contingency. The retained earnings of the Company may be used in any of the following ways:

1. Capital expenditure for working capital;
2. Organic and/or inorganic growth;
3. Investment in new business(es);
4. Additional investment in existing business(es);
5. Declaration of dividend;
6. Capitalisation of shares;
7. Buy back of shares;
8. General corporate purposes, including contingencies;
9. Any other permitted usage as per the Companies Act, 2013.

e. Parameters with regard to various classes of shares:

Presently, the issued share capital of the Company comprises of only one class of equity shares of ₹2 each. In the event of the Company issuing any other class(es) of shares, the Board shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

Amendments

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

Independent Auditor's Report

To the Members of Cipla Limited

Report on the 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, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows 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, 2019, and its profit (financial performance 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 for the financial year ended 31st March, 2019 ('the current period'). These matters were addressed in the context of our audit of the 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
DPCO matters: The Company operates in an industry which is regulated by authorities such as National Pharmaceutical Pricing Authority, Government of India (NPPA), The Food and Drug Administration, United States of America (USFDA) and other regulators in respective countries, which increases inherent compliance and litigation risks. There are number of legal and regulatory cases, of which the most significant is a litigation under Drugs (Prices Control) Orders Act (DPCO) as disclosed in Note 39B to the standalone financial statements, relating to overcharging of certain drugs under the 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 legal case, 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.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
According to NPPA's public disclosure, the total demand against the Company aggregates to ₹2,655.09 crore as at 31st March, 2019, of which: a) ₹2,457.47 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 b) ₹197.62 crore relates to other matters, wherein based on facts and legal advice, the Company has recorded a charge of ₹8.08 crore (including interest) during the year ended 31st March, 2019 and carries a total provision of ₹98.49 crore (including interest) as at 31st March, 2019. The amounts involved are material and the application of accounting principles as given under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, in order to determine the amount to be recognised as a liability or to be disclosed as a contingent liability, is inherently subjective, and needs careful evaluation and judgement to be applied by the management. Key judgements are also made by the management in estimating the amount of liabilities, provisions and/or contingent liabilities related to aforementioned litigation. Considering the materiality and the inherent subjectivity which involves significant management judgement in predicting the outcome of the matter and estimating the potential impact on cash flows in case of unfavourable outcome, DPCO matters have been considered to be a key audit matter for the current period audit.	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. 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, and assessment of resulting provision recognised and disclosures to be made in the financial statements in accordance with requirements of Ind AS 37. Evaluated the response received from the 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 underlying calculations made for quantifying the amounts involved. Tested the arithmetical accuracy of such calculations. f) Evaluated the Company's disclosures for accuracy and adequacy regarding the significant litigations of the Company. Based on the audit procedures performed, the judgements made by 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.
Recoverability of investments in subsidiaries: The Company has investments in subsidiaries of ₹3,803.61 crore being carried at cost in accordance with Ind AS 27, Separate Financial Statements. The Company assesses the recoverable amount of each investment when impairment indicators exist by comparing the fair value and carrying amount of the investment as on the reporting date. Refer note 5 to the standalone financial statements.	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 each of the identified investments.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Management's assessment whether there are impairment indicators and determination of the recoverable amounts of the identified investments including the most appropriate valuation method to use discounted cash flow requires estimation and judgement around the underlying business plans and assumptions used in valuation methods. 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. 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 identified 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, targeted 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. e) Obtained and evaluated sensitivity analysis performed by the management on key assumptions of implied growth rates during explicit period, terminal growth rate and discount rate. 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 amounts. 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 carrying values of investments in subsidiaries are appropriate in the context of the standalone financial statements taken as a whole.

Independent Auditor's Report

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 for the Standalone Financial Statements

7. 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 state of affairs (financial position), profit or loss (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 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.

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 are 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,

Independent Auditor's Report

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 explaining our opinion on whether the 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 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.

- 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. As required by Section 197(16) of the Act, 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, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

Independent Auditor's Report

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, 2019 from being appointed as a director in terms of Section 164(2) of the Act;

f) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31st March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 22nd May, 2019 as per Annexure II expressed unmodified opinion;

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company, as detailed in Note 39 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31st March, 2019;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2019;

   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, 2019;

   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

Place: New Delhi
Date: 22nd May, 2019

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, 2019

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 inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification, discrepancies noticed on such verification have been properly dealt with in the books of account.

(iii) The Company has granted interest free unsecured loans to one company covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) In our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.

(b) The schedule of repayment of principal has been stipulated and the receipts of the principal amount are regular;

(c) There is no overdue amount in respect of loans granted to such company.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) There are no dues in respect of sales-tax, service tax and duty of customs, that have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax, duty of excise, goods and service tax and value added tax on account of any dispute, are as follows:

Annexure I to the Independent Auditor's Report of even date to the Members of Cipla Limited, on the standalone financial statements for the year ended 31st March, 2019

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	Forum where dispute is pending
Income Tax Act, 1961	Income tax	185.51	123.70	2008-09 2009-10 2013-14 and 2015-16	CIT Appeals
Income Tax Act, 1961	Income tax	61.33	61.33	2014-15	ITAT
The Central Excise Act, 1944	Excise duty	3.96	0.17	2015-16 to 2016-17	Additional Commissioner
The Central Excise Act, 1944	Excise duty	1.03	0.03	2011-12 to 2017-18	Assistant Commissioner
The Central Excise Act, 1944	Excise duty	1.58	-	1999-00 to 2003-04	CESTAT (EZB)
The Central Excise Act, 1944	Excise duty	6.90	1.31	2010-11 to 2013-14	CESTAT (EZB)
The Central Excise Act, 1944	Excise duty	23.32	1.44	2007-08 to 2013-14	CESTAT (SZB)
The Central Excise Act, 1944	Excise duty	42.21	1.83	2014-15 to 2015-16	CESTAT (SZB)
The Central Excise Act, 1944	Excise duty	18.28	0.40	2000-01 to 2005-06	CESTAT (WZB)
The Central Excise Act, 1944	Excise duty	56.50	2.48	2007-08 to 2015-16	CESTAT (WZB)
The Central Excise Act, 1944	Excise duty	8.43	0.49	2007-08 to 2014-15	Commissioner (Appeals)
The Central Excise Act, 1944	Excise duty	0.94	0.04	2009-10 to 2011-12	Deputy Commissioner
The Central Excise Act, 1944	Excise duty	0.17	0.01	2001-02 to 2006-07	Hon'ble Bombay High Court
The Central Excise Act, 1944	Excise duty	0.12	-	2015-16	Joint Commissioner
The Central Excise Act, 1944	Excise duty	0.04	-	2000-01 to 2006-07	Hon'ble Supreme Court
The Central Goods and Service Tax Act, 2017	Central Goods and Service tax (GST)	0.09	-	2016-17	Superintendent of GST, Mumbai
Bihar Vat Act, 2005	VAT	1.15	-	2014-15 to 2016-17	Patna Appellate Authority
Goa Vat Act, 2005	VAT	0.12	-	2006-07	Directorate, Goa
Gujarat Vat Act, 2005	VAT	0.38	0.13	2013-14	JCCT – Ahmedabad
Karnataka Vat Act, 2003	VAT	1.00	0.27	2012-13	Karnataka Appellate Authority
Maharashtra Vat Act, 2002	VAT	0.45	0.07	2002-03 to 2013-14	Deputy Commissioner
Rajasthan Vat Act, 2003	VAT	4.35	0.42	2002-03 to 2012-13	Rajasthan Tax Board – Ajmer

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, 2019

Name of the statute	Nature of dues	Amount (in ₹ crores)	Amount paid under Protest (in ₹ crores)	Period to which the amount relates	Forum where dispute is pending
Tamil Nadu Vat Act, 2006	VAT	0.26	-	2011-12	Joint Commissioner
Uttar Pradesh Vat Act, 2008	VAT	0.09	0.04	2011-12	Uttar Pradesh Appellate Authority
West Bengal Vat Act, 2003	VAT	2.82	0.26	2001-02 to 2015-16	Tribunal/ Commissioner

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) According to the information and explanation given to us, no 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

Place: New Delhi
Date: 22nd May, 2019

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, 2019

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, 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control 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

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR 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

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, 2019

the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31st March 2019, 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

Place: New Delhi
Date: 22nd May, 2019

Standalone Balance Sheet

as at 31st March, 2019

₹ in Crores

Particulars	Notes	As at 31st March, 2019	As at 31st March, 2018
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2	3,992.13	4,158.37
(b) Capital work-in-progress	2	241.32	435.28
(c) Investment properties	3	61.85	0.32
(d) Intangible assets	4	135.33	161.66
(e) Intangible assets under development	4	56.01	27.32
(f) Financial assets			
(i) Investments	5	3,803.61	3,597.24
(ii) Loans	6	207.91	233.13
(iii) Other financial assets	7	4.77	40.86
(g) Income tax assets (net)		272.45	283.42
(h) Deferred tax assets (net)	8	-	46.80
(i) Other non-current assets	9	164.78	172.40
Total non-current assets		**8,940.16**	**9,156.80**
(2) Current assets			
(a) Inventories	10	2,868.41	3,037.98
(b) Financial assets			
(i) Investments	11	2,011.58	1,039.74
(ii) Trade receivables	12	3,168.73	2,336.32
(iii) Cash and cash equivalents	13	64.47	217.45
(iv) Bank balances other than cash and cash equivalents	14	110.09	10.08
(v) Loans	15	5.04	17.74
(vi) Other financial assets	16	379.63	470.71
(c) Other current assets	17	868.70	808.15
		9,476.65	**7,938.17**
(d) Assets classified as held-for-sale	2	2.00	-
Total current assets		**9,478.65**	**7,938.17**
Total assets		**18,418.81**	**17,094.97**
Equity and liabilities			
(1) Equity			
(a) Equity share capital	18	161.14	161.02
(b) Other equity	19	15,620.77	13,952.50
Total equity		**15,781.91**	**14,113.52**
(2) Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	20	53.36	50.11
(b) Provisions	21	108.12	124.45
(c) Deferred tax liabilities (net)	8	42.84	-
(d) Other non-current liabilities	22	64.50	75.19
Total non-current liabilities		**268.82**	**249.75**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	-	174.43
(ii) Trade payables	24		
Total outstanding dues of micro enterprises and small enterprises		28.01	18.38
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,453.34	1,561.64
(iii) Other financial liabilities	25	222.68	273.07
(b) Other current liabilities	26	183.91	306.00
(c) Provisions	21	428.55	398.18
(d) Income tax liabilities (net)		51.59	-
Total current liabilities		**2,368.08**	**2,731.70**
Total liabilities		**2,636.90**	**2,981.45**
Total equity and liabilities		**18,418.81**	**17,094.97**
The accompanying notes form an integral part of these standalone financial statements.	1-52		

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

New Delhi, 22nd May, 2019

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Vaziralli
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 22nd May, 2019

Standalone Statement of Profit and Loss

for the year ended 31st March, 2019

₹ in Crores

Particulars	Notes	For the year ended 31st March, 2019	For the year ended 31st March, 2018
(1) Income			
(a) Revenue from operations			
(i) Revenue from sale of products	27	11,968.44	11,004.44
(ii) Other operating revenue	28	405.57	440.37
		12,374.01	11,444.81
(b) Other income	29	577.52	334.88
Total income		**12,951.53**	**11,779.69**
(2) Expenditure			
(a) Cost of materials consumed	30	3,112.25	3,303.31
(b) Purchases of stock-in-trade	31	1,259.21	1,064.23
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	136.70	(212.05)
(d) Employee benefits expense	33	1,839.84	1,785.94
(e) Finance costs	34	16.97	11.90
(f) Depreciation, impairment and amortisation expense	35	569.72	529.61
(g) Other expenses	36	3,524.01	3,307.83
Total expenditure		**10,458.70**	**9,790.77**
(3) Profit before exceptional items and tax		**2,492.83**	**1,988.92**
(4) Exceptional item	49	-	77.52
(5) Profit before tax		**2,492.83**	**1,911.40**
(6) Tax expense (net)	8		
(a) Current tax		576.43	431.33
(b) Deferred tax		27.99	11.55
(7) Profit for the year		**1,888.41**	**1,468.52**
(8) Other comprehensive income			
a. Items that will not be reclassified to profit or loss			
(i) Re-measurements of post-employment benefit obligations	40(e)	12.00	2.71
(ii) Income tax relating to these items		(4.19)	(0.94)
b. Items that will be reclassified to profit or loss			
(i) Gains/(losses) on cash flow hedges		48.81	0.72
(ii) Income tax relating to these items		(17.06)	(0.25)
Other comprehensive income for the year		**39.56**	**2.24**
(9) Total comprehensive income for the year		**1,927.97**	**1,470.76**
(10) Earnings per equity share of face value of ₹ 2 each	48		
Basic (in ₹)		23.45	18.25
Diluted (in ₹)		23.41	18.22
The accompanying notes form an integral part of these standalone financial statements.	1-52		

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

New Delhi, 22nd May, 2019

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Vaziralli
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 22nd May, 2019

Standalone Statement of Changes in Equity

for the year ended 31st March, 2019

(a) Equity share capital (refer note 18)

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Balance at the beginning of the year	161.02	160.90
Changes in equity share capital during the year on exercise of employee stock options (ESOSs)	0.12	0.12
Balance at the end of the year	**161.14**	**161.02**

(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, 2017	**0.08**	**1,505.24**	**3,141.60**	**59.40**	**7,933.29**	**-**	**12,639.61**
Profit for the year	-	-	-	-	1,468.52	-	1,468.52
Other comprehensive income	-	-	-	-	1.77	0.47	2.24
Payment of dividend (including tax on dividend) (refer note 47)	-	-	-	-	(189.27)	-	(189.27)
Exercise of employee stock options	-	36.91	-	(36.91)	-	-	-
Share based payments expense	-	-	0.13	31.27	-	-	31.40
Balance as at 31st March, 2018	**0.08**	**1,542.15**	**3,141.73**	**53.76**	**9,214.31**	**0.47**	**13,952.50**
Profit for the year	-	-	-	-	1,888.41	-	1,888.41
Other comprehensive income	-	-	-	-	7.81	31.75	39.56
Payment of dividend (including tax on dividend) (refer note 47)	-	-	-	-	(281.97)	-	(281.97)
Exercise of employee stock options	-	32.44	-	(32.44)	-	-	-
Share based payments expense	-	-	0.89	21.38	-	-	22.27
Balance as at 31st March, 2019	**0.08**	**1,574.59**	**3,142.62**	**42.70**	**10,828.56**	**32.22**	**15,620.77**

The accompanying notes form an integral part of these standalone financial statements (note 1-52).

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

New Delhi, 22nd May, 2019

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

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Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 22nd May, 2019

Standalone Statement of Cash Flows

for the year ended 31st March, 2019

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Cash flow from operating activities		
Profit before tax	**2,492.83**	**1,911.40**
Adjustments for:		
Depreciation, impairment and amortisation expense	569.72	529.61
Interest expense	16.97	11.90
Unrealised foreign exchange loss/(gain) (net)	12.61	(2.20)
Share based payment expense	22.01	31.40
Allowances for credit loss (net)	42.88	32.73
Interest income-others	(37.54)	(27.87)
Interest on income tax refund	(22.09)	-
Dividend income	(241.50)	(147.23)
Fair value gain on financial instruments at fair value through profit or loss	(19.11)	(2.07)
Sundry balance written back	(26.60)	-
Corporate guarantee commission	(19.92)	(18.38)
Net gain on sale of current investments carried at fair value through profit or loss	(96.39)	(63.35)
Net gain on sale/buy-back of non-current investments	(11.02)	(15.36)
Net loss/(gain) on sale/disposal of property, plant and equipment	2.93	(12.15)
Rent income	(5.35)	(1.39)
Adjustments for working capital:		
Decrease/(increase) in inventories	169.57	(384.48)
Increase in trade and other receivables	(802.82)	(618.55)
(Decrease)/increase in trade payables and other liabilities	(127.75)	415.03
Cash generated from operations	**1,919.43**	**1,639.04**
Income taxes paid (including tax deducted at source)	(451.38)	(522.51)
Net cash flow from operating activities	**1,468.05**	**1,116.53**
Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work-in-progress and capital advance/payables)	(251.37)	(450.42)
Purchase of intangible assets (including intangible asset under development)	(60.68)	(82.79)
Proceeds from sale of property, plant and equipment	1.74	51.61
Investment in subsidiaries	(250.57)	(37.40)
Proceeds from sale/buy-back of investment in subsidiaries	105.91	103.23
(Purchase)/ sale of current investments (net)	(856.34)	(336.13)
Change in other bank balance and cash not available for immediate use	(100.45)	0.13
Interest received	17.85	7.72
Dividend received from subsidiaries	241.50	145.09
Dividend received from current investment	0.00	2.14
Rent received	5.35	1.39
Loans repaid by subsidiaries/others	-	3.25
Net cash flow used in investing activities	**(1,147.05)**	**(592.16)**

Standalone Statement of Cash Flows

for the year ended 31st March, 2019

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Cash flow from financing activities		
Proceeds from issue of equity shares (ESOSs)	0.12	0.12
Proceeds/ (repayment) from current borrowings (net)	(174.43)	(149.84)
Repayment of non-current borrowings	(0.07)	(0.07)
Interest paid	(16.97)	(11.90)
Dividend paid	(241.57)	(160.94)
Tax paid on dividend	(40.40)	(28.33)
Net cash flow used in financing activities	**(473.32)**	**(350.96)**
Net (decrease)/ increase in cash and cash equivalents	**(152.32)**	**173.41**
Cash and cash equivalents at the beginning of the year	217.45	44.60
Exchange difference on translation of foreign currency cash and cash equivalents	(0.66)	(0.56)
Cash and cash equivalents at the end of the year (refer note 13)	**64.47**	**217.45**

Note:

The above statement of cash flow has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS) 7-Statement of Cash Flows.

Reconciliation of borrowings

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Opening balance		
Non-current borrowings	-	0.07
Current borrowings	174.43	324.26
Current maturity of non-current borrowings	0.07	0.07
	174.50	**324.40**
Movement of borrowings (net)		
Repayment of non-current borrowings	(0.07)	(0.07)
Proceeds/ (repayment) from current borrowings (net)	(174.43)	(149.84)
Foreign exchange movement	-	0.01
	(174.50)	**(149.90)**
Closing balance		
Non-current borrowings	-	-
Current borrowings	-	174.43
Current maturity of non-current borrowings	-	0.07
	-	**174.50**

The accompanying notes form an integral part of these standalone financial statements (note 1-52).

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

New Delhi, 22nd May, 2019

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Vaziralli
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 22nd May, 2019

Notes to the Standalone Financial Statements

Corporate information

Cipla Limited (Corporate identification 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 domiciled in India and is incorporated under the provisions of the Companies Act, 2013 ("the Act") applicable in India. Cipla is a global pharmaceutical company which uses cutting edge technology and innovation to meet the everyday needs of all patients. The Company has its wide network of operations in India and International markets. Equity Shares of the Company are listed on BSE 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 comply in all material aspects with Ind AS notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative 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; and
- share based payments

(iii) Consistency of Accounting Policy

The accounting policies are applied consistently to all the periods presented in the financial statements, unless otherwise stated.

(iv) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

- Ind AS 115, Revenue from Contracts with Customers
- Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 40, Investment Property
- Amendment to Ind AS 28, Investments in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities

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

Notes to the Standalone Financial Statements

of current/non-current classification of assets and liabilities.

1.3 Use of estimates and judgements

The preparation of financial statements requires management of the Company to make estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. 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

The Company has evaluated each lease agreement for its classification between finance lease and operating lease. The Company has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification. The Company has also used Appendix C of Ind AS 17 for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- the arrangement conveys a right to use the asset.

(ii) Deferred income taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilized is based on the Company's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognised in full.

(iii) Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

(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 various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company.

(ii) Current income taxes

Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained

Notes to the Standalone Financial Statements

in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(iii) Sales returns

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates. With respect to established products, the Company 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.

(iv) 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 analyzed.

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 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.

(v) 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

Notes to the Standalone Financial Statements

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.

(vi) 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.

(vii) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

1.4 Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non- refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (Refer note 1.8 for more details). The Company had applied for the one-time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under Ind AS. 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.

Notes to the Standalone Financial Statements

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under non-current assets.

Capital work-in-progress included in property, plant and equipment 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. Leased assets are depreciated over shorter of lease term or useful life of respective assets.

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 machinery	2 to 25 Years
Furniture, fixtures and office equipment	3 to 8 Years
Vehicles	8 Years

(iii) De-recognition

An item of property, plant and equipment, is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss.

1.5 Intangible assets

(i) Recognition and measurement

Acquired 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:

Notes to the Standalone Financial Statements

- 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) Amortization

The Company amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

- Marketing intangibles, Trademarks, Technical know- how and Brands 2-10 years
- Computer software 3 to 6 Years

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 experts.

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 or cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment losses, including impairment on inventories, are recognised in the profit or loss.

Notes to the Standalone Financial Statements

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

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 spares and consumables which are used in operating machines or consumed as indirect materials in the manufacturing process.

1.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset and presented within other income.

When loans or similar assistance are provided by the Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

Government grants that are receivable on satisfying export or revenue conditions with no future related cost are recognised in profit or loss in the period such conditions are met.

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 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 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.

Notes to the Standalone Financial Statements

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 includes excise duty upto 30th June, 2017 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 recognise revenue from product sales when control of the product transfers, generally upon shipment or delivery, to the customer, or in certain cases, upon the corresponding sales by customer to a third party. The Company records product sales net of estimated incentives/ discounts, returns, and other related charges. These are generally accounted for as variable consideration estimated in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. The revenue for such variable consideration is included in the Company's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. In making this assessment the Company considers its historical record of performance on similar contracts. The payment terms are generally ranges from 0-180 days.

(ii) Sales by clearing and forwarding agents:

Revenue from sales of generic products in India is recognised upon delivery of products to distributors by clearing and forwarding agents of the Company. Control in respect of ownership of generic products are transferred by the Company when the goods are delivered to distributors from clearing and forwarding agents. Clearing and forwarding agents are generally compensated on a commission basis as a percentage of sales made by them.

(iii) Out licensing arrangements:

Revenues include amounts derived from product out-licensing agreements. The Company enters into collaborations and out-licensing arrangement of the Company's products to other parties.

Licensing arrangements performance obligations generally include intellectual property ("IP") rights, certain R&D and contract manufacturing services. The Company accounts for IP rights and services separately if they are distinct—i.e. if they are separately identifiable from other items in the arrangement and if the customer can benefit from them on their own or with other resources that are readily available to the customer. The consideration is allocated between IP rights and services based on their relative stand-alone selling prices.

Revenue from IP rights is recognised at the point in time when control of the distinct license is transferred to the customer, the Company has a present right to payment and 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 Company estimates variable consideration in the form of sales-based milestones by using the expected value or most likely amount method, depending on which method the Company expects to better predict the amount of consideration to which it will be entitled.

(iv) Service fee

Revenue from services rendered, is recognised in the profit or loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

(v) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company

Notes to the Standalone Financial Statements

and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(vi) Dividend

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

Liability on account of short-term employee benefits is recognised on an undiscounted and accrual basis during the period when the employee renders service/ vesting period of the benefit.

Post retirement contribution plans such as Employees Pension Scheme and Employees' Provident Fund (for employees other than those who are covered under Employees' Provident Fund Trust) are charged to the profit or loss for the year when the contributions to the respective funds accrue.

(ii) 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 Employees 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.

(iii) 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

Notes to the Standalone Financial Statements

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.

(iv) 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

The Company operates equity-settled share based remuneration plans for its employees.

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 profit or loss for the year.

All goods and services received in exchange for the grant of any share based payment are measured at their fair values on the grant date. Grant date is the date when the Company and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share based payments, the fair value of employees services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth 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. Services received from employees satisfying another vesting condition irrespective of whether market conditions are satisfied.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

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.

(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.

Notes to the Standalone Financial Statements

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 utilized, 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 utilized. Un-recognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

The Company recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Company is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations and tax on dividend received from foreign subsidiary in which the Company holds more than 26% shares is not considered as tax expense for the Company and all such taxes are recognised 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. 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 realize the asset and settle the liability simultaneously.

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

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised under finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Standalone Financial Statements

Operating lease payments are recognised as an expense in the profit or loss on accrual basis as escalation in lease arrangements are for expected inflationary cost.

(ii) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessee under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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.

(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.

Notes to the Standalone Financial Statements

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(b) Initial recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

(c) Subsequent measurement

For the 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) 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.

(f) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial

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asset or a Group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that co-relate with defaults.

(ii) Financial liabilities

(a) Classification

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

(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.

(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 amortization 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, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on

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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 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 Company classifies its forward contract that hedge foreign currency risk associated as cash flow hedges and measures them at fair value. The gain or loss relating to the ineffective portion is recognised immediately in 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 Statement of Profit and 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 within other income.

(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

(i) Ind AS 116: Leases

On 30th March, 2019, the Ministry of Corporate Affairs has notified Ind AS 116: Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the profit or Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for the adoption of Ind AS 116 is annual periods beginning on or after 1st April, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

Notes to the Standalone Financial Statements

- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the standard recognised at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at the lessee's incremental borrowing rate at the date of initial application, or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods. The Company is evaluating the requirement of the amendment and the impact on the financial statements.

(ii) Ind AS 12: Taxes

(a) Appendix C, Uncertainty over Income Tax Treatments:

On 30th March, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight; and
- Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

(b) Dividend distribution tax:

On 30th March, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

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The effective date for adoption of Ind AS 12 is annual periods beginning on or after April 1, 2019.

The Company will adopt the standard on 1st April, 2019. The Company is currently evaluating the effect of these amendments on the financial statements.

(iii) Amendment to Ind AS 19, plan amendment, curtailment or settlement:

On 30th March, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1st April, 2019. The Company does not have any impact on account of this amendment.

Notes to the Standalone Financial Statements

Note 2: Property, plant and equipment

₹ in Crores

Particulars	Freehold land	Leasehold land	Buildings and flats	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Total
Gross block								
Balance as at 1st April, 2017	**39.15**	**22.81**	**1,879.28**	**2,847.42**	**94.76**	**74.17**	**5.82**	**4,963.42**
Additions for the year	-	-	95.85	466.58	7.98	12.30	0.41	583.12
Deletions and adjustments during the year	-	-	5.55	57.54	1.21	0.23	0.32	64.85
Balance as at 31st March, 2018	**39.15**	**22.81**	**1,969.58**	**3,256.46**	**101.53**	**86.24**	**5.91**	**5,481.69**
Additions for the year	-	0.15	46.56	351.27	3.72	5.68	0.53	407.91
Transfer to investment property (refer note 3)	-	-	64.69	0.78	0.92	1.06	-	67.45
Assets classified as held-for-sale (refer below note iii)	-	-	-	23.27	-	-	-	23.27
Deletions and adjustments during the year	-	-	0.11	9.16	0.64	0.55	0.30	10.76
Balance as at 31st March, 2019	**39.15**	**22.96**	**1,951.34**	**3,574.52**	**103.69**	**90.31**	**6.14**	**5,788.12**
Depreciation and impairment								
Accumulated balance as at 1st April, 2017	**-**	**0.48**	**99.64**	**708.31**	**26.65**	**31.47**	**1.70**	**868.26**
Depreciation charge for the year	-	0.25	58.58	394.95	11.83	13.95	0.89	480.45
Deletions and adjustments during the year	-	-	0.35	23.98	0.79	0.14	0.13	25.39
Accumulated balance as at 31st March, 2018	**-**	**0.73**	**157.87**	**1,079.28**	**37.69**	**45.28**	**2.46**	**1,323.31**
Depreciation charge for the year	-	0.25	59.18	420.53	10.59	13.17	0.74	504.46
Transfer to investment property (refer note 3)	-	-	3.19	0.24	0.28	0.72	-	4.43
Assets classified as held-for-sale (refer below note iii)	-	-	-	21.27	-	-	-	21.27
Deletions and adjustments during the year	-	-	0.11	5.00	0.42	0.44	0.13	6.10
Accumulated balance as at 31st March, 2019	**-**	**0.98**	**213.75**	**1,473.30**	**47.58**	**57.29**	**3.07**	**1,795.99**
Net block								
As at 31st March, 2019	**39.15**	**21.98**	**1,737.59**	**2,101.22**	**56.11**	**33.02**	**3.07**	**3,992.13**
As at 31st March, 2018	**39.15**	**22.08**	**1,811.71**	**2,177.18**	**63.84**	**40.96**	**3.45**	**4,158.37**

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 ₹34.25 Crore (previous year - ₹63.37 Crore) used for research and development.

iii. Power plant at Goa which was provided for impairment in earlier years, amounting of ₹18.74 crore, has been scrapped, written-off during the year 2018-19 and has been considered as assets held-for-sale, with reversal of corresponding impairment provision. Plant and equipment classified as held-for-sale during the reporting period was measured at the lower of its carrying value and fair market value less cost to sales at the time of classification. Fair market value for such assets is valued at ₹2.00 Crore as at 31st March, 2019.

Details of capital work-in-progress

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening balance	**435.28**	**540.52**
Additions during the year	219.40	465.17
Capitalised during the year	407.91	570.41
Impairment during the year *	5.45	-
Closing balance	**241.32**	**435.28**

* 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.

Notes to the Standalone Financial Statements

Note 3: Investment properties

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Gross block		
Opening balance	**0.33**	**0.33**
Addition: Transfer from property, plant and equipment	67.45	-
Closing balance	**67.78**	**0.33**
Accumulated depreciation		
Opening balance	0.01	0.01
Addition: Transfer from property, plant and equipment	4.43	-
Addition: Depreciation for the year (refer note 35)	1.49	0.00
Closing balance	**5.93**	**0.01**
Net block	**61.85**	**0.32**
Fair value	**75.26**	**1.81**

Rental income recognised in profit or loss for investment properties aggregates to ₹3.77 Crore (previous year ₹0.09 Crore)

Estimation of fair value

The fair valuation of the assets is based on the perception about the macro and micro economic factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities, etc.

This value is based on valuation conducted by an independent valuer. 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, 2017	**161.96**	**24.27**	**4.66**	**10.45**	**1.08**	**202.42**
Additions for the year	23.57	47.15	-	-	-	70.72
Balance as at 31st March, 2018	**185.53**	**71.42**	**4.66**	**10.45**	**1.08**	**273.14**
Additions for the year	3.30	28.68	-	-	-	31.98
Balance as at 31st March, 2019	**188.83**	**100.10**	**4.66**	**10.45**	**1.08**	**305.12**
Amortisation and impairment						
Accumulated balance as at 1st April, 2017	**48.87**	**10.04**	**1.44**	**1.63**	**0.34**	**62.32**
Amortisation charge for the year	33.89	13.07	0.93	1.05	0.22	49.16
Accumulated balance as at 31st March, 2018	**82.76**	**23.11**	**2.37**	**2.68**	**0.56**	**111.48**
Amortisation charge for the year	37.62	16.84	0.48	1.04	0.11	56.09
Impairment charge for the year *	-	-	1.81	-	0.42	2.23
Accumulated balance as at 31st March, 2019	**120.38**	**39.95**	**4.66**	**3.72**	**1.08**	**169.79**
Net block						
As at 31st March, 2019	**68.45**	**60.15**	**-**	**6.73**	**-**	**135.33**
As at 31st March, 2018	**102.77**	**48.31**	**2.29**	**7.77**	**0.52**	**161.66**

* The carrying amount of certain technical know-how and brands 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, 2019	As at 31st March, 2018
Opening balance	**27.32**	**15.25**
Additions during the year	60.67	82.37
Capitalised during the year	31.98	70.30
Closing balance	**56.01**	**27.32**

Notes to the Standalone Financial Statements

Note 5: Non-current investments

₹ in Crores

Particulars	No. of units	As at 31st March, 2019	No. of units	As at 31st March, 2018
Investments in equity instruments				
(unquoted)				
I. Subsidiaries - carried at cost				
Equity shares of Goldencross Pharma Private Limited of ₹10 each, fully paid	45,966	191.12	45,966	191.12
Equity shares of Meditab Specialities Private Limited of ₹1 each, fully paid	61,72,237	158.42	61,72,237	158.42
Meditab Specialities Private Limited **(equity component of inter corporate deposits)**	-	158.20	-	107.50
Equity shares of Cipla (Mauritius) Limited of USD 1 each, fully paid	2,00,000	1.20	1,60,00,000	96.09
Equity Shares of Cipla (EU) Limited of GBP 1 each, fully paid	5,20,70,000	488.93	2,90,00,000	282.10
Equity shares of Cipla Medpro South Africa (Proprietary) 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	2,15,367	172.69	2,15,367	172.69
Equity shares of Cipla Biotec Private Limited of ₹10 each, fully paid	25,87,08,433	124.20	25,87,08,433	124.20
Equity shares of Saba Investment Limited of USD 1 each, fully paid	1,74,27,511	230.79	1,74,27,511	230.79
Equity shares of Jay Precision Pharmaceuticals Private Limited of ₹10 each, fully paid	24,06,000	96.24	24,06,000	96.24
Equity shares of Cipla Health Limited of ₹10 each, fully paid	15,29,060	100.73	14,40,208	57.00
II. Other investments - 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 (previous year - ₹10,000)	1,000	0.00	1,000	0.00
Investment in Government and trust securities - carried at amortised cost				
National Savings Certificates ₹41,000 (previous year- ₹41,000)	-	0.00	-	0.00
		3,803.61		**3,597.24**
Aggregate amount of unquoted investments		3,803.61		3,597.24

Notes to the Standalone Financial Statements

Note 6: Non-current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good, except otherwise stated		
(Carried at amortised cost, except otherwise stated)		
Deposits with body corporates and others		
Considered good	38.83	33.03
Considered doubtful	0.85	0.88
Less: Allowance for doubtful (credit impaired)	(0.85)	(0.88)
Loans to subsidiaries (refer note 41 and 44)	169.08	200.10
	207.91	**233.13**

Note 7: Non-current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Fixed deposits as margin money (remaining maturity more than 12 months) *	0.48	3.80
Capital subsidy receivable	4.29	37.06
	4.77	**40.86**

*Amount held as margin money under lien to tax authority and electricity department.

Note 8: Income taxes

The major components of income tax expense for the years ended 31st March, 2019 and 31st March, 2018 are:

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
A. Profit or loss section		
Current income tax charge	576.43	431.33
MAT credit utilisation / entitlement	83.64	13.04
Adjustments in respect of deferred tax of previous year	(22.60)	1.08
Deferred tax on account of temporary differences	(33.05)	(2.57)
	604.42	**442.88**
B. OCI section - tax related to items recognised in OCI during the year:		
Income tax relating to re-measurement gain on defined benefit plans	(4.19)	(0.94)
Income tax relating to cash flow hedge	(17.06)	(0.25)
	(21.25)	**(1.19)**
C. Equity		
MAT credit utilised for tax liability under Section 115BBD	40.40	-
	40.40	**-**

Notes to the Standalone Financial Statements

Note 8: Income taxes (Contd..)

Reconciliation of tax expense and the profit before tax multiplied by India's domestic tax rate for 31st March, 2019 and 31st March, 2018:

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit before tax	**2,492.83**	**1,911.40**
At India's applicable statutory income tax rate of 34.944 % (31st March, 2018: 34.608%)	871.09	661.50
Effect for:		
Prior year adjustments to deferred tax	(22.60)	1.08
Weighted deductions and exemptions	(303.14)	(282.24)
Non-deductible expenses for tax purpose	45.65	44.25
Others	13.42	15.38
Differential tax rate impact	-	2.91
Income tax expense reported in the profit or loss	**604.42**	**442.88**
Effective income tax rate	**24.25%**	**23.17%**

Deferred tax:

Movement in deferred tax assets and liabilities during the year ended 31st March, 2019:

₹ in Crores

Particulars	As at 31st March, 2018	Profit or loss	Other comprehensive income	Equity	As at 31st March, 2019
Deferred tax assets/(liabilities)(net)					
Property, plant and equipment and intangible assets	(515.08)	20.31	-	-	(494.77)
Employee benefits expense	50.95	8.68	(4.19)	-	55.44
Others	14.54	30.59	(17.06)	-	28.07
Allowance for credit loss	52.49	(19.03)	-	-	33.46
Deferred revenue	26.09	(2.47)	-	-	23.62
Provision for right of return/discounts and others	66.71	17.57	-	-	84.28
MAT credit entitlement/utilised	351.10	(83.64)	-	(40.40)	227.06
	46.80	**(27.99)**	**(21.25)**	**(40.40)**	**(42.84)**

Movement in deferred tax assets and liabilities during the year ended 31st March, 2018:

₹ in Crores

Particulars	As at 31st March, 2017	Profit or loss	Other comprehensive income	Equity	As at 31st March, 2018
Deferred tax assets/(liabilities) (net)					
Property, plant and equipment and intangible assets	(490.92)	(24.16)	-	-	(515.08)
Employee benefits expense	49.77	2.12	(0.94)	-	50.95
Others	11.64	3.15	(0.25)	-	14.54
Allowance for credit loss	45.07	7.42	-	-	52.49
Deferred revenue	28.28	(2.19)	-	-	26.09
Provision for right of return/discounts and others	51.56	15.15	-	-	66.71
MAT credit entitlement/utilised	364.14	(13.04)	-	-	351.10
	59.54	**(11.55)**	**(1.19)**	**-**	**46.80**

Notes to the Standalone Financial Statements

Note 9: Other non-current assets

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good, except otherwise stated)		
Capital advances		
Secured, considered good #	0.06	0.78
Unsecured, considered good *	102.81	94.10
Deferred lease assets	33.89	36.79
Prepaid expenses	2.02	2.35
VAT receivable	26.00	38.38
	164.78	**172.40**
# Secured against bank guarantees.		
* Includes amount paid to wholly owned subsidiary - Meditab Specialities Private Limited (refer note 41)	55.74	55.74

Note 10: Inventories

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Lower of cost or net realisable value)		
Raw materials and packing materials	1,245.28	1,285.05
Work-in-progress	750.85	729.73
Finished goods	529.88	700.38
Stock-in-trade	301.70	289.02
Stores, spares and consumables	40.70	33.80
	2,868.41	**3,037.98**

Note 10: Inventories (Contd..)

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Goods-in-transit included above		
Raw materials and packing materials	79.52	36.63
Work-in-progress	27.32	19.55
Finished goods	46.05	56.21
Stock-in-trade	3.69	8.70
	156.58	**121.09**

The Company recorded inventory write down (net) of ₹315.19 Crore (previous year ₹152.28 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, 2019	As at 31st March, 2018
Investment in mutual funds (unquoted) (Carried at fair value through profit or loss)	2,011.58	1,039.74
	2,011.58	**1,039.74**
Aggregate amount of unquoted investments	2,011.58	1,039.74

Notes to the Standalone Financial Statements

Note 12: Trade receivables

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Unsecured, considered good #	3,168.73	2,336.32
Unsecured, considered doubtful	92.20	143.15
Less: Allowance for credit loss	(92.20)	(143.15)
	3,168.73	**2,336.32**
# Includes amount due from related parties. (refer note 41)	1,266.75	633.71

- 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, 2019	As at 31st March, 2018
Balances with banks		
In current accounts	63.85	207.89
In fixed deposits (original maturity less than 3 months)	0.21	0.20
Remittance in transit	-	8.84
Cash on hand	0.41	0.52
	64.47	**217.45**

Note 14: Bank balance other than cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Bank deposits (original maturity between 3 months and 12 months)	100.45	-
Balance earmarked for unclaimed dividend*	9.64	10.08
	110.09	**10.08**

* 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, 2019 and 31st March, 2018.

Note 15: Current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good, except otherwise stated) **(Carried at amortised cost, except otherwise stated)**		
Deposits with body corporates and others		
Considered good	0.94	11.45
Considered doubtful	2.25	2.25
Less: Allowance for doubtful	(2.25)	(2.25)
	0.94	**11.45**
Loan to employees	4.10	6.29
	5.04	**17.74**

Notes to the Standalone Financial Statements

Note 16: Current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Incentives/ benefits receivable from Government	103.71	203.90
Deposit (refer note 39 B)	175.08	175.08
Derivatives not designated as hedge- carried at fair value	19.82	32.65
Derivatives designated as hedge- carried at fair value (forward contract)	54.93	-
Fixed deposits (having remaining maturity less than 12 months) #	3.47	3.52
Inter-company receivables (refer note 41)	0.36	32.75
Other receivables		
Considered good	22.26	22.81
Considered doubtful	0.46	3.93
Less: Allowance for doubtful advances (credit impaired)	(0.46)	(3.93)
	379.63	**470.71**

Amount held as margin money to government authority.

Note 17: Other current assets

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advances to suppliers	129.63	126.49
Prepaid expenses	57.04	41.99
Balances with statutory/ revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	679.34	639.57
Others (deferred lease assets and other advances)	2.69	0.10
	868.70	**808.15**

Note 18: Equity share capital

₹ in Crores

Particulars	Numbers	As at 31st March, 2019	Numbers	As at 31st March, 2018
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	80,57,01,266	161.14	80,51,19,164	161.02
		161.14		**161.02**
Subscribed and paid-up				
Equity shares of ₹2/- each, fully paid-up	80,57,01,266	161.14	80,51,19,164	161.02
		161.14		**161.02**

Notes to the Standalone Financial Statements

Note 18: 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, 2019	As at 31st March, 2018
Number of shares outstanding at the beginning of the period	80,51,19,164	80,45,10,074
Add: Allotment of equity shares on exercise of employee stock options (ESOS)	5,82,102	6,09,090
Number of shares outstanding at the end of the period	**80,57,01,266**	**80,51,19,164**

Details of shareholders holding more than 5 percent shares in the Company

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	% of holdings	Number of shares	% of holdings
Dr. Y. K. Hamied	16,39,67,687	20.35%	16,67,42,687	20.71%
Ms. Sophie Ahmed	4,59,82,000	5.71%	4,59,82,000	5.71%

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

Equity shares reserved for issue under employee stock options

Refer note 42 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.

Note 19: Other equity

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Capital reserve	0.08	0.08
Securities premium reserve	1,574.59	1,542.15
General reserve	3,142.62	3,141.73
Employee stock options reserve	42.70	53.76
Retained earnings	10,828.56	9,214.31
Cash flow hedge reserve	32.22	0.47
	15,620.77	**13,952.50**

Notes to the Standalone Financial Statements

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. 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 payments. (refer note 42)

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. (refer note 45)

Note 20: Other financial liabilities

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Security deposits	53.36	50.11
	53.36	**50.11**

Note 21: Provisions

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Non-current		
Provision for employee benefits	108.12	124.45
	108.12	**124.45**
Current		
Provision for employee benefits	88.88	113.34
Provision for litigation - DPCO (refer note below and note 49)	98.49	93.94
Provision for right of return/discounts and others (refer note below)	241.18	190.90
	428.55	**398.18**

Note: Movement of provision for litigation -DPCO and provision for right of return/discounts and others:

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for litigation - DPCO (refer note 49)		
Balance at the beginning of the year	**93.94**	**14.85**
Provided during the year	8.08	79.09
Utilised/ reversed/ payout during the year	(3.53)	-
Balance at the end of the year	**98.49**	**93.94**
Provision for right of return/ discounts and others		
Balance at the beginning of the year	**190.90**	**148.97**
Provided during the year	80.83	83.40
Utilised/ reversed/ payout during the year	(30.55)	(41.47)
Balance at the end of the year	**241.18**	**190.90**

Notes to the Standalone Financial Statements

Note 22: Other non-current liabilities

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred government grants	2.94	7.60
Deferred revenue	60.52	67.59
Deferred lease income	1.04	-
	64.50	**75.19**

Note 23: Financial liabilities - borrowings

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Current		
Loans repayable on demand from banks		
Unsecured loans		
Packing credit from banks	-	142.54
Buyers credit	-	31.89
	-	**174.43**

Note 24: Trade payables

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Total outstanding dues of micro enterprises and small enterprises	28.01	18.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,453.34	1,561.64
	1,481.35	**1,580.02**

Note 24: Trade payables (Contd..)

- 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.

- 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, 2019, 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, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Current maturities of non-current borrowings		
Deferred sales tax loans	-	0.07
Unclaimed dividend*	9.64	10.08
Security deposits	1.33	1.65
Capital creditors	47.26	71.26
Employee dues	84.61	86.67
Derivative designated as hedge - carried at fair value	-	2.00
Import advance licences	37.62	44.89
Accrued expenses	42.22	56.45
	222.68	**273.07**

*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, 2019	As at 31st March, 2018
Advance from customers	6.30	23.24
Amount refundable to customers	109.28	168.38
Income received in advance	10.03	13.18
Other payables:		
Statutory dues	50.68	92.50
Deferred government grants	0.25	1.63
Deferred revenue	7.07	7.07
Deferred lease income	0.30	-
	183.91	**306.00**

Note 27: Revenue from sale of products

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Sale of products (refer note below)	11,968.44	11,004.44
	11,968.44	**11,004.44**

(i) After applicability of Goods and Services Tax (GST) w.e.f. 1st July, 2017, sales are required to be disclosed net of GST. Accordingly, the figures of income from operations for the year ended 31st March, 2019 are not comparable with the corresponding previous period.

(ii) Disaggregation of revenue

The Company's revenue disaggregated by business unit is as follows:

₹ in Crores

Nature of revenue	For the year ended 31st March, 2019
Sale of products	
1) India - Branded Generics	4,852.97
2) India - Trade Generics	1,418.99
3) Export sales	
-North America (USA)	1,398.06
-South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)	1,281.12
-Emerging Market (EM)	1,515.37

Note 27: Revenue from sale of products (Contd..)

₹ in Crores

Nature of revenue	For the year ended 31st March, 2019
-Europe	527.88
-Active Pharmaceutical Ingredient (API)	736.50
-Others	237.56
	11,968.44

Reconciliation of revenue from sale of products and services with the contracted price

₹ in Crores

Particulars	For the year ended 31st March, 2019
Contracted price	12,638.27
Less: trade discounts, sales and expiry return	669.83
Sale of product and services	**11,968.44**

Contract balances

₹ in Crores

Particulars	As at 31st March, 2019
Contract liabilities from contracts with customers	183.17

Contract liabilities from contracts with customers

The Company records a contract liability when cash payments are received or due in advance of its performance.

Note 28: Other operating revenue

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Rendering of services	6.48	66.94
Export incentives	155.27	137.23

Notes to the Standalone Financial Statements

Note 28: Other operating revenue (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Technical know-how and licensing fees	41.02	54.50
Scrap sales	31.90	29.44
Sale of marketing and other product license	72.00	85.42
Royalty income	50.68	22.63
Goods and service tax area based incentive	13.78	23.43
Miscellaneous income*	34.44	20.78
	405.57	**440.37**

*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, 2019	For the year ended 31st March, 2018
Interest income -		
Subsidiaries - carried at amortised cost (refer note 41)	19.69	20.20
Others - carried at amortised cost	39.94	7.67
Dividend income -		
Subsidiaries - carried at amortised cost (refer note 41)	241.50	145.09
Non-current investments - carried at amortised cost (refer note 41)	0.00	-
Current investments - carried at fair value	-	2.14
Government grants $	6.95	1.61
Net gain on foreign currency transaction and translation	20.38	24.81
Net gain on sale of investment -		
Current investments - carried at FVTPL	96.39	63.35
Non-current investments - subsidiaries	11.02	15.36
Fair value gain on financial instruments at fair value through profit or loss	19.11	2.07
Net gain on disposal of property, plant and equipment	-	12.15
Sundry balance written back	26.60	-
Insurance claim	4.58	3.66
Rent income	5.35	1.39
Corporate guarantee commission (refer note 41)	19.92	18.38
Litigation settlement income	47.96	-
Miscellaneous income*	18.13	17.00
	577.52	**334.88**

$ 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.

*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, 2019	For the year ended 31st March, 2018
Semi finished goods consumed	1,025.89	1,322.84
Raw material consumed	1,023.78	1,062.08
Packing material consumed	930.80	882.64
Cost of material supplied - others	131.78	35.75
Total consumption	**3,112.25**	**3,303.31**

Notes to the Standalone Financial Statements

Note 31: Purchases of stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Purchases of stock-in-trade	1,259.21	1,064.23
	1,259.21	1,064.23

Note 32: Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Opening stock		
Work-in-progress	729.73	544.95
Finished goods	700.38	680.12
Stock-in-trade	289.02	282.01
	1,719.13	1,507.08
Less: Closing stock		
Work-in-progress	750.85	729.73
Finished goods	529.88	700.38
Stock-in-trade	301.70	289.02
	1,582.43	1,719.13
Decrease /(increase)	136.70	(212.05)

Note 33: Employee benefits expense

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Salaries and wages	1,633.63	1,582.96
Contribution to provident and other funds (refer note 40)	98.00	100.11
Share based payments expense (refer note 42) *	22.01	31.40
Staff welfare expenses	86.20	71.47
	1,839.84	1,785.94

*Share based payments expense charges includes net recovery of ₹0.25 Crore from subsidiaries. (Previous year ₹0.05 Crore charged to subsidiary). (refer note 41)

Note 34: Finance costs

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Interest expense	16.97	11.90
	16.97	11.90

Note 35: Depreciation, impairment and amortisation expense

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Depreciation on property, plant and equipment (refer note 2)	504.46	480.45
Impairment of capital work-in-progress (refer note 2)	5.45	-
Depreciation on investment properties (refer note 3)	1.49	0.00
Impairment on intangible assets (refer note 4)	2.23	-
Amortisation of intangible assets (refer note 4)	56.09	49.16
	569.72	529.61

Notes to the Standalone Financial Statements

Note 36: Other Expenses

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Manufacturing expenses	493.74	475.13
Stores and spares	100.49	119.63
Repairs and maintenance:		
Buildings	30.38	28.00
Plant and equipment	78.42	72.78
Insurance	16.20	16.07
Rent	58.92	50.95
Rates and taxes	26.84	26.09
Power and fuel	264.93	239.01
Travelling and conveyance	275.10	266.26
Sales promotion expenses	363.66	269.67
Commission on sales	270.12	246.35
Freight and forwarding	170.60	162.07
Allowance for credit loss (net) (refer note 45)	42.88	32.73
Contractual services	158.93	155.69
Non-executive directors' remuneration	9.12	9.07
Postage and telephone expenses	30.37	34.23

Note 36: Other Expenses (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Legal and professional fees	425.94	430.50
Payment to auditors		
Audit fees	1.21	1.21
Taxation matters	0.20	0.08
For other services	0.36	0.11
Reimbursement of expenses	0.14	0.00
Net loss on sale/ disposal of property, plant and equipment (refer note 2(iii))	2.93	-
Corporate social responsibility (CSR) expenditure (refer note 46)	33.42	32.20
Donations *	11.99	9.09
Research - clinical trials, samples and grants	381.23	273.46
Excise duty (refer note 27(i))	-	54.91
Miscellaneous expenses#	275.89	302.54
	3,524.01	**3,307.83**

* Includes ₹9.00 Crore towards donation to Electoral fund (previous year ₹9.00 Crore).

Expenses below 1% of revenue from operation are aggregated in accordance with Schedule (III) to the Companies Act, 2013.

Note 37: Research and development (R&D) expenditure

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
The amount of expenditure as shown in the respective heads of account is as under:		
R&D capital expenditure (gross)		
Building	7.97	5.56
Assets other than building	26.28	57.81
	34.25	**63.37**
Less: Realisation on sale of R&D assets		
Assets other than building	0.05	0.09
	0.05	**0.09**
Total R&D capital expenditure (net)	**34.20**	**63.28**

Notes to the Standalone Financial Statements

Note 37: Research and development (R&D) expenditure

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
R&D revenue expenditure included in profit or loss (excluding depreciation)		
Materials consumed	228.30	243.73
Employee benefits expense	208.10	196.57
Power and fuel	25.78	24.52
Repairs and maintenance	21.99	25.18
Manufacturing expenses	22.10	19.58
Professional fees	113.98	68.84
Research - clinical trials, samples and grants	203.10	100.09
Printing and stationery	0.34	0.47
Travelling expenses	18.32	12.72
Other research and development expenses	158.46	155.31
Allocated manufacturing expenses for R&D batches	12.88	17.21
Total R&D revenue expenditure	**1,013.35**	**864.22**
Total R&D expenditure	**1,047.55**	**927.50**
Amount eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961		
R&D capital expenditure (gross)	26.28	57.81
R&D revenue expenditure	902.01	726.33
	928.29	**784.14**
Less: Realisation on sale of R&D assets	0.05	0.09
	928.24	**784.05**
Revenue from operations	**12,374.01**	**11,444.81**
Total R&D expenditure/revenue	8.47%	8.10%
Total eligible R&D expenditure/revenue	7.50%	6.85%

Note 38: Lease accounting

Where the Company is a lessee

The Company has obtained certain premises for its business operations (including furniture and fixtures, therein as applicable) under cancellable operating lease or leave and license agreements ranging from 11 months to 5 years or longer which are subject to renewal at mutual consent. The cancellable lease arrangements can be terminated by either party after giving due notice. Lease payments are recognised in the profit or loss under 'Rent' in Note 36- Other expenses.

Where the Company is a lessor

The Company has given certain premises under operating lease or leave and license agreement. The Company retains substantially all risks and benefits of ownership of the leased asset and hence classified as Operating lease. Lease income on such operating lease is recognised in Profit or Loss under 'Rent' in Note 29- Other income.

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, 2019	As at 31st March, 2018
Contingent liabilities		
Claims against the Company not acknowledged as debt	280.26	253.93
Guarantees*	4,044.40	3,800.44
Letter of credit	13.90	5.73
Income tax on account of disallowance/additions	60.86	105.37
Excise duty/service tax on account of valuation/ cenvat credit	137.07	124.30
Sales tax on account of credit/classification	9.44	4.90
	4,545.93	**4,294.67**
Commitments		
(a) Estimated amount of contracts unexecuted on capital account	256.06	216.39

(b) With respect to 0.001% Compulsorily Convertible Preference Shares (the 'CCPS') issued by Cipla Health Limited ('CHL'), a subsidiary of the Cipla limited (the 'Company'), to FIL Capital Investments (Mauritius) II Limited ('FIL') aggregating to ₹128.97 Crores, FIL has an option to sell the CCPS to CHL or the Company at the fair value of such CCPS on exercise date of such option. Such option is exercisable upto 1st April, 2021, only in the event Cipla Health Limited/the Company fails to provide an exit opportunity to FII in the form of qualified public offering, secondary sale or acquisition, before then.

*The Company has given guarantees in favour of various banks for ₹3,885.47 Crore (previous year ₹3,661.86 Crore) against the loan granted to Cipla (EU) Limited and Invagen Pharmaceuticals Inc. (wholly owned subsidiaries). (refer note 41)

Note:

i. Claims against the Company not acknowledged as debt includes 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.

Notes to the Standalone Financial Statements

Note 39: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd..)

(ii) The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Orders. The total demand against the Company as stated in NPPA public disclosure amounts to ₹2,655.09 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 Hon'ble 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 Hon'ble Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company and the matters were carried in appeal by the Union of India to the Supreme Court of India. The Supreme Court in its judgement of 1st August, 2003 restored the said writ petitions to the Bombay High Court with directions that the Court will have to consider the petitions afresh, having due regard to the observations made by the Supreme Court in its judgement. On the Union of India filing transfer petitions, the Supreme Court ordered transfer of the said petitions to the Bombay High Court to it for being heard with the appeal filed against the Allahabad High Court order. Subsequently, in its order of 20th July, 2016 the Supreme Court recalled its transfer order and remanded the petitions to Bombay High Court for hearing. While remanding the matter to Bombay High Court, the Hon'ble 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 Hon'ble 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 post such transfer of cases to Bombay High Court. Meanwhile, the Hon'ble 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 Hon'ble 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 Hon'ble Bombay High Court.

The Bombay High Court had, in expectation of NPPA filing its counter-statement on status of each petitioner's compliance with the 2003 and 2016 Hon'ble Supreme Court orders (on deposit 50% of amount demanded), re-scheduled the hearing on 8th April, 2019; but as all the connected matters were not listed on this date, the case has now been listed on 5th June, 2019.

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Hon'ble Supreme Court of India. Although, the decision of Hon'ble 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 Hon'ble Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Hon'ble Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹1,736.00 Crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹2,272.32 Crore (after adjusting deposit of ₹175.08 Crore), however, the Company has not received any further notices beyond an aggregate amount of ₹1,736.00 Crore.

For the balance demand aggregating to ₹197.62 Crore (pertaining to set of products not part of the above mentioned writ proceedings in the Hon'ble Bombay High Court), basis the facts and legal advice, the Company carries a total provision of ₹98.49 Crore as of 31st March, 2019.

(iii) During the year ended 31st March, 2019, the Group has launched gSensipar (Cinacalcet hydrochloride) at risk ("LAR") as second US generic of Sensipar.® in the US market. On considering the various factors such as district court opinion, terms of settlement with Amgen and the opinions from both internal and external legal counsels, the management is of the view that there are remote chances to pay damages following the LAR. Also, following Cipla's LAR of its gSenispar product, the District Court denied Amgen's motion for a Preliminary Injunction (PI) on 2nd May, 2019.

Notes to the Standalone Financial Statements

Note 40: Employee benefits

a. Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is 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. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

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.

c. Inherent risks:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

d. Charge to the profit or loss

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Defined contribution plan		
Employees pension scheme	23.97	24.46
Others - ESIS, Labour welfare fund, etc.	5.24	6.07
	29.21	**30.53**
Defined benefit plan		
Gratuity	26.84	27.73
Provident fund	41.95	41.85
	68.79	**69.58**
Total contribution to provident fund and other fund	**98.00**	**100.11**

e. Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2019

₹ in Crores

Particulars	31st March, 2019 Gratuity (funded plan)	31st March, 2018 Gratuity (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	134.35	139.73
Interest cost	10.52	10.68
Current service cost	27.15	27.37
Actuarial changes arising from changes in demographic assumptions	(4.21)	-
Actuarial changes arising from changes in financial assumptions	5.41	(3.50)
Actuarial changes arising from changes in experience assumptions	(12.29)	(2.39)
Benefits paid	(27.82)	(37.54)
Liability at the end of the year	**133.11**	**134.35**
ii. Change in fair value of assets		
Opening fair value of plan assets	138.27	135.06
Expected return on plan assets	10.83	10.32
Return on plan assets, excluding interest income	0.91	(3.18)
Contributions by employer (refer note 41)	15.00	28.00
Benefits paid	(22.38)	(31.93)
Closing fair value of plan assets	**142.63**	**138.27**

Notes to the Standalone Financial Statements

Note 40: Employee benefits (Contd..)

e. Disclosures for defined benefit plans based on actuarial reports as on 31st March 2019

₹ in Crores

Particulars	31st March, 2019 Gratuity (funded plan)	31st March, 2018 Gratuity (funded plan)
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(133.11)	(134.35)
Fair value of plan assets as at year end	142.63	138.27
Net asset/(liability) recognised	**9.52**	**3.92**
iv. Expenses recognised in profit or loss		
Current service cost	27.15	27.37
Interest on defined benefit obligation	10.52	10.68
Expected return on plan assets	(10.83)	(10.32)
Total expense recognised in profit or loss	**26.84**	**27.73**
v. Expenses recognised in other comprehensive income (OCI)		
Actuarial changes arising from changes in demographic assumptions	(4.21)	-
Actuarial changes arising from changes in financial assumptions	5.41	(3.50)
Actuarial changes arising from changes in experience assumptions	(12.29)	(2.39)
Actuarial gain/(loss) return on plan assets, excluding interest income	(0.91)	3.18
Net (income)/expense for the period recognised in OCI	**(12.00)**	**(2.71)**
vi. Actual return on plan assets		
Expected return on plan assets	10.83	10.32
Actuarial gain/(loss) on plan assets	0.91	(3.18)
Actual return on plan assets	**11.74**	**7.14**
vii. Asset information		
Insurer managed funds	**100%**	**100%**
viii. Expected employer's contribution for the next year	**12.59**	**23.23**

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

Principal actuarial assumptions used	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Discounted rate (per annum)	7.79%	7.83%
Expected rate of return on plan assets	7.79%	7.83%
Expected rate of future salary increase (per annum)		5.00%
- For the next 2 years	7.00%	-
- Thereafter starting from the 3rd year	5.00%	-

Notes to the Standalone Financial Statements

Note 40: 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.

Sensitivity Analysis

₹ in Crores

Particulars	For the Year ended 31st March, 2019		For the Year ended 31st March, 2018	
Discount rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	(15.97)	19.31	(16.47)	20.01
Salary growth rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	19.62	(16.46)	20.39	(17.01)
Attrition rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	5.48	(6.34)	5.97	(6.93)

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.

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, 2019	As at 31st March, 2018
1st following year	3.94	4.90
2nd following year	2.83	3.76
3rd following year	4.50	3.51
4th following year	5.74	4.73
5th following year	9.65	6.18
Sum of years 6 to 10	43.62	47.21
Sum of years 11 and above	405.00	433.12

f. The details of the Company's defined benefit plans in respect of the Company owned provident fund trust based on the actuarial reports as on 31st March, 2019

₹ in Crores

Particulars	31st March, 2019 Provident fund (funded plan)	31st March, 2018 Provident fund (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	862.31	764.86
Interest cost	73.05	66.64
Current service cost	41.95	41.85
Employee contribution	76.80	76.69
Liability transferred in	19.86	13.52
Benefits paid	(128.11)	(101.86)
Other experience adjustment	(0.71)	0.61
Liability at the end of the year	**945.15**	**862.31**

Notes to the Standalone Financial Statements

Note 40: Employee benefits (Contd..)

f. The details of the Company's defined benefit plans in respect of the Company owned provident fund trust based on the actuarial reports as on 31st March, 2019

₹ in Crores

Particulars	31st March, 2019 Provident fund (funded plan)	31st March, 2018 Provident fund (funded plan)
ii. Change in fair value of assets		
Opening fair value of plan assets	875.33	778.14
Expected return on plan assets	73.05	66.64
Actuarial gain	3.54	0.32
Contributions	118.75	118.53
Transfer of plan assets	19.86	13.52
Benefits paid	(128.11)	(101.86)
Other experience adjustment	0.03	0.04
Closing fair value of plan assets	**962.45**	**875.33**
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(945.15)	(862.31)
Fair value of plan assets as at year end	962.45	875.33
Funded status	(17.30)	(13.02)
Net asset/(liability) recognised	**-**	**-**
iv. Expenses recognised in profit or loss		
Current service cost	41.95	41.85
Interest cost	73.05	66.64
Expected return on plan assets	(73.05)	(66.64)
Total expense recognised in profit or loss	**41.95**	**41.85**
v. Actual return on plan assets		
Expected return on plan assets	73.05	66.64
Actuarial gain on plan assets	3.54	0.32
Actual return on plan assets	**76.59**	**66.96**
vi. Asset information		
Investment in PSU bonds	423.54	401.94
Investment in government securities	423.75	381.58
Bank special deposit	15.58	15.58
Investment in other securities	36.03	36.31
Private sector bonds	4.00	4.00
Equity/insurer managed funds/mutual funds	55.72	34.84
Cash and cash equivalents	3.83	1.08
Total assets at the end of the year	**962.45**	**875.33**
vii. Principal actuarial assumptions used		
Discounted rate (per annum)	7.79%	7.83%
Expected rate of return on plan assets (per annum)	8.65%	8.55%
Expected rate of future salary increase (per annum)		5.00%
- For the next 2 years	7.00%	-
- Thereafter starting from the 3rd year	5.00%	-
viii. Experience adjustments		
Defined benefit obligation	945.15	862.31
Plan assets	(962.45)	(875.33)
Deficit/(Surplus)	**(17.30)**	**(13.02)**
Experience adjustment on plan assets -gain	3.54	0.32

Notes to the Standalone Financial Statements

Note: 41 Related Party Disclosures

Information on related party transactions as required by Ind AS - 24 - Related Party Disclosures are given below:-

A. Subsidiary Companies including step-down subsidiaries and associate companies :

Sr. No.	Name of the Company
	Subsidiaries (held directly)
1	Cipla FZE (upto 31st March, 2018 and finally liquidated w.e.f. 11th February, 2019)
2	Cipla (Mauritius) Limited
3	Cipla Medpro South Africa (Proprietary) Limited
4	Cipla Holding B.V.
5	Cipla Biotec Private Limited
6	Cipla (EU) Limited
7	Cipla Health Limited
8	Goldencross Pharma Private Limited
9	Jay Precision Pharmaceuticals Private Limited
10	Meditab Specialities Private Limited
11	Saba Investment Limited
	Subsidiaries (held indirectly)
12	Cipla (UK) Limited
13	Cipla Australia Pty. Ltd.
14	Medispray Laboratories Private Limited
15	Sitec Labs Private Limited
16	Meditab Holdings Limited
17	Meditab Specialities New Zealand Limited (upto 10th July, 2017)
18	Cipla ilaç Ticaret Anonim Şirketi
19	Cipla Kenya Limited
20	Cipla Malaysia Sdn. Bhd.
21	Cipla Europe NV
22	Cipla Quality Chemical Industries Limited
23	Cipla Croatia d.o.o. (upto 19th January, 2018)
24	Galilee Marketing Proprietary Limited (liquidated w.e.f. 11th October, 2018)
25	Inyanga Trading 386 Proprietary Limited
26	Xeragen Laboratories Proprietary Limited (liquidated w.e.f. 07th September, 2018)
27	Cipla Medpro Holdings Proprietary Limited
28	Cape to Cairo Exports Proprietary Limited
29	Cipla Agrimed Proprietary Limited (upto 1st June, 2017)
30	Cipla Dibcare Proprietary Limited
31	Cipla Life Sciences Proprietary Limited
32	Cipla Medpro Proprietary Limited
33	Cipla Medpro Distribution Centre Proprietary Limited
34	Cipla Medpro Botswana Proprietary Limited
35	Cipla Nutrition Proprietary Limited
36	Cipla Vet Proprietary Limited (upto 1st June, 2017)
37	Medpro Pharmaceutica Proprietary Limited
38	Med Man Care Proprietary Limited (liquidated w.e.f. 15th October, 2018)
39	Breathe Free Lanka (Private) Limited
40	Medica Pharmaceutical Industries Company Limited
41	Al-Jabal For Drugs and Medical Appliances Company Limited (upto 26th March, 2018)
42	Cipla Pharma Lanka (Private) Limited
43	Cipla Pharma Nigeria Limited (upto 9th January, 2018)
44	Cipla Brasil Importadora E Distribuidora De Medicamentos Limited
45	Cipla Maroc SA
46	Cipla Middle East Pharmaceuticals FZ-LLC
47	Quality Chemicals Limited
48	Cipla Philippines Inc.
49	Cipla USA Inc.
50	Invagen Pharmaceuticals Inc.
51	Exelan Pharmaceuticals Inc.
52	Anmaraté (Pty) Limited, South Africa (w.e.f 12th April, 2017)
53	Cipla BioTec South Africa (Pty) Limited
54	Cipla Algérie
55	Cipla Technologies LLC, USA (w.e.f. 13th November, 2017)
56	Cipla Gulf FZ-LLC (w.e.f. 10th October, 2018)
57	Mirren (Pty) Limited (w.e.f. 22nd October, 2018)
58	Madison Pharmaceuticals Inc. (w.e.f 26th October, 2018)
	Associates
59	Stempeutics Research Private Limited
60	Avenue Therapeutics Inc (w.e.f. 8th February, 2019)

B. Key management personnel (KMP)

1. Ms. Samina Vaziralli - Executive Vice-Chairperson
2. Mr. Umang Vohra – Managing Director and Global Chief Executive Officer
3. Mr. S. Radhakrishnan – Whole-time Director (upto 11th November, 2017)
4. Mr. Kedar Upadhye - Global Chief Financial Officer
5. Dr. Raghunathan Ananthanarayanan - Global Chief Operating Officer (w.e.f. 08th August, 2018)

Notes to the Standalone Financial Statements

Note: 41 Related Party Disclosures (Contd..)

C. Non-executive Chairman & Non-executive Vice Chairman

1 Dr. Y.K. Hamied, Chairman
2 Mr. M.K. Hamied, Vice Chairman

D. Non-executive Directors

1 Mr. Ashok Sinha
2 Mr. Adil Zainulbhai
3 Ms. Punita Lal
4 Ms. Naina Lal Kidwai
5 Ms. Ireena Vittal (upto 31st March, 2019)
6 Mr. Peter Lankau
7 Dr. Peter Mugyenyi
8 Mr. S. Radhakrishnan – (w.e.f. 12th November, 2017)

E. Entities over which Key management personnel are able to exercise significant influence

1 Cipla Foundation
2 Hamied Foundation
3 Cipla Cancer and AIDS Foundation

F. Trust over which entity has control/significant influence

1 Cipla Limited Employees Provident Fund
2 Cipla Limited Employees Gratuity Fund
3 Cipla Employees Stock Option Trust
4 Cipla Health Employees Stock Option Trust

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
A. Loan repaid including Inter-corporate deposit (ICD)		
Jay Precision Pharmaceuticals Private Limited	-	3.25
	-	**3.25**
B. Equity component of ICD converted to non-current investment		
Meditab Specialities Private Limited	50.70	-
	50.70	**-**
C. Investment made - equity		
Cipla (EU) Limited	206.84	17.41
Cipla Biotec Private Limited	-	19.99
Cipla Health Limited	43.73	-
Meditab Specialities Private Limited (refer B Above)	50.70	-
	301.27	**37.40**
D. Sale/buy- back of investment - equity		
Cipla FZE	-	24.04
Saba Investment Limited	-	43.14
Cipla (Mauritius) Limited	105.91	36.05
	105.91	**103.23**
E. Loans given/unwinding of interest		
Meditab Specialities Private Limited	19.69	20.15
	19.69	**20.15**
F. Outstanding payables		
Goldencross Pharma Private Limited	75.62	99.04
Saba Investment Limited	0.36	-
Sitec Labs Private Limited	25.74	13.85
Cipla Europe NV	54.74	38.19
Cipla (UK) Limited	0.53	1.09
Medispray Laboratories Private Limited	45.75	-
Invagen Pharmaceuticals Inc.	1.15	-
Cipla Ilac Ticaret Anonim Sirketi	-	0.09
Cipla Malaysia Sdn. Bhd.	2.34	0.91
Cipla (EU) Limited	39.89	129.59
Jay Precision Pharmaceuticals Private Limited	9.80	10.93
Cipla Biotec Private Limited	2.08	-
Meditab Specialities Private Limited	18.30	-
Medpro Pharmaceutica Proprietary Limited	-	1.25
	276.30	**294.94**

Notes to the Standalone Financial Statements

Note: 41 Related Party Disclosures (Contd..)

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
G. Outstanding receivables		
Cipla Gulf FZ LLC.	0.01	-
Al-Jabal For Drugs and Medical Appliances Company Limited	-	0.13
Meditab Specialities Private Limited	-	49.07
Medispray Laboratories Private Limited	-	2.72
Quality Chemicals Limited	10.31	9.44
Breathe Free Lanka (Private) Limited	68.42	73.23
Cipla Biotec Private Limited	-	2.65
Cipla Quality Chemical Industries Limited	41.54	23.16
Cipla Australia Pty. Ltd.	18.60	31.36
Cipla USA Inc.	804.20	20.69
Cipla Life Sciences Proprietary Limited	-	0.21
Cipla Vet Proprietary Limited	-	1.68
Cipla Medpro South Africa (Proprietary) Limited	239.48	409.63
Cipla Holding B.V.	0.01	0.24
Cipla Health Limited	23.61	8.33
Cipla Kenya Limited	1.00	20.91
Cipla Middle East Pharmaceuticals FZ-LLC	37.20	62.60
Invagen Pharmaceuticals Inc.	-	1.48
Saba Investment Limited	-	0.13
Cipla Maroc SA	12.77	0.05
Exelan Pharmaceuticals Inc.	0.63	0.20
Cipla Technologies LLC	8.36	8.71
Medica Pharmaceutical Industries Company Limited	0.97	0.97
	1,267.11	**727.59**
H. Loan to subsidiaries		
Meditab Specialities Private Limited	169.08	200.10
	169.08	**200.10**

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
I. Interest received		
Jay Precision Pharmaceuticals Private Limited	-	0.05
Meditab Specialities Private Limited	19.69	20.15
Cipla (EU) Limited (Guarantee commission)	8.01	7.39
Invagen Pharmaceuticals Inc. (Guarantee commission)	11.91	10.99
	39.61	**38.58**
J. Remuneration (Including sitting fees)*		
Dr. Y.K. Hamied	2.02	2.03
Mr. M.K. Hamied	2.07	2.10
Ms. Samina Vaziralli	7.27	4.83
Mr. Umang Vohra	17.06	14.67
Mr. S.Radhakrishnan	2.09	4.03
Mr. Kedar Upadhye	3.85	3.31
Dr. Raghunathan Ananthanarayanan	8.85	-
Mr. Ashok Sinha	0.46	0.47
Mr. Adil Zainulbhai	0.38	0.36
Ms. Punita Lal	0.41	0.39
Ms. Naina Lal Kidwai	0.43	0.40
Ms. Ireena Vittal	0.41	0.41
Mr. Peter Lankau	0.44	0.44
Dr. Peter Mugyenyi	0.43	0.43
	46.17	**33.87**

* Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall company basis at the end of each year and accordingly have not been considered in the above information.

Particulars	As at 31st March, 2019	As at 31st March, 2018
K. Purchase of goods		
Goldencross Pharma Private Limited	97.49	113.36
Medispray Laboratories Private Limited	159.99	154.27
Meditab Specialities Private Limited	0.13	0.35
Sitec Labs Private Limited	-	2.16

Notes to the Standalone Financial Statements

Note: 41 Related Party Disclosures (Contd..)

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Jay Precision Pharmaceuticals Private Limited	102.69	100.97
Cipla Quality Chemical Industries Limited	0.21	-
Cipla Health Limited	0.24	0.38
Invagen Pharmaceuticals Inc.	19.62	1.81
Stempeutics Research Private Limited	0.16	1.10
Cipla Biotec Private Limited	0.02	-
	380.55	**374.40**
L. Processing charges paid		
Goldencross Pharma Private Limited	56.56	60.15
Medispray Laboratories Private Limited	51.65	43.31
Meditab Specialities Private Limited	38.15	37.91
	146.36	**141.37**
M. Testing and analysis charges paid		
Sitec Labs Private Limited	76.44	78.81
Stempeutics Research Private Limited	1.79	-
	78.23	**78.81**
N. Freight charges paid		
Medispray Laboratories Private Limited	-	0.02
Meditab Specialities Private Limited	-	0.19
Goldencross Pharma Private Limited	0.34	0.45
	0.34	**0.66**
O. Sale of goods		
Goldencross Pharma Private Limited	2.82	1.14
Meditab Specialities Private Limited	0.31	0.72
Medispray Laboratories Private Limited	29.77	35.65
Cipla Quality Chemical Industries Limited	46.35	17.40
Cipla Health Limited	0.00	0.08

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Sitec Labs Private Limited	0.50	0.31
Cipla (EU) Limited	16.30	(2.03)
Cipla Europe NV	60.45	15.61
Cipla Life Sciences Proprietary Limited	-	12.83
Cipla Vet Proprietary Limited	-	0.67
Cipla Medpro South Africa (Proprietary) Limited	645.58	752.25
Cipla Australia Pty. Ltd.	16.49	32.07
Cipla USA Inc.	1,166.76	415.96
Al-Jabal For Drugs and Medical Appliances Company Limited	-	4.41
Quality Chemicals Limited	6.18	5.44
Invagen Pharmaceuticals Inc.	0.92	5.21
Cipla Kenya Limited	(5.93)	21.71
Cipla Maroc SA	13.01	0.07
Cipla Middle East Pharmaceuticals FZ-LLC	87.34	97.39
Breathe Free Lanka (Private) Limited	111.70	102.28
Jay Precision Pharmaceuticals Limited	0.03	-
	2,198.58	**1,519.17**
P. Sale of assets		
Goldencross Pharma Private Limited	0.00	2.13
Meditab Specialities Private Limited	0.02	10.32
Medispray Laboratories Private Limited	0.05	22.31
	0.07	**34.76**
Q. Purchase of assets		
Cipla Biotec Private Limited	0.48	0.22
Medispray Laboratories Private Limited	-	0.07
Goldencross Pharma Private Limited	0.61	-
Stempeutics Research Private Limited	3.00	-
	4.09	**0.29**

Notes to the Standalone Financial Statements

Note: 41 Related Party Disclosures (Contd..)

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
R. Processing charges received		
Meditab Specialities Private Limited	0.38	1.62
Medispray Laboratories Private Limited	4.96	8.48
	5.34	**10.10**
S. Contribution to provident fund and other fund		
Cipla Limited Employee Gratuity Fund	15.00	28.00
Cipla Limited Employee Provident Fund	41.95	41.85
	56.95	**69.85**
T. Service charges paid		
Cipla Biotec Private Limited	12.27	16.97
Cipla (EU) Limited	7.89	18.96
Cipla (UK) Limited	1.35	1.78
Cipla Australia Pty. Ltd.	13.34	12.18
Cipla Ilac Ticaret Anonim Sirketi	0.78	1.39
Cipla USA Inc.	32.45	41.93
Cipla Kenya Limited	-	0.78
Cipla Malaysia Sdn. Bhd.	19.12	18.49
Cipla Europe NV	9.54	15.24
Cipla Maroc SA	-	0.42
Cipla Medpro South Africa (Proprietary) Limited	1.71	-
Quality Chemicals Limited	1.06	1.87
Hamied Foundation	2.22	4.87
	101.73	**134.88**
U. Service charges received		
Cipla Biotec Private Limited	2.06	2.63
Cipla Health Limited	13.43	6.93
Saba Investments Limited	0.23	-
Al-Jabal For Drugs and Medical Appliances Company Limited	-	0.20
Cipla (EU) Limited	1.57	0.98
Cipla (UK) Limited	0.06	0.05

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Cipla Europe NV	0.16	0.14
Cipla Holding B.V.	0.09	0.32
Cipla Medpro South Africa (Proprietary) Limited	0.25	0.30
Cipla Technologies LLC, USA	6.46	6.77
Cipla USA Inc.	0.26	0.15
Invagen Pharmaceuticals Inc.	3.75	0.21
Goldencross Pharma Private Limited	0.06	-
Medispray Laboratories Private Limited	0.20	-
Cipla Quality Chemical Industries Limited	0.36	-
Cipla Australia Pty. Limited	0.00	-
Breathe Free Lanka (Private) Limited	0.01	-
Cipla Kenya Limited	0.00	-
Cipla Maroc SA	0.00	-
Exelan Pharmaceuticals Inc.	0.37	-
Meditab Specialities Private Limited	0.08	-
Cipla Malaysia Sdn. Bhd.	0.00	-
Sitec Labs Private Limited	0.11	-
	29.51	**18.68**
V. Donations given		
Cipla Foundation	28.80	31.30
	28.80	**31.30**
W. Rent received		
Dr. Y.K. Hamied (₹20,040/- in both the year)	0.00	0.00
Cipla Biotec Private Limited	1.33	1.56
	1.33	**1.56**
X. Reimbursement of operating/other expenses		
Cipla Biotec Private Limited	0.02	0.23
Cipla Maroc SA	0.49	-

Notes to the Standalone Financial Statements

Note: 41 Related Party Disclosures (Contd..)

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Cipla Medpro South Africa (Proprietary) Limited	-	1.54
Cipla Quality Chemical Industries Limited	0.12	-
Meditab Specialities Private Limited	0.00	0.00
Invagen Pharmaceuticals Inc.	10.25	1.15
Jay Precision Pharmaceuticals Private Limited	-	0.06
Cipla Health Limited	0.36	-
Medispray Laboratories Private Limited	-	0.02
Cipla Brasil Importadora E Distribuidora De	1.98	-
Cipla Kenya Limited	0.77	-
Cipla USA Inc.	20.34	-
Stempeutics Research Private Limited	0.18	-
	34.51	**3.00**
Y. Reimbursement received of operating/ other expenses		
Goldencross Pharma Private Limited	0.83	0.54
Meditab Specialities Private Limited	0.45	0.32
Jay Precision Pharmaceuticals Private Limited	0.61	0.61
Cipla Health Limited	4.12	1.08
Cipla Gulf FZ-LLC.	0.54	-
Cipla (EU) Limited	0.30	0.17
Cipla Australia Pty. Ltd.	0.00	0.02
Cipla (UK) Limited	0.01	0.01
Cipla Medpro South Africa (Proprietary) Limited	1.17	0.97
Cipla Quality Chemical Industries Limited	0.34	-
Cipla USA Inc.	0.21	0.27
Medispray Laboratories Private Limited	0.99	0.90

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Cipla Biotec Private Limited	0.01	0.01
Sitec Labs Private Limited	0.43	0.18
Cipla Europe NV	0.12	0.09
Invagen Pharmaceuticals Inc.	1.16	0.36
Breathe Free Lanka (Private) Limited	0.12	0.01
Cipla Malaysia Sdn. Bhd.	0.02	0.01
Cipla Maroc SA	0.05	0.01
Cipla Holding B.V.	0.05	0.06
Cipla Technologies LLC, USA	1.89	1.93
Exelan Pharmaceuticals Inc.	0.04	0.20
Cipla Kenya Limited	0.04	-
	13.50	**7.75**
Z. Royalty received		
Cipla Health Limited	2.96	2.85
Cipla Quality Chemical Industries Limited	15.83	19.78
Cipla Medpro South Africa (Proprietary) Limited	31.89	-
	50.68	**22.63**
AA. Royalty paid		
Cipla (EU) Limited	4.22	5.51
	4.22	**5.51**
AB. Dividend received		
Cipla Medpro South Africa (Proprietary) Limited	189.59	145.09
Saba Investment Limited	41.56	-
Jay Precision Pharmaceuticals Private Limited	10.35	-
	241.50	**145.09**
AC. Guarantee given on behalf of Subsidiary Company		
Cipla (EU) Limited	1,562.90	1,472.96
Invagen Pharmaceuticals Inc.	2,322.57	2,188.90
	3,885.47	**3,661.86**

Notes to the Standalone Financial Statements

Note: 41 Related Party Disclosures (Contd..)

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
AD. Dividend paid		
Dr. Y.K. Hamied	50.02	33.35
Mr. M.K. Hamied	10.37	6.33
Ms. Samina Vaziralli	5.37	3.58
Mr. Umang Vohra	0.04	0.00
Mr. S.Radhakrishnan	0.01	-
	65.81	**43.26**
AE. Payable to KMP (Commission/remuneration)		
Dr. Y.K. Hamied	2.00	2.00
Mr. M.K. Hamied	2.00	2.00
Ms. Samina Vaziralli	2.30	1.14
Mr. Umang Vohra	5.50	4.00
Mr. S.Radhakrishnan	2.00	2.00
Mr. Kedar Upadhye	0.91	0.70
Mr. Ashok Sinha	0.40	0.40
Mr. Adil Zainulbhai	0.32	0.32
Ms. Punita Lal	0.35	0.33
Ms. Naina Lal Kidwai	0.35	0.35

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Ms. Ireena Vittal	0.36	0.36
Mr. Peter Lankau	0.40	0.40
Dr. Peter Mugyenyi	0.40	0.40
Dr. Raghunathan Ananthanarayanan	1.78	-
	19.07	**14.40**
AF. Contribution payable to providend fund		
Cipla Limited Employee Provident Fund	3.40	3.53
	3.40	**3.53**
AG. Receivable from gratuity fund		
Cipla Limited Employee Gratuity Fund	9.51	3.92
	9.51	**3.92**

Note 42: Employee stock option scheme

Employee stock option scheme

The Company has implemented "ESOS 2013", "ESOS 2013 - A" and "ESOS 2013 - B" as approved by the Shareholders on 8th April 2013, 22nd August 2013 and 22nd August 2013 respectively. Details of the options granted during the year under the Scheme(s) are as given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
ESOS 2013 - A	21-May-18	3,85,227	2.00	2 years	5 years from vesting date
ESOS 2013 - A	01-Nov-18	55,799	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 (₹)	534.91

Notes to the Standalone Financial Statements

Note 42: Employee stock option scheme (Contd..)

Stock option activity under the scheme(s) for the year ended 31st March, 2019 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	**14,29,732**	**2.00**	**2.00**	**5.03**
Granted during the year	4,41,026	2.00	2.00	-
Forfeited/cancelled during the year	2,32,865	2.00	2.00	-
Exercised during the year	5,82,102	2.00	2.00	-
Outstanding at the end of the year	**10,55,791**	**2.00**	**2.00**	**4.57**
Exercisable at the end of the year	3,92,421	2.00	2.00	2.78

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	ESOS 2013	ESOS 2013 - A	ESOS 2013 - B
Expected Dividend yield (%)	No options granted during the year	0.39%	No options granted during the year
Expected volatility		25.23%	
Risk-free interest rate		7.82%	
Weighted average share price (₹)		545.22	
Exercise price (₹)		2.00	
Expected life of options granted in years		4.38	
Weighted average fair value of options (₹)		534.56	

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, 2019	31st March, 2018
Profit after tax as reported (₹ in Crore)	1,888.41	1,468.52
Share based payment expense (₹ in Crore)	22.01	31.40
Earnings per share		
Basic (₹)	23.72	18.64
Diluted (₹)	23.68	18.61

Notes to the Standalone Financial Statements

Note 43: Segment information

In accordance with Indian Accounting Standard (Ind AS) -108 "Operating Segments", Segment information has been given in the consolidated financial statements of Cipla Limited 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, 2019	Maximum balance during the year	As at 31st March, 2018	Maximum balance during the year
1	Meditab Specialities Private Limited	Subsidiary	169.08	219.78	200.10	200.10
2	Jay Precision Pharmaceuticals Private Limited	Subsidiary	-	-	-	3.25

(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, 2019	For the year ended 31st March, 2018
1	Meditab Specialities Private Limited(refer note 41)	19.69	20.15

Notes:

i. All the above loans have been given for business purposes.

ii. The loanees have not made any investment in the shares of the Company.

iii. Loans given to employees as per the Company's policy are not considered.

c) Refer note 5 for investments.

d) Corporate guarantees given by the Company in respect of loans as at 31st March, 2019

₹ in Crores

Name of the Company	As at 31st March, 2019	As at 31st March, 2018
Cipla (EU) Limited (refer note 41)	1,562.90	1,472.96
Invagen Pharmaceuticals Inc. (refer note 41)	2,322.57	2,188.90
	3,885.47	**3,661.86**

Notes to the Standalone Financial Statements

Note 45:

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, 2019 and 31st March, 2018 are considered to be the same as their fair values, due to their short term nature. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and short term borrowings subsequently measured at amortised cost is not significant in each of the year presented.

Financial Instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method at 31st March, 2019 and 31st March, 2018. The different levels have been defined as follows.

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.

The carrying value and fair value of financial instruments by categories as on 31st March, 2019, were as follows:

₹ in Crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost				
Investment properties (refer note 3)	61.85	-	-	75.26
Investments - National saving certificate (refer note 5)	0.00	-	-	0.00
Financial assets at fair value through profit or loss				
Derivatives not designated as hedge (refer note 16)	19.82	-	19.82	-
Investments in mutual funds (refer note 11)	2,011.58	-	2,011.58	-
Financial assets at fair value through other comprehensive income				
Derivatives designated as hedge (refer note 16)	54.93	-	54.93	-

Notes to the Standalone Financial Statements

Note 45: (Contd..)

The carrying value and fair value of financial instruments by categories as on 31st March, 2018, 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)	0.32	-	-	1.81
Investments - National Saving Certificate (refer note 5)	0.00	-	-	0.00
Financial assets at fair value through profit or loss				
Derivatives not designated as hedge (refer note 16)	32.65	-	32.65	-
Investments in mutual funds (refer note 11)	1,039.74	-	1,039.74	-
Financial liabilities:				
Financial liabilities at fair value through other comprehensive income				
Derivatives designated as hedge (refer note 25)	2.00	-	2.00	-

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables, security deposit and loans and advances etc. arises from its operation.

The Company has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Company has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance 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 Company has instituted a self governed risk management framework based on identification of potential risk areas, evaluation of risk intensity, and clear-cut risk mitigation policies, plans and procedures both at the enterprise and operating levels. The framework seeks to facilitate a common organisational understanding of the exposure to various risks and uncertainties at an early stage, followed by timely and effective mitigation. The Audit Committee of the Board reviews the risk management framework at periodic intervals.

Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates will effect groups income or value of its holding financial assets/ instruments. The Company also holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the 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 Indian Rupee appreciates/ depreciates against US dollar (USD), Euro (EUR), South African Rand (ZAR) and Great Britain Pound (GBP).

Notes to the Standalone Financial Statements

Note 45: (Contd..)

Foreign exchange risk

(a) Foreign exchange derivatives and exposures outstanding at the year end

₹ in Crores

Nature of Instrument	Currency	Cross currency	As at 31st March, 2019	As at 31st March, 2018
Forward contracts - Sold	USD	INR	2,054.00	1,527.34
Forward contracts - Sold	ZAR	INR	292.88	451.78
Forward contracts - Sold	EUR	INR	-	23.03
Forward contracts - Bought	USD	INR	-	31.89
Unhedged foreign exchange exposures:				
- Trade and other receivables			1,140.04	797.74
- Cash and cash equivalents			4.21	5.19
- Trade and other payables			(539.71)	(747.15)
- Borrowings			-	(142.54)

Note: The Company uses forward contracts/derivatives for hedging purposes.

(b) Foreign currency risk from financial instruments as of:

₹ in Crores

Particulars	31st March, 2019					
	USD	EUR	GBP	ZAR	Other Currency	Total
Trade and other receivables	890.02	133.75	8.79	67.30	40.18	1,140.04
Cash and cash equivalents	0.84	-	-	-	3.37	4.21
Trade and payables	(366.05)	(108.85)	(56.43)	(4.48)	(3.90)	(539.71)
Borrowings	-	-	-	-	-	-
Net assets / (liabilities)	**524.81**	**24.90**	**(47.64)**	**62.82**	**39.65**	**604.54**

₹ in Crores

Particulars	31st March, 2018					
	USD	EUR	GBP	ZAR	Other Currency	Total
Trade and other receivables	605.55	97.91	31.62	-	62.66	797.74
Cash and cash equivalents	0.89	-	-	-	4.30	5.19
Trade and other payables	(468.02)	(174.30)	(97.79)	-	(7.04)	(747.15)
Borrowings	(142.54)	-	-	-	-	(142.54)
Net assets / (liabilities)	**(4.12)**	**(76.39)**	**(66.17)**	**-**	**59.92**	**(86.76)**

Notes to the Standalone Financial Statements

Note 45: (Contd..)

(c) Sensitivity analysis

A reasonably possible change in foreign exchange rates by 2% would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Movement in exchange rate		
USD - INR	2%	2%
EUR - INR	2%	2%
GBP - INR	2%	2%
ZAR - INR	2%	2%
Impact on profit/ loss		
USD - INR	10.50	(0.08)
EUR - INR	0.50	(1.53)
GBP - INR	(0.95)	(1.32)
ZAR - INR	1.26	-

(d) Impact of hedging activities

The Company uses foreign exchange forward contracts to hedge against the foreign currency risk of highly probable USD and ZAR sales. Such derivative financial instruments are governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established.

a) Disclosure of effects of hedge accounting in the Company's balance sheet

₹ in Crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
31st March, 2019						
Cash flow hedge						
Foreign exchange risk						
i) Foreign exchange forward contracts (refer note 16)	1,698.14	54.93	-	April 2019 - March 2020	1:1*	USD 1 = INR 72.79 ZAR 1 = INR 5.11

₹ in Crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
31st March, 2018						
Cash flow hedge						
Foreign exchange risk						
i) Foreign exchange forward contracts (refer note 25)	1,348.80	-	2.00	April 2018 - March 2019	1:1*	USD 1 = INR 67.06 ZAR 1 = INR 4.94

* The foreign currency forward contracts are denominated in the same currency as the highly probable future sales, therefore hedge ratio of 1:1.

Notes to the Standalone Financial Statements

Note 45: (Contd..)

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
31st March, 2019			
Cash flow hedge			
i) Foreign exchange risk (refer note 27)	48.81	-	(5.61)

₹ 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
31st March, 2018			
Cash flow hedge			
i) Foreign exchange risk (refer note 27)	0.72	-	(2.39)

Hedge effectivenss 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 the 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

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening balance	**0.47**	**-**
Add: Changes in fair value of foreign exchange forward contracts	54.42	3.11
Less: Amount reclassified to profit or loss	(5.61)	(2.39)
Less: Deferred tax relating to above	(17.06)	(0.25)
Closing balance	**32.22**	**0.47**

Notes to the Standalone Financial Statements

Note 45: (Contd..)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Variable rate instruments		
Financial liabilities	-	174.43

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company 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.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Impact on profit/ loss		
Increase	-	(0.87)
Decrease	-	0.87

The risk estimates provided assume a parallel shift of 50 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of trade receivables.

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses Expected Credit Loss (ECL) model for assessing the impairment loss. 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.

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. Investments primarily include investment in liquid mutual fund units and certificates of deposit which are funds deposited at a bank for a specified time period.

The ageing analysis of the receivable (gross of provision) has been considered from the date the invoice falls due.

Notes to the Standalone Financial Statements

Note 45: (Contd..)

₹ 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, 2019	1,913.24	1,112.33	138.60	96.76	3,260.93
As at 31st March, 2018	1,664.74	589.65	60.70	164.38	2,479.47

₹ in Crores

Movement of allowances of credit loss	Loans (current)	Loans (non-current)	Other financial assets	Trade receivables	Total
As at 1st April, 2017	**2.25**	**-**	**0.46**	**130.24**	**132.95**
Provided during the year	-	0.88	3.47	89.19	**93.54**
Reversals of provision	-	-	-	(68.39)	**(68.39)**
Effect of changes in the foreign exchange rates	-	-	-	(7.89)	**(7.89)**
As at 31st March, 2018	**2.25**	**0.88**	**3.93**	**143.15**	**150.21**
Provided during the year	-	-	-	120.92	**120.92**
Reversals of provision	-	(0.03)	(3.47)	(168.20)	**(171.70)**
Effect of changes in the foreign exchange rates	-	-	-	(3.67)	**(3.67)**
As at 31st March, 2019	**2.25**	**0.85**	**0.46**	**92.20**	**95.76**

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding borrowings as at 31st March, 2019. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2019:

₹ in Crores

Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Current borrowings	-	-	-	-	-
Trade payables	1,481.35	-	-	-	1,481.35
Other financial liabilities	222.68	-	3.25	50.11	276.04
	1,704.03	-	3.25	50.11	1,757.39

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2018:

₹ in Crores

Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Non-current borrowings	0.07	-	-	-	**0.07**
Current borrowings	174.43	-	-	-	**174.43**
Trade payables	1,580.02	-	-	-	**1,580.02**
Other financial liabilities	273.00	-	-	50.11	**323.11**
	2,027.52	**-**	**-**	**50.11**	**2,077.63**

Notes to the Standalone Financial Statements

Note 46: Corporate social responsibility (CSR) expenditure

The Company has incurred ₹33.42 Crore (previous year ₹32.20 Crore) towards CSR activities, as per Section 135 of the Companies Act, 2013 and Rules thereon. It is included in other expenses head in profit or loss. Amount spent on construction/aquisition of any assets is Nil during the year.

Gross amount required to be spent by the Company during the year ₹32.14 Crore (previous year ₹31.05 Crore.)

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 including current investments.

Total 'equity' is as shown in the balance sheet.

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total debt	-	174.50
Less: Cash and cash equivalent (including current investment)	2,076.05	1,257.19
Net debt (A)	(2,076.05)	(1,082.69)
Total equity (B)	15,781.91	14,113.52
Net debt to equity ratio (A/B)	**(0.13)**	**(0.08)**

Note 47: Capital management (Contd..)

B. Dividend

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Dividend on equity shares paid during the year		
Final dividend for the year [FY 2017-18 ₹3.00 (FY 2016-17 ₹2.00) per equity share of ₹2.00 each]	241.57	160.94
Tax on dividend	40.40	28.33
Total	**281.97**	**189.27**

Dividend not recognised at the end of the reporting period:

The Board of Directors of the Company at its meeting held on 22nd May, 2019 has recommended a final dividend of ₹3.00 per equity share (previous year ₹3.00 per equity share) for the financial year ended 31st March, 2019. The same amounts to ₹291.40 Crore including dividend distribution tax.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

Note 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 period.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the

Notes to the Standalone Financial Statements

Note 48: Earnings per share (EPS) (Contd..)

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	31st March, 2019	31st March, 2018
Profit after tax as per profit or loss (₹ in Crore)	1,888.41	1,468.52
Basic weighted average number of equity shares outstanding	80,53,61,167	80,47,65,162
Basic earnings per share	₹23.45	₹18.25
Add- Dilutive impact of employee stock options	14,68,822	13,16,409
Diluted weighted average number of equity shares outstanding	80,68,29,989	80,60,81,571
Diluted earnings per share	₹23.41	₹18.22

Note 49: Exceptional item

During the previous year ended, with respect to various notices of demand from the NPPA, Government of India on account of alleged overcharging in respect of products which are not part of the writ proceedings in the Hon'ble Bombay High Court (refer note 39 B), based on correspondence with NPPA and notices received, the

Note 49: Exceptional item (Contd..)

Company performed a thorough legal evaluation. Of the total demand received for such products, basis the facts and legal advice, the Company had recorded an additional provision of ₹77.52 Crore in profit or loss for the year ended 31st March, 2018, disclosed as exceptional item. The total provision against these demands is ₹98.49 Crore (previous year ₹93.94 Crore) as of 31st March, 2019.

Note 50: Reclassification note

Certain prior year amounts have been reclassified for consistency with the current year presentation. As a result, certain line items have been amended in the financial statements. These reclassifications had no effect on the reported results of operations. Comparative figures have been adjusted to conform to the current year's presentation. The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

Note 51: Subsequent events

There are no subsequent events that occurred after the reporting date.

Note 52: Authorisation of financial statements

The financial statements for the year ended 31st March, 2019 were approved by the Board of Directors on 22nd May, 2019.

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, 22nd May, 2019

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Vaziralli
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 22nd May, 2019

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, which comprise the Consolidated Balance Sheet as at 31st March, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows 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 (consolidated financial position) of the Group as at 31st March, 2019, and its consolidated profit (consolidated financial performance 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 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter paragraph 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 for the financial year ended 31st March, 2019 ('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
DPCO matters: The Group operates in an industry which is regulated by authorities such as National Pharmaceutical Pricing Authority, Government of India (NPPA), The Food and Drug Administration, United States of America (USFDA) and other regulators in respective countries, which increases inherent compliance and litigation risk. There are number of legal and regulatory cases, of which the most significant is a litigation under Drugs (Prices Control) Orders Act (DPCO) as disclosed in Note 45B to the consolidated financial statements, relating to overcharging of certain drugs under the 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 legal case, 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.

Independent Auditor's Report

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 ₹2,655.09 crore as at 31st March, 2019, of which: a) ₹2,457.47 crore relates to matters pending at Honourable Bombay High Court, wherein the Group 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) ₹197.62 crore relates to other matters, wherein based on facts and legal advice, the Group has recorded a charge of ₹8.08 crore (including interest) during the year ended 31st March, 2019 and carries a total provision of ₹98.49 crore (including interest) as at 31st March, 2019. The amounts involved are material and the application of accounting principles as given under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, in order to determine the amount to be recognised as a liability or to be disclosed as a contingent liability, is inherently subjective, and needs careful evaluation and judgement to be applied by the management. Key judgements are also made by the management in estimating the amount of liabilities, provisions and/or contingent liabilities related to aforementioned litigation. Considering the materiality and the inherent subjectivity which involves significant management judgement in predicting the outcome of the matter and estimating the potential impact on cash flows in case of unfavourable outcome, 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 litigation, and assessment of resulting provision recognised and disclosures to be made in the financial statements in accordance with requirements of Ind AS 37. Evaluated the response received from the 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 underlying calculations made for quantifying the amounts involved. Tested the arithmetical accuracy of such calculations. f) Evaluated the Group's disclosures for accuracy and adequacy regarding the significant litigations of the Group. Based on the audit procedures performed, the judgements made by 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, 2019, the Group has goodwill balance of ₹2,869.14 crore relating to multiple Cash Generating Units ('CGUs'). Further, the Group is carrying product-related capitalized intangibles and intangibles under development aggregating to ₹1,563.02 crore and ₹345.13 crore, respectively. These balances are subject to a test of impairment by the management in accordance with the applicable accounting standards. The Group has recorded an impairment charge of ₹206.95 crore during the year ended 31st March, 2019. Refer note 4 and 5 to the consolidated financial statements.	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 through fair valuation of identified assets.

Independent Auditor’s Report

Key audit matter	How our audit addressed the key audit matter
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. In addition to significance of the amount, management's assessment process is detailed and comprehensive as it involves significant judgement in determining the assumptions to be used to estimate the recoverable amount involved in forecasting cash flows for each of the CGUs, intangible assets and those under development, principally relating to budgeted utilization of plants, operating margins, 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 year audit.	c) Evaluated management’s identification of CGUs. d) Involved auditor’s experts to assess the appropriateness of the valuation methodologies used by the management. e) Reconciled the cash flows to the business plans approved by the Board of Directors of the Companies which constitute identified CGUs. f) Evaluated and challenged management’s assumptions such as implied growth rates during explicit period, terminal growth rate, targeted savings and discount rate 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. g) Tested the mathematical accuracy of the management computation. h) Obtained and evaluated sensitivity analysis performed by the management on key assumptions of implied growth rates during explicit period, terminal growth rate and discount rate. i) Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the current estimated recoverable amount for respective CGUs to evaluate sufficiency of headroom between recoverable value and carrying amounts. j) 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 carrying values of goodwill, intangible assets and intangible assets under development are appropriate in the context of the consolidated financial statements taken as a whole.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition in US business: The Group's sales to customers in the United States of America ('US') 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 provides a right of return to its customers for its products as per the terms of the contracts entered with such customers. These arrangements result in deductions to gross sales recognised by the Group, and require the Group to recognize obligations of the Group to provide such discounts, rebates and right of return to its customers for sales made during the reporting period. As at the reporting period end, the Group is required to estimate accruals and provisions with respect to such obligations for unsettled amounts arising from the revenue transactions. Accordingly, the Group has recognised an accrual of ₹6,809.23 crore as at 31st March, 2019 towards these arrangements and has adjusted revenues to the extent of ₹6,809.23 crore pertaining to Group's US operations during the year ended 31st March, 2019. Refer Note 1 and 30 to the consolidated financial statements. We focused on this area since these arrangements are complex and determining appropriate accruals and adjustments requires significant judgement and estimation by management. This judgement is particularly complex in US healthcare environment which involves multi-layered product discounting due to competitive pricing pressure apart from regulatory requirements such as Medicaid. Considering the materiality of the amount involved and high estimation uncertainty requiring significant judgement as discussed above, we determined this matter to be a key audit matter for the current year audit.	Our audit included, but was not limited to, the following procedures: a) Obtained an understanding of the management process for estimation and accounting treatment of transactions arising from various discount schemes, mandated contracts, chargebacks, rebates, failure to supply penalties and Medicaid compliance requirements, pertaining to Group's revenue operations in US. b) Tested the calculations for accruals under applicable schemes by testing the data with supporting documents such as Group's stated commercial policies, terms of underlying contracts inspected on a sample basis, stock lying at wholesalers, historical levels of product return and wholesale acquisition cost (WAC) determined for such calculations. c) Tested credit notes issued and payments made during the year under such schemes and arrangements, on a sample basis, from underlying supporting documents such as contracts, sales data and satisfaction of eligibility criteria as per terms of the scheme. d) Tested subsequent settlements, payments and rebates given to customers under various schemes and arrangements to determine adequacy of the accruals made at year end. e) Evaluated the historical accuracy of the Group's estimates of year-end accruals relating to such arrangements made in previous years. f) Evaluated the adequacy and appropriateness of the disclosures made in the accompanying consolidated financial statements relating to such arrangements in accordance with the requirements of the accounting standards. Based on audit procedures performed, we determined that the revenue accruals relating to US business are appropriate in the context of the consolidated financial statements taken as a whole.

Independent Auditor's Report

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors is 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 Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, and its associates companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated 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.

Independent Auditor's Report

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 consolidated 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 explaining 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 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 Group'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 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 to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 45 subsidiaries, whose financial statements reflects total assets of ₹3,059.41 crore and net assets of ₹464.47 crore as at 31st March, 2019, total revenues of ₹3,170.59 crore and net cash outflows amounting to ₹137.13 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹2.67 for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of associates, whose financial statement has not been audited by us. These financial statements have been audited

Independent Auditor's Report

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 associates, 41 subsidiaries are located outside India whose financial statements 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, and matters identified and disclosed under key audit matters Section above, in so far as it relates to the balances and affairs of such subsidiaries and associates 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 ₹14.50 crore for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of an associate. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, and matters identified and disclosed under key audit matters section above and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associates, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is 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 and associates, we report that the Holding Company, 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 1 subsidiary company covered under the Act have not paid or provided for any managerial remuneration during the year. Further, we report that the provisions of Section 197 read with Schedule V to the Act are not applicable to 6 subsidiary companies and an associate company 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

Independent Auditor's Report

aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and associates company covered under the Act, none of the directors of the Group companies and its associates company covered under the Act, are disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies and associates companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I';

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and 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.;

ii. The Holding Company and its associates did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2019;

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 during the year ended 31st March, 2019;

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

Place: New Delhi
Date: 22nd May, 2019

Annexure I

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the 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, 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and 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

3. Our responsibility is to express an opinion on the IFCoFR 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 and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR 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

Annexure I

reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR 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 over financial reporting and such controls were operating effectively as at 31st March, 2019, 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 Matters

9. We did not audit the IFCoFR in so far as it relates to 2 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹167.32 crore and net assets of ₹186.58 crore as at 31st March, 2019, total revenues of ₹0.90 crore and net cash outflows amounting to ₹0.42 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹2.67 crore for the year ended 31st March, 2019, in respect of an associate company, which is company covered under the Act, whose IFCoFR have not been audited by us. The IFCoFR in so far as it relates to such subsidiary companies and associate company have been audited by other auditors whose reports has been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR 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 companies and associate company is based solely on the reports of the auditors of such companies. 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.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

Place: New Delhi
Date: 22nd May, 2019

Consolidated Balance Sheet

as at 31st March, 2019

₹ in Crores

Particulars	Notes	As at 31st March, 2019	As at 31st March, 2018
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2	5,114.35	5,315.35
(b) Capital work-in-progress	2	331.05	512.35
(c) Investment properties	3	61.85	1.03
(d) Goodwill	4	2,869.14	2,814.74
(e) Intangible assets	5	1,563.02	1,819.05
(f) Intangible assets under development	5	345.13	468.98
(g) Investment in associates	6	234.49	9.62
(h) Financial assets			
(i) Investments	7	193.86	147.01
(ii) Loans	8	49.42	41.66
(iii) Other financial assets	9	93.21	159.14
(i) Income tax assets (net)		345.59	388.60
(j) Deferred tax assets (net)	10	201.41	187.65
(k) Other non-current assets	11	134.17	181.27
Total non-current assets		**11,536.69**	**12,046.45**
(2) Current assets			
(a) Inventories	12	3,964.83	4,044.70
(b) Financial assets			
(i) Investments	13	2,125.79	1,102.21
(ii) Trade receivables	14	4,150.72	3,102.45
(iii) Cash and cash equivalents	15	508.36	853.46
(iv) Bank balances other than cash and cash equivalents	16	110.45	112.15
(v) Loans	17	6.28	19.91
(vi) Other financial assets	18	497.87	574.82
(c) Other current assets	19	1,060.33	1,004.40
		12,424.63	**10,814.10**
(d) Assets classified as held-for-sale	2	2.00	-
Total current assets		**12,426.63**	**10,814.10**
Total assets		**23,963.32**	**22,860.55**
Equity and liabilities			
(1) Equity			
(a) Equity share capital	20	161.14	161.02
(b) Other equity	21	14,851.14	14,068.17
Equity attributable to owner		**15,012.28**	**14,229.19**
(c) Non-controlling interest	22	331.97	352.44
Total equity		**15,344.25**	**14,581.63**
(2) Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	3,830.07	3,662.11
(ii) Other financial liabilities	24	387.45	50.11
(b) Provisions	25	121.41	137.92
(c) Deferred tax liabilities (net)	10	425.32	503.31
(d) Other non-current liabilities	26	83.31	93.25
Total non-current liabilities		**4,847.56**	**4,446.70**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	486.16	435.87
(ii) Trade payables	27		
Total outstanding dues of micro enterprises and small enterprises		28.69	18.38
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,919.30	2,100.74
(iii) Other financial liabilities	28	398.43	420.19
(b) Other current liabilities	29	143.43	226.85
(c) Provisions	25	736.76	627.11
(d) Income tax liabilities (net)		58.74	3.08
Total current liabilities		**3,771.51**	**3,832.22**
Total liabilities		**8,619.07**	**8,278.92**
Total equity and liabilities		**23,963.32**	**22,860.55**
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, 22nd May, 2019

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Vaziralli
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 22nd May, 2019

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2019

₹ in Crores

Particulars	Notes	For the year ended 31st March, 2019	For the year ended 31st March, 2018
(1) Income			
(a) Revenue from operations			
(i) Revenue from sale of products	30	15,970.97	14,750.86
(ii) Other operating revenue	31	391.44	468.39
		16,362.41	**15,219.25**
(b) Other income	32	476.57	357.65
Total income		**16,838.98**	**15,576.90**
(2) Expenditure			
(a) Cost of materials consumed	33	4,285.04	4,497.16
(b) Purchases of stock-in-trade	34	1,452.41	1,174.20
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	35	47.04	(232.94)
(d) Employee benefits expense	36	2,856.53	2,690.10
(e) Finance costs	37	168.43	114.23
(f) Depreciation, impairment and amortisation expense	38	1,326.31	1,322.82
(g) Other expenses	39	4,624.08	4,264.35
Total expenditure		**14,759.84**	**13,829.92**
(3) Profit before exceptional items and tax		**2,079.14**	**1,746.98**
(4) Exceptional item	52	-	77.52
(5) Profit before tax		**2,079.14**	**1,669.46**
(6) Tax expense (net)			
(a) Current tax	10	747.70	561.06
(b) Deferred tax	10	(178.17)	(310.95)
(7) Profit after tax before share of profit/(loss) from associates		**1,509.61**	**1,419.35**
(8) Share of profit/(loss) from associates	44	(17.17)	(2.78)
(9) Profit for the year		**1,492.44**	**1,416.57**
(10) Other comprehensive income/(loss)	40		
(a) (i) Items that will not be reclassified to profit or loss		42.51	28.41
(ii) Income tax relating to these items		(7.60)	(4.11)
(b) (i) Items that will be reclassified to profit or loss		(312.63)	382.73
(ii) Income tax relating to these items		(12.22)	(13.50)
Other comprehensive income/(loss) for the year		**(289.94)**	**393.53**
(11) Total comprehensive income for the year		**1,202.50**	**1,810.10**
(12) Profit for the year attributable to			
(a) Owners		1,527.70	1,410.53
(b) Non-controlling interest		(35.26)	6.04
(13) Total comprehensive income attributable to			
(a) Owners		1,220.23	1,764.52
(b) Non-controlling interest		(17.73)	45.58
(14) Earnings per equity share of face value of ₹ 2 each	41		
Basic (in ₹)		18.97	17.53
Diluted (in ₹)		18.93	17.50
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, 22nd May, 2019

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Vaziralli
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 22nd May, 2019

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2019

(a) Equity share capital (refer note 20)

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Balance at the beginning of the year	161.02	160.90
Changes in equity share capital during the year on exercise of employee stock options (ESOSs)	0.12	0.12
Balance at the end of the year	**161.14**	**161.02**

(b) Other equity (refer note 21)

₹ in Crores

Particulars	Attributable to the owners of the Company										Non - controlling interest	Total
	Reserves and surplus						Other reserve			Other equity		
	Capital reserve	Securities premium reserve	General reserve	Employee stock options reserve	Gross obligation to non-controlling interest under put option	Retained earnings	Foreign currency translation reserve	Equity instrument through other comprehensive income	Hedge reserve			
Balance as at 1st April, 2017	**(44.87)**	**1,505.24**	**3,141.60**	**62.02**	**-**	**7,774.11**	**(105.60)**	**-**	**50.26**	**12,382.76**	**438.23**	**12,820.99**
Profit for the year	-	-	-	-	-	1,410.53	-	-	-	1,410.53	6.04	1,416.57
Other comprehensive income/ (loss)	-	-	-	-	-	3.41	314.58	20.85	15.15	353.99	39.54	393.53
Payment of dividend (including tax on dividend) (refer note 43 (C))	-	-	-	-	-	(189.27)	-	-	-	(189.27)	(7.37)	(196.64)
Exercise of employee stock options	-	36.91	-	(36.91)	-	-	-	-	-	-	-	-
Share based payments expense	-	-	0.13	41.15	-	-	-	-	-	41.28	-	41.28
Non-controlling interest	68.88	-	-	-	-	-	-	-	-	68.88	(124.00)	(55.12)
Balance as at 31st March, 2018	**24.01**	**1,542.15**	**3,141.73**	**66.26**	**-**	**8,998.78**	**208.98**	**20.85**	**65.41**	**14,068.17**	**352.44**	**14,420.61**
Profit for the year	-	-	-	-	-	1,527.70	-	-	-	1,527.70	(35.26)	1,492.44
Other comprehensive income/ (loss)	-	-	-	-	-	8.92	(347.36)	25.92	5.05	(307.47)	17.53	(289.94)
Payment of dividend (including tax on dividend) (refer note 43 (C))	-	-	-	-	-	(284.09)	-	-	-	(284.09)	(55.97)	(340.06)
Recognition of put option liability during the year	-	-	-	-	(334.09)	-	-	-	-	(334.09)	-	(334.09)
Exercise of employee stock options	-	32.44	-	(32.44)	-	-	-	-	-	-	-	-
Share based payments expense	-	-	0.89	23.22	-	-	-	-	-	24.11	-	24.11
Non-controlling interest (refer note 22(C))	156.81	-	-	-	-	-	-	-	-	156.81	53.23	210.04
Balance as at 31st March, 2019	**180.82**	**1,574.59**	**3,142.62**	**57.04**	**(334.09)**	**10,251.31**	**(138.38)**	**46.77**	**70.46**	**14,851.14**	**331.97**	**15,183.11**

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, 22nd May, 2019

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Vaziralli
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 22nd May, 2019

Consolidated Statement of Cash Flows

for the year ended 31st March, 2019

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Cash flow from operating activities		
Profit before tax	**2,079.14**	**1,669.46**
Adjustments for :		
Depreciation, impairment and amortisation expense	1,326.31	1,322.82
Interest expense	168.43	114.23
Unrealised foreign exchange (gain)/loss (net)	11.77	2.67
Share based payments expense	24.11	41.28
Allowances for credit loss (net)	76.56	33.21
Interest on income tax refund	(22.09)	-
Interest income	(37.77)	(29.64)
Dividend income	(34.44)	(3.54)
Sundry balance written back	(26.92)	(4.77)
Net gain on sale of current investment carried at fair value through profit or loss	(100.98)	(72.96)
Net gain on sale of non-current investments	(84.05)	(76.53)
Fair value gain on financial instruments at fair value through profit or loss	(22.74)	(2.32)
Net (gain)/loss on sale/disposal of property, plant and equipment	(3.30)	(24.66)
Rent income	(6.12)	(5.97)
Adjustments for working capital:		
Decrease /(increase) in inventories	103.84	(559.34)
Increase in trade and other receivables	(1,014.87)	(854.77)
Decrease /(increase) in trade payables and other liabilities	(152.51)	635.63
Cash generated from operations	**2,284.37**	**2,184.80**
Income taxes paid (including tax deducted at source)	(593.23)	(722.04)
Net cash flows from operating activities	**1,691.14**	**1,462.76**
Cash flow from investing activities		
Purchase of property, plant and equipment (Note 2)	(360.07)	(705.76)
Purchase of intangible assets (including intangible asset under development)	(167.07)	(110.45)
Proceeds from sale of property, plant and equipment (Note 2)	23.37	76.75
Proceeds from sale of investments in subsidiaries	-	142.56
Consideration paid on acquisition of subsidiaries (net of cash acquired on acquisition)	(179.13)	(14.27)
Investment in associates	(242.04)	-
Proceeds from sale of non-current investments	84.05	10.31
Purchase of non-current investments	(10.50)	-
(Purchase)/sale of current investments (net)	(899.88)	(189.54)
Change in other bank balance and cash not available for immediate use	4.27	(102.76)
Interest received	37.77	29.64
Dividend received	34.44	3.54
Rent received	6.12	5.97
Net cash flow used in investing activities	**(1,668.68)**	**(854.01)**

Consolidated Statement of Cash Flows
for the year ended 31st March, 2019

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Cash flow from financing activities		
Proceeds from issue of equity shares (ESOSs)	0.12	0.12
Transaction with non-controlling interest (net)	154.07	(44.07)
Repayment of current borrowings (net)	(2.25)	(31.98)
Proceeds from non-current borrowings	48.00	-
Repayment of non-current borrowings	(106.00)	(2.50)
Interest paid	(158.57)	(117.78)
Dividend paid	(241.57)	(160.94)
Tax paid on dividend	(42.52)	(28.33)
Net cash flow used in financing activities	**(348.72)**	**(385.48)**
Net (decrease)/increase in cash and cash equivalents	**(326.25)**	**223.27**
Cash and cash equivalents at the beginning of the year	853.46	610.35
Exchange difference on translation of foreign currency cash and cash equivalents	(18.85)	19.84
Cash and cash equivalents at the end of the year (refer note 15)	**508.36**	**853.46**

Note:

(1) 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.

(2) 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 and capital advances for property, plant and equipment and investment property during the year.

Reconciliation of borrowings

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Opening balance		
Non-current borrowings	3,662.11	3,645.36
Current borrowings	435.87	467.23
Current maturity of non-current borrowings	0.07	0.07
	4,098.05	**4,112.66**
Movement of borrowings		
Proceeds from non-current borrowings	48.00	-
Repayment of non-current borrowings	(106.00)	(2.50)
Repayment of current borrowings (net)	(2.25)	(31.98)
Foreign exchange movement	244.05	19.87
Recognition of borrowings for acquisition of intangible assets	34.38	-
	276.18	**(12.11)**
Closing balance		
Non-current borrowings	3,830.07	3,662.11
Current borrowings	486.16	435.87
Current maturity of non-current borrowings	-	0.07
	4,316.23	**4,098.05**

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, 22nd May, 2019

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Vaziralli
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 22nd May, 2019

Notes to the Consolidated Financial Statements

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).

Corporate Information

Cipla Limited (Corporate Identification 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 domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Cipla Limited is a global pharmaceutical company which uses cutting edge technology and innovation to meet the everyday needs of all patients. The Group has its wide network of operations in India and International markets. Equity Shares of the Company are listed on BSE 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 consolidated financial statements of the Group comply in all material aspects with Ind-AS notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent consideration is measured at fair value depending upon classification;
- Assets held-for-sale measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value;
- Share based payments; 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 consolidated financial statements, unless otherwise stated.

(iv) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April, 2018 :

- Ind AS 115, Revenue from Contracts with Customers
- Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 40, Investment Property
- Amendment to Ind AS 28, Investments in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities

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

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').

Notes to the Consolidated Financial Statements

The consolidated financial statements are presented in Indian Rupee (₹) which is also the functional currency of the Group. 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.

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

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 interest to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investment in associates are accounted for using the equity method.
- 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. 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

Notes to the Consolidated Financial Statements

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 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

The Group has evaluated each lease agreement for its classification between finance lease and operating lease. The Group has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification. The Group has also used Appendix C of Ind AS 17 for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- Fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- The arrangement conveys a right to use the asset.

(ii) Deferred income taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilised is based on the Group's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

(iii) Research and 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 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 various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group.

Notes to the Consolidated Financial Statements

(ii) Current income taxes

The major tax jurisdictions for the Group are India, US and South Africa, though the Group companies also files tax returns in other foreign jurisdictions. Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(iii) Sales return

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.

(iv) 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 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 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.

(v) 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.

Notes to the Consolidated Financial Statements

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.

(vi) Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(vii) 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.

(viii) Provision for chargeback, rebates and discounts

Provisions for chargeback, rebates, discounts, other deductions applicable 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 chargeback 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.

(ix) Shelf stock adjustments

Shelf stock adjustments are credits issued to customers to reflect decreases in the selling price of products sold by the Group, 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.

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

Notes to the Consolidated Financial Statements

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. 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 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 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 property, plant and equipment 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. Leased assets are depreciated over the lease term or useful life of respective assets.

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	30 to 99 years
Buildings – Ancillary structures	3 to 10 years
Plant and equipments	2 to 25 years
Furniture and fixtures	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 consolidated profit or loss.

Notes to the Consolidated Financial Statements

1.5 Intangible assets

(i) Recognition and measurement

Acquired 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 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) 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 periods:

The estimated useful life for Intangible assets are mentioned below:

Type of Intangible assets	Useful Lives
Marketing intangibles	2 to 25 years
Trademarks	2 to 15 years
Technical Know-how	2 to 15 years
Brands	2 to 15 years
Computer software	2 to 6 years

(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.

Notes to the Consolidated Financial Statements

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 cost 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 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 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 experts.

1.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash generating units that are expected to benefit from the synergies of the combination.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognised in the profit or loss, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

Impairment losses, including impairment on inventories, are recognised in the consolidated profit or loss.

1.9 Borrowing costs

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Notes to the Consolidated Financial Statements

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the consolidated profit or loss.

1.10 Foreign currency translation

Foreign currency transactions and balances

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date exchange rates are recognised in the consolidated profit or loss. Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Group Companies

The financial statements of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate prevailing on the reporting date;
- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.
- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which case income and expenses are translated at the date of 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 expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In 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 engineering spares and consumables which are used in operating machines or consumed as indirect materials in the manufacturing process.

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.

Government grants that are receivable on satisfying export or revenue conditions with no future related cost are recognised in the consolidated profit or loss in the period in which such conditions are met.

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.

Notes to the Consolidated Financial Statements

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 uncertainty regarding the ultimate collection of the relevant export proceeds.

1.13 Revenue recognition

A contract with 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 includes excise duty upto 30th June, 2017 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 Group enters into consist of a single performance obligation for the delivery of pharmaceutical products. The Group recognises revenue from sale of products 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 Group'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. The payment terms generally ranges from 0-180 days.

(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 Group. Control in respect of ownership of generic products are transferred by the Group when the goods are delivered to distributors from clearing and forwarding agents. Clearing and forwarding agents are generally compensated on a commission basis as a percentage of sales made by them.

(iii) Out licensing arrangements

Revenues include amounts derived from product out-licensing agreements. The Group enters into collaborations and out-licensing arrangement of the Group's products to other parties.

Licensing arrangements performance obligations generally include intellectual property ("IP") rights, certain R&D and contract manufacturing services. The Group accounts for IP rights and services separately if they are distinct i.e. if they are separately identifiable from other items in the arrangement and if the customer can benefit from them on their own or with other resources that are readily available to the customer. The consideration is allocated between IP rights and services based on their relative stand-alone selling prices.

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

Notes to the Consolidated Financial Statements

subsequent sale or the performance obligation to which some or all of the sales-based royalty has been allocated, is satisfied. The Group estimates variable consideration in the form of sales-based milestones by using the expected value or most likely amount method, depending upon which the Group expects to better predict the amount of consideration to which it will be entitled.

(iv) Service fee

Revenue from services rendered, is recognised in the consolidated profit or loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

(v) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(vi) Dividend

Dividend income from investment 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

Liability on account of short term employee benefits is recognised on an undiscounted and accrual basis during the period when the employee renders service/vesting period of the benefit.

Post retirement contribution plans such as Employees Pension scheme and Employees' Provident Fund (for employees other than those who are covered under Employees' Provident Fund Trust) are charged to the consolidated profit or loss for the year when the contributions to the respective funds accrue.

(ii) Defined contribution plans

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employees 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) Employees provident fund

In accordance with The Employees Provident Fund and Miscellaneous Provisions 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

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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 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 benefits expense in the consolidated profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated profit or loss as past service cost.

(iv) Other benefit plan

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of 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.

(v) Termination benefits

Termination benefits arising 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

The Group operates equity-settled share-based remuneration plans for its employees.

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.

All services received in exchange for the grant of any share based payment are measured at their fair values on the grant date. Grant date is the date when the Group and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share based payments, the fair value of employees services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes

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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. Services received from employees satisfying another vesting condition irrespective of whether market conditions are satisfied.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

1.16 Taxes

Income tax expense comprises of current tax expense and deferred tax charged/credit. 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.

(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

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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 in which the Group holds more than 26% shares 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. 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.

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

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the consolidated profit or loss on accrual basis as escalation in lease arrangements are for expected inflationary cost.

(ii) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessee under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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

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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 our a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

1.21 Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(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 Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(b) Initial recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the 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 assets.

(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).

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(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 there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that co-relate with defaults.

(ii) Financial liabilities

(a) Classification

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

(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.

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(c) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through the 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 re-purchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the the consolidated profit or loss.

(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 forward currency 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) Net investment hedge

Hedge of net investments in foreign operations are accounted for similar to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in foreign currency translation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated profit or loss within other gains/(losses).

Gain and losses accumulated in equity are reclassified to the consolidated profit or loss on the disposal of a foreign operation.

(v) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The Group classifies its forward contracts, interest rate swaps that hedge foreign currency risk associated as cash flow hedges and measures them at fair value. The gain or loss relating to the ineffective portion is recognised immediately in the

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consolidated 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 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 the consolidated profit or loss within other income.

(vi) 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.

(vii) 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.

(viii) 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.

Put option liabilities have been valued based on either:

- Discounted cash flow valuation models; or
- Observable market transactions (e.g. funding rounds and non-controlling interest buy-outs).

In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

1.22 Business combinations

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting

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rights are considered only if the rights are substantive. The Company 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 Company to the previous owners of the acquiree, and equity interests issued by the Company. 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 Company 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 Company 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

(i) Ind AS 116: Leases

On 30th March, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the profit or loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for the adoption of Ind AS 116 is annual periods beginning on or after 1st April, 2019. The standard permits two possible methods of transition :

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the standard recognised at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at the lessee's incremental borrowing rate at the date of initial application, or

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- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods. The Group is evaluating the requirement of the amendment and the impact on the consolidated financial statements.

(iii) Ind AS 12:Taxes

(a) Appendix C, Uncertainty over Income Tax Treatments :

On 30th March, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the Appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or planned to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition :

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and

Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

(b) Dividend distribution tax:

On 30th March, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The effective date for adoption of Ind AS 12 is annual periods beginning on or after 1st April, 2019.

The Group will adopt the standard on 1st April, 2019. The Group is currently evaluating the effect of these amendments on the consolidated financial statements.

(iii) Amendment to Ind AS 19, plan amendment, curtailment or settlement :

On 30th March, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity :

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1st April, 2019. The Group does not have any impact on account of this amendment.

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Annexure 'A' to Note 1: Significant accounting policies and key accounting estimates and judgements

Sr.	Name of the Company	Country of Incorporation	% Ownership Interest		With effect from
			As at 31st March, 2019	As at 31st March, 2018	
a.	**Subsidiaries (held directly)**				
1	Cipla FZE [1]	United Arab Emirates	-	100%	04/10/2006
2	Goldencross Pharma Private Limited	India	100%	100%	14/05/2010
3	Meditab Specialities Private Limited	India	100%	100%	01/10/2010
4	Cipla (Mauritius) Limited [2]	Mauritius	100%	100%	27/01/2011
5	Cipla Medpro South Africa (Proprietary) Limited	South Africa	100%	100%	15/07/2013
6	Cipla Holding B.V	Netherlands	100%	100%	28/08/2013
7	Cipla Biotec Private Limited	India	100%	100%	24/07/2014
8	Cipla (EU) Limited	United Kingdom	100%	100%	27/01/2011
9	Saba Investment Limited	United Arab Emirates	51%	51%	02/10/2014
10	Jay Precision Pharmaceuticals Private Limited	India	60%	60%	26/02/2015
11	Cipla Health Limited	India	73.84%	73.89%	27/08/2015
b.	**Subsidiaries (held indirectly)**				
12	Cipla (UK) Limited	United Kingdom	100%	100%	27/01/2011
13	Cipla Australia Pty Ltd	Australia	100%	100%	04/03/2011
14	Medispray Laboratories Private Limited	India	100%	100%	01/10/2010
15	Sitec Labs Private Limited	India	100%	100%	01/10/2010
16	Meditab Holdings Limited	Mauritius	100%	100%	01/10/2010
17	Cipla ilaç Ticaret Anonim Şirketi [3]	Turkey	100%	100%	20/02/2012
18	Cipla USA Inc.	USA	100%	100%	12/09/2012
19	Cipla Kenya Limited	Kenya	100%	100%	08/10/2012
20	Cipla Malaysia Sdn. Bhd.	Malaysia	100%	100%	20/03/2013
21	Cipla Europe NV	Belgium	100%	100%	30/09/2013
22	Cipla Quality Chemical Industries Limited [4]	Uganda	51.18%	62.30%	20/11/2013
23	Galilee Marketing Proprietary Limited [5]	South Africa	-	100%	15/07/2013
24	Inyanga Trading 386 Proprietary Limited	South Africa	100%	100%	15/07/2013
25	Xeragen Laboratories Proprietary Limited [6]	South Africa	-	100%	15/07/2013
26	Cipla Medpro Holdings Proprietary Limited	South Africa	100%	100%	15/07/2013
27	Cape to Cairo Exports Proprietary Limited	South Africa	100%	100%	15/07/2013
28	Cipla Dibcare Proprietary Limited	South Africa	100%	100%	15/07/2013
29	Cipla Life Sciences Proprietary Limited	South Africa	100%	100%	15/07/2013
30	Cipla Medpro Proprietary Limited	South Africa	100%	100%	15/07/2013
31	Cipla Medpro Distribution Centre Proprietary Limited	South Africa	100%	100%	15/07/2013
32	Cipla Medpro Botswana Proprietary Limited	South Africa	100%	100%	15/07/2013
33	Cipla Nutrition Proprietary Limited	South Africa	100%	100%	15/07/2013

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, 2019	% Ownership Interest As at 31st March, 2018	With effect from
34	Medpro Pharmaceutica Proprietary Limited	South Africa	100%	100%	15/07/2013
35	Med Man Care Proprietary Limited [7]	South Africa	-	100%	15/07/2013
36	Breathe Free Lanka Private Limited	Sri Lanka	100%	100%	16/06/2014
37	Medica Pharmaceutical Industries Company Limited	Yemen	50.49%	50.49%	02/10/2014
38	Cipla Pharma Lanka Private LImited	Sri Lanka	60%	60%	17/11/2014
39	Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	Brazil	100%	100%	11/05/2015
40	Cipla Maroc SA	Morocco	60%	60%	08/05/2015
41	Cipla Middle East Pharmaceuticals FZ-LLC	United Arab Emirates	51%	51%	31/05/2015
42	Quality Chemicals Limited	Uganda	51%	51%	06/08/2015
43	Cipla Philippines Inc.	Philippines	100%	100%	06/01/2016
44	Invagen Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
45	Exelan Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
46	Cipla Algérie	Algeria	40%	40%	06/06/2016
47	Cipla Biotec South Africa (Pty) Ltd	South Africa	100%	100%	10/06/2016
48	Anmarate Proprietary Limited	South Africa	100%	100%	12/04/2017
49	Cipla Technologies LLC	USA	100%	100%	13/11/2017
50	Cipla Gulf FZ-LLC	UAE	100%	-	10/10/2018
51	Mirren Proprietary Limited (Refer Note 46)	South Africa	100%	-	22/10/2018
52	Madison Pharmaceuticals Inc.	USA	100%	-	26/10/2018
c.	**Associates**				
53	Stempeutics Research Private Limited	India	48.99%	48.99%	01/10/2010
54	Avenue Therapeutics, Inc.	USA	33.30%	-	08/02/2019
d.	**Other consolidating entities**				
55	Cipla Employee Stock Option Trust	India	100%	100%	N.A
56	Cipla Health Employee Stock Option Trust	India	100%	100%	N.A

1. Dissolved on 11th February, 2019
2. In the process of liquidation
3. In the process of liquidation
4. Listed on Uganda stock exchange w.e.f 17th September, 2018
5. Liquidated on 11th October, 2018
6. Liquidated on 7th September, 2018
7. Liquidated on 15th October, 2018

Notes to the Consolidated Financial Statements

Note 2: Property, plant and equipment

₹ in Crores

Particulars	Freehold land	Leasehold land	Leasehold buildings	Buildings and flats	Plant and equipments	Furniture and fixtures	Office equipments	Vehicles	Total
Gross block									
Balance as at 1st April, 2017	**67.83**	**34.51**	**172.38**	**2,147.80**	**3,532.42**	**121.03**	**75.70**	**9.16**	**6,160.83**
Additions for the year	-	-	58.17	161.98	613.51	13.70	17.29	1.89	866.54
Deletions and adjustments during the year	-	-	-	5.55	68.57	1.83	0.89	1.93	78.77
Foreign currency translation adjustments	4.99	(0.09)	15.44	0.05	90.93	4.89	0.74	0.76	117.71
Balance as at 31st March, 2018	**72.82**	**34.42**	**245.99**	**2,304.28**	**4,168.29**	**137.79**	**92.84**	**9.88**	**7,066.31**
Business combinations	6.56	-	-	-	29.44	7.22	0.85	1.11	45.18
Additions for the year	0.25	0.15	6.39	52.17	444.31	9.43	7.79	0.88	521.37
Transfer to investment property (refer note 3)	-	-	-	64.69	0.78	0.92	1.06	-	67.45
Assets classified as held-for-sale (refer below note iii)	-	-	-	-	23.27	-	-	-	23.27
Deletions and adjustments during the year	-	-	-	0.12	45.01	2.35	0.83	1.07	49.38
Foreign currency translation adjustments	0.41	0.29	(8.08)	11.29	11.96	(1.47)	(1.22)	(0.01)	13.17
Balance as at 31st March, 2019	**80.04**	**34.86**	**244.30**	**2,302.93**	**4,584.94**	**149.70**	**98.37**	**10.79**	**7,505.93**
Depreciation and impairment									
Accumulated balance as at 1st April, 2017	**-**	**0.65**	**72.82**	**139.49**	**883.65**	**29.85**	**25.44**	**0.24**	**1,152.14**
Depreciation charge for the year	-	0.32	12.13	70.95	490.03	15.14	17.58	2.52	608.67
Impairment charge for the year	-	-	-	-	10.12	-	-	-	10.12
Deletions and adjustments during the year	-	-	-	0.35	28.59	1.09	0.50	1.45	31.98
Foreign currency translation adjustments	-	-	6.37	0.04	3.88	1.63	0.08	0.01	12.01
Accumulated balance as at 31st March, 2018	**-**	**0.97**	**91.32**	**210.13**	**1,359.09**	**45.53**	**42.60**	**1.32**	**1,750.96**
Business combinations	-	-	-	-	17.38	6.76	0.44	1.01	25.59
Depreciation charge for the year	-	0.32	14.55	76.86	537.91	17.70	16.76	2.21	666.31
Impairment charge for the year	-	-	-	-	1.48	-	-	-	1.48
Transfer to investment property (refer note 3)	-	-	-	3.19	0.24	0.28	0.72	-	4.43
Assets classified as held-for-sale (refer below note iii)	-	-	-	-	21.27	-	-	-	21.27
Deletions and adjustments during the year	-	-	-	0.11	20.27	2.04	0.70	0.75	23.87
Foreign currency translation adjustments	-	0.01	(4.05)	1.24	0.35	(0.47)	(0.25)	(0.02)	(3.19)
Accumulated balance as at 31st March, 2019	**-**	**1.30**	**101.82**	**284.93**	**1,874.43**	**67.20**	**58.13**	**3.77**	**2,391.58**
Net block									
As at 31st March, 2019	**80.04**	**33.56**	**142.48**	**2,018.00**	**2,710.51**	**82.50**	**40.24**	**7.02**	**5,114.35**
As at 31st March, 2018	**72.82**	**33.45**	**154.67**	**2,094.15**	**2,809.20**	**92.26**	**50.24**	**8.56**	**5,315.35**

i. The gross value of buildings and flats includes the cost of shares in co-operative housing societies.

ii. The above additions to property, plant and equipment during the year includes ₹34.58 Crore (previous year ₹63.37 Crore) used for research and development.

iii Power plant at Goa which was provided for impairment in earlier years, amounting of ₹18.74 Crore has been scrapped, written-off during the year 2018-19 and has been considered as assets held-for-sale, with reversal of corresponding impairment provision. Plant and equipment classified as held-for-sale during the reporting period was measured at the lower of its carrying value and fair market value less cost of sale at the time of classification. Fair market value for such assets is valued at ₹2.00 Crore as at 31st March, 2019.

Notes to the Consolidated Financial Statements

Details of capital work-in-progress

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening balance	**512.35**	**719.23**
Additions during the year	310.52	592.89
Deletions during the year	1.72	-
Capitalised during the year	479.83	800.64
Impairment during the year*	12.18	-
Foreign currency translations adjustments	1.91	0.87
Closing balance	**331.05**	**512.35**

* 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 3: Investment properties

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Gross block		
Opening balance	**1.11**	**1.80**
Add: Transfer from property, plant and equipment	67.45	-
Less: Disposals during the period	0.78	0.69
Closing balance	**67.78**	**1.11**
Accumulated depreciation		
Opening balance	0.08	0.06
Add: Transfer from property, plant and equipment	4.43	-
Depreciation for the year (refer note 38)	1.49	0.02
Less: Disposals during the period	0.07	-
Closing balance	**5.93**	**0.08**
Net block	**61.85**	**1.03**
Fair value	**75.26**	**8.59**

Rental income recognised in profit or loss for investment properties aggregates to ₹3.77 Crore (previous year ₹0.09 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 independent valuer. 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, 2019	For the year ended 31st March, 2018
Opening balance	2,814.74	**2,696.67**
Recognised on acquisition of subsidiaries (refer note 46)	79.22	-
De-recognised on disposal of subsidiaries	-	4.23
Foreign currency translation adjustments	(24.82)	122.30
Closing balance	2,869.14	**2,814.74**

Goodwill acquired in business combination is allocated to the cash generating units (CGUs) that are expected to benefit from that business combination, as follows:

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
United States of America	1,673.30	1,567.00
South Africa	947.64	1,011.01
Yemen	120.33	111.16
India	75.46	75.46
Uganda	49.12	46.50
Others	3.29	3.61
Total	2,869.14	**2,814.74**

Note 4: Goodwill (Contd..)

For impairment testing, goodwill is allocated to the CGUs which represents the lowest level within the group at which goodwill is monitored for internal management purposes, which is not higher than the Group operating segments. The Group's goodwill on consolidation is tested for impairment annually or more frequently if there are indications that goodwill might be impaired. During the year, the testing did not result in any impairment in the carrying amount of goodwill.

The recoverable amount of each CGUs are determined based on value in use calculated using, estimated discounted cash flows.

The Group prepares its cash flow forecasts based on the most recent financial budgets approved by management.

Growth rates

The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports ranging from 0% to 12%.

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 14% to 22%.

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, 2017	**173.41**	**1,960.20**	**4.66**	**236.90**	**18.28**	**29.29**	**2,422.74**
Business combinations	-	-	-	13.15	-	-	13.15
Additions for the year	23.77	479.86	3.49	5.27	-	-	512.39
Deletions and adjustments for the year	0.07	-	-	24.95	-	-	25.02
Foreign currency translation adjustments	1.11	120.99	-	31.87	1.59	0.14	155.70
Balance as at 31st March, 2018	**198.22**	**2,561.05**	**8.15**	**262.24**	**19.87**	**29.43**	**3,078.96**
Business combinations	-	-	-	124.11	-	-	124.11
Additions for the year	10.58	99.80	-	25.66	0.38	-	136.42
Deletions and adjustments for the year	0.06	-	-	4.72	-	-	4.78
Foreign currency translation adjustments	(0.68)	(11.38)	0.21	(33.12)	(1.46)	1.73	(44.70)
Balance as at 31st March, 2019	**208.06**	**2,649.47**	**8.36**	**374.17**	**18.79**	**31.16**	**3,290.01**
Amortisation and impairment							
Balance as at 1st April, 2017	**53.93**	**554.14**	**1.44**	**10.12**	**14.00**	**4.23**	**637.86**
Amortisation charge for the year	36.78	275.97	1.79	24.13	0.40	2.07	341.14
Impairment charge for the year	-	261.74	-	5.08	-	-	266.82
Deletions and adjustments for the year	-	-	-	5.17	-	-	5.17
Foreign currency translation adjustments	0.67	15.72	0.01	1.83	0.91	0.12	19.26
Balance as at 31st March, 2018	**91.38**	**1,107.57**	**3.24**	**35.99**	**15.31**	**6.42**	**1,259.91**
Amortisation charge for the year	40.64	354.19	1.71	29.27	1.36	2.18	429.35
Impairment charge for the year*	-	-	1.81	6.31	-	0.42	8.54
Deletions and adjustments for the year	0.03	-	-	-	-	-	0.03
Foreign currency translation adjustments	(0.51)	35.25	0.05	(4.62)	(1.31)	0.36	29.22
Balance as at 31st March, 2019	**131.48**	**1,497.01**	**6.81**	**66.95**	**15.36**	**9.38**	**1,726.99**
Net block							
As at 31st March, 2019	**76.58**	**1,152.46**	**1.55**	**307.22**	**3.43**	**21.78**	**1,563.02**
As at 31st March, 2018	**106.84**	**1,453.48**	**4.91**	**226.25**	**4.56**	**23.01**	**1,819.05**

* The carrying amount of certain technical know-how, trademarks and brands have been reduced to its recoverable amount by recognition of an impairment loss in the profit or loss.

Intangible assets under development

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening balance	**468.98**	**963.75**
Additions during the year	99.39	97.38
Capitalised during the year	45.03	499.75
Impairment charge during the year	206.96	96.05
Foreign currency translation adjustments	28.75	3.65
Closing balance	**345.13**	**468.98**

Notes to the Consolidated Financial Statements

Note 6: Investment in associates

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Investments in unquoted equity instruments (refer note 44)		
2,05,02,525 (previous year 2,05,02,525) equity shares of Stempeutics Research Private Limited of ₹10 each, fully paid	6.95	9.62
Investments in quoted equity instruments (refer note 44)		
58,33,333 equity shares of Avenue Therapeutics, Inc. of $ 0.001 each, fully paid	227.54	-
	234.49	**9.62**

Note 7: Non-current financial assets - other investments

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Investments in equity instruments (unquoted)		
Investments at fair value through OCI		
16.50% (previous year 16.50%) equity interest in Shanghai Desano Pharmaceuticals Co. Ltd.	183.36	147.01
11.71% Equity interest in Wellthy Therapeutics Private Limited (refer note below)	10.50	-
Investment carried at fair value through profit or loss		
Equity shares of The Saraswat co-operative bank Ltd of ₹10 each, fully paid ₹10,000 (previous year - ₹10,000)	0.00	0.00
Investment in government securities carried at amortised cost		
National saving certificates ₹41,000 (previous year - ₹41,000)	0.00	0.00
	193.86	**147.01**
Aggregate amount of unquoted investments	193.86	147.01

Note: On 8th March, 2019, Goldencross Pharma Private Limited, a wholly owned subsidiary of the Company acquired 11.71% stake for a consideration of ₹10.50 Crore in Wellthy Therapeutics Private Limited ("Wellthy") pursuant to the Amended and Restated Share Subscription and Shareholder's Agreement dated 18th February, 2019. As of 31st March, 2019, the investment in Wellthy is accounted as fair value through other comprehensive income (FVTOCI) as per Ind AS 109 – Financial Instruments.

Note 8: Non-current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good, except otherwise stated) **(Carried at amortised cost, except otherwise stated)**		
Deposits with body corporates and others		
Considered good	49.38	41.08
Considered doubtful	0.85	0.88
Less: Allowance for doubtful (credit impaired)	(0.85)	(0.88)
Other loans and advances	0.04	0.58
	49.42	**41.66**

Notes to the Consolidated Financial Statements

Note 9: Non-current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Fixed deposits as margin money (remaining maturity more than 12 months)*	8.45	12.59
Capital subsidy receivable	34.54	67.32
Derivatives designated as hedges carried at fair value		
Interest rate swap	50.22	79.23
	93.21	**159.14**

*Amount held as margin money under lien to tax authority and electricity department.

Note 10 : Income taxes

The major components of income tax expense for the years ended 31st March, 2019 and 31st March, 2018 are:

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
(A) Profit or loss section		
Current income tax charge	747.70	561.06
MAT credit utilisation/ entitlement	80.94	12.00
Adjustment in respect of deferred tax of previous year	(31.62)	(107.85)
Deferred tax on account of temporary differences	(227.49)	(215.10)
	569.53	**250.11**
(B) Other comprehensive income section		
Income tax relating to gain/(loss) on re-measurement of defined benefit plans	(4.72)	(1.79)
Income tax relating to changes in fair value of FVTOCI equity instrument	(2.88)	(2.32)
Income tax relating to cash flow hedge	(12.22)	(13.50)
	(19.82)	**(17.61)**
(C) Equity section		
MAT credit utilised for tax liability under section 115BBD	40.40	-
	40.40	**-**

Notes to the Consolidated Financial Statements

Note 10 : Income taxes (Contd..)

Reconciliation of tax expense and the profit multiplied by tax rate applicable to respective tax jurisdiction for 31st March, 2019 and 31st March, 2018:

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit before tax	2,079.14	1,669.46
At Income tax rates applicable to respective tax jurisdiction	758.39	529.20
Effect for:		
Prior year adjustments to deferred tax	(31.62)	(107.85)
Weighted deductions and exemptions	(256.18)	(267.64)
Non-deductible expenses for tax purposes	72.28	70.22
Deferred tax not recognised (net)	7.08	19.50
Others	15.57	1.23
Differential tax impact	4.02	5.45
Income tax expense reported in the profit or loss	**569.53**	**250.11**
Effective income tax rate	**27.39%**	**14.98%**

There are unused tax losses amounting to ₹512.53 Crore as at 31st March, 2019 (previous year ₹465.92 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. 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 ₹1,400.52 Crore (previous year ₹1,057.90 Crore).

Deferred tax:
Movement in deferred tax assets and liabilities during the year ended 31st March, 2019:

₹ in Crores

Particulars	As at 31st March, 2018	Profit or loss	Other comprehensive income	Business combination	Equity	Foreign currency translation	As at 31st March, 2019
Property, plant and equipment and intangible assets	(1,063.12)	156.69	-	(37.25)	-	8.86	(934.82)
Employee benefits expense	74.67	10.97	(4.72)	-	-	1.64	82.56
Others	78.45	46.28	(15.10)	0.08	-	(3.45)	106.26
Allowance for credit loss	53.44	(12.10)	-	-	-	1.97	43.31
Deferred revenue	26.09	(2.47)	-	-	-	-	23.62
Provision for right of return, discounts and others	111.69	41.80	-	-	-	2.36	155.85
Tax loss carried forward (refer note below)	46.58	17.94	-	-	-	(0.41)	64.11
Mat credit entitlement/utilised	356.54	(80.94)	-	-	(40.40)	-	235.20
Deferred tax assets/ (liabilities) (net)	**(315.66)**	**178.17**	**(19.82)**	**(37.17)**	**(40.40)**	**10.97**	**(223.91)**
Deferred tax assets	187.65	-	-	-	-	-	201.41
Deferred tax liabilities	(503.31)	-	-	-	-	-	(425.32)
	(315.66)	**-**	**-**	**-**	**-**	**-**	**(223.91)**

Notes to the Consolidated Financial Statements

Note 10 : Income taxes (Contd..)

Movement in deferred tax assets and liabilities during the year ended 31st March, 2018:

₹ in Crores

Particulars	As at 31st March, 2017	Profit or loss	Other comprehensive income	Business combination	Equity	Foreign currency translation	As at 31st March, 2018
Property, plant and equipment and intangible assets	(1,361.76)	313.37	-	-	-	(14.73)	(1,063.12)
Employee benefits expense	72.28	2.67	(1.79)	-	-	1.51	74.67
Others	85.39	14.32	(15.82)	-	-	(5.44)	78.45
Allowance for credit loss	51.77	4.09	-	-	-	(2.42)	53.44
Deferred revenue	28.28	(2.20)	-	-	-	0.01	26.09
Provision for right of return, discounts and others	94.54	15.15	-	-	-	2.00	111.69
Tax loss carried forward (refer note below)	72.20	(24.45)	-	-	-	(1.17)	46.58
Mat credit entitlement/utilised	368.54	(12.00)	-	-	-	-	356.54
Deferred tax assets/ (liabilities) (net)	**(588.76)**	**310.95**	**(17.61)**	**-**	**-**	**(20.24)**	**(315.66)**
Deferred tax assets	168.13	-	-	-	-	-	187.65
Deferred tax liabilities	(756.89)	-	-	-	-	-	(503.31)
	(588.76)	**-**	**-**	**-**	**-**	**-**	**(315.66)**

Note: Based on approved plans and budgets, the Cipla Health Limited (CHL) one of the subsidiary of the Group has estimated that future taxable income will be sufficient to absorb carried forward unabsorbed depreciation and business losses, which management believes is probable, accordingly, CHL has recognised deferred tax assets on aforesaid losses aggregating to ₹59.26 Crore as at 31st March 2019 (previous year ₹44.31 Crore)

Note 11: Other non-current assets

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good, except otherwise stated)		
Capital advances		
Secured, considered good*	0.12	0.78
Unsecured, considered good	60.44	83.92
Deferred lease assets	38.54	41.56
Prepaid expenses	2.13	2.37
VAT receivable	32.94	50.03
Others	-	2.61
	134.17	**181.27**

* Secured against bank guarantees

Note 12: Inventories

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Lower of cost or net realisable value)		
Raw materials and packing materials	1,666.40	1,708.10
Work-in-progress	858.71	787.73
Finished goods	941.37	1,094.82
Stock-in-trade	449.42	413.99
Stores, spares and consumables	48.93	40.06
	3,964.83	**4,044.70**

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Goods-in-transit included above		
Raw materials and packing materials	126.66	72.14
Work-in-progress	27.32	19.55
Finished goods	124.38	158.15
Stock-in-trade	3.69	14.60

Notes to the Consolidated Financial Statements

Note 12: Inventories (Contd..)

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Stores, spares and consumables	0.85	-
	282.90	264.44

The Group recorded inventory write down (net) of ₹364.49 Crore (previous year ₹209.45 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 13: Current investments

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Investment in mutual funds (unquoted) (Carried at fair value through profit or loss)	2,125.79	1,102.21
	2,125.79	1,102.21
Aggregate amount of unquoted investments	2,125.79	1,102.21

Note 14: Trade receivables

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Considered good		
Secured	399.42	443.34
Unsecured	3,751.30	2,659.11
Considered doubtful		
Unsecured	127.60	158.99
Less: Allowance for credit loss	(127.60)	(158.99)
	4,150.72	3,102.45

- 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

Note 14: Trade receivables (Contd..)

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 42.
- There are no trade receivables which have significant increase in credit risk and trade receivables which are credit impaired.

Note 15: Cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Balances with banks		
In current accounts	480.26	806.63
In deposit accounts (original maturity less than 3 months)	27.35	37.05
Remittance in transit	-	8.84
Cash on hand	0.75	0.94
	508.36	853.46

Note 16: Bank balance other than cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Bank deposits (original maturity between 3 months and 12 months)	100.81	102.07
Balances earmarked for unclaimed dividend*	9.64	10.08
	110.45	112.15

* 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, 2019 and 31st March, 2018.

Notes to the Consolidated Financial Statements

Note 17: Current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Deposits with body corporates and others		
Considered good	2.05	12.76
Considered doubtful	2.25	2.25
Less: Allowance for doubtful	(2.25)	(2.25)
Loan to employees	4.23	7.15
	6.28	**19.91**

Note 18: Financial assets: others - current

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Incentives/ benefits receivable from Government	107.72	206.24
Deposits (refer note 45(B))	175.08	175.08
Derivatives designated as hedges carried at fair value	54.93	-
Derivatives not designated as hedges carried at fair value	22.29	32.65

Note 18: Financial assets: others - current (Contd..)

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Fixed deposit (having remaining maturity less than 12 months)#	3.75	3.52
Other receivables		
Considered good*	134.10	157.33
Considered doubtful	0.46	3.93
Less: Allowance for doubtful advances (credit impaired)	(0.46)	(3.93)
	497.87	**574.82**

Amount held as margin money to Government authority.

* Receivable towards sale of subsidiary

Note 19: Other current assets

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advance to suppliers	210.19	189.19
Prepaid expenses	87.09	78.93
Balances with statutory/ revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	755.65	735.16
Others (deferred lease assets and other advances)	7.40	1.12
	1,060.33	**1,004.40**

Note 20: Equity share capital

₹ in Crores

Particulars	Numbers	As at 31st March, 2019	Numbers	As at 31st March, 2018
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	80,57,01,266	161.14	80,51,19,164	161.02
		161.14		**161.02**
Subscribed and paid-up				
Equity shares of ₹2/- each, fully paid up	80,57,01,266	161.14	80,51,19,164	161.02
		161.14		**161.02**

Notes to the Consolidated Financial Statements

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, 2019	As at 31st March, 2018
Number of shares outstanding at the beginning of the period	80,51,19,164	80,45,10,074
Add: Allotment of equity shares on exercise of employee stock options (ESOS)	5,82,102	6,09,090
Number of shares outstanding at the end of the period	**80,57,01,266**	**80,51,19,164**

Details of shareholders holding more than 5 percent shares in the Company

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	% of Holdings	Number of shares	% of Holdings
Dr. Y. K. Hamied	16,39,67,687	20.35%	16,67,42,687	20.71%
Ms. Sophie Ahmed	4,59,82,000	5.71%	4,59,82,000	5.71%

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

Equity shares reserved for issue under employee stock options

Refer to note 48 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.

Note 21: Other equity

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Capital reserve	180.82	24.01
Securities premium reserve	1,574.59	1,542.15
General reserve	3,142.62	3,141.73
Employee stock options reserve	57.04	66.26
Gross obligation to non-controlling interest under put option	(334.09)	-
Retained earnings	10,251.31	8,998.78
Foreign currency translation reserve	(138.38)	208.98
Equity instrument through other comprehensive income	46.77	20.85
Hedge reserve	70.46	65.41
	14,851.14	**14,068.17**

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.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. This reserve is utilised in accordance with the provisions of the Act.

General reserve

The general reserve is used from time to time to transfer profit from retained 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 payments. (refer note 48)

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.

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.

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.

Gross obligation to non-controlling interest under put option

The amount that may become payable under the option on exercise is initially recognised at fair value within other financial liabilities with a corresponding charge directly to equity. The charge to equity is recognised separately as gross obligation to non-controlling interest under put option in other equity.

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, 2019	As at 31st March, 2018
Jay Precision Pharmaceuticals Private Limited	40.00%	40.00%
Cipla Quality Chemical Industries Limited	48.82%	37.70%
Saba Investment Limited	49.00%	49.00%
Quality Chemicals Limited	49.00%	49.00%
Cipla Health Limited	26.16%	26.11%

B. Information regarding non-controlling interest:

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Accumulated balances of material non-controlling interest:		
Jay Precision Pharmaceuticals Private Limited	52.95	49.77
Cipla Quality Chemical Industries Limited	158.06	135.17
Saba Investment Limited (Group)	83.77	136.91
Quality Chemicals Limited	6.29	5.73
Cipla Health Limited	25.88	20.37
Others	5.02	4.49
	331.97	**352.44**

Notes to the Consolidated Financial Statements

Note 22: Non-controlling interest (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit/(loss) allocated to material non-controlling interest:		
Jay Precision Pharmaceuticals Private Limited	11.50	8.65
Cipla Quality Chemical Industries Limited	(16.23)	12.53
Saba Investment Limited (Group)	(20.25)	(1.76)
Quality Chemicals Limited	0.22	0.90
Cipla Health Limited	(10.81)	(13.46)
Others	0.31	(0.82)
	(35.26)	**6.04**

Summarised profit or loss for the year ended 31st March, 2019

₹ in Crores

Particulars	Name of the subsidiary				
	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Limited
Revenue from operations	106.08	365.78	3.41	34.54	147.83
Profit for the year	30.35	13.10	8.66	1.10	(40.98)
Other comprehensive income	(0.01)	-	-	-	0.30
Total comprehensive income	**30.34**	**13.10**	**8.66**	**1.10**	**(40.68)**
Dividend paid to non-controlling interest	(8.31)	(7.40)	(40.26)	-	-

Summarised profit or loss for the year ended 31st March, 2018

₹ in Crores

Particulars	Name of the subsidiary				
	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Limited
Revenue from operations	94.57	405.23	3.13	29.02	120.18
Profit for the year	24.72	79.53	140.33	1.84	(51.56)
Other comprehensive income	0.01	-	-	-	0.09
Total comprehensive income	**24.73**	**79.53**	**140.33**	**1.84**	**(51.47)**
Dividend paid to non-controlling interest	-	(7.37)	-	-	-

Notes to the Consolidated Financial Statements

Note 22: Non-controlling interest (Contd..)

Summarised balance sheet as at 31st March, 2019

₹ in Crores

Particulars	Name of the subsidiary				
	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Limited
Non-current assets	101.09	123.67	91.74	9.88	65.58
Non-current liabilities	5.18	8.27	-	1.22	1.45
Net non-current assets	**95.91**	**115.40**	**91.74**	**8.66**	**64.13**
Current assets	37.63	413.29	171.20	22.69	113.34
Current liabilities	1.65	218.90	1.08	18.53	65.81
Net current assets	**35.98**	**194.39**	**170.12**	**4.16**	**47.53**
Total equity	**131.89**	**309.79**	**261.86**	**12.82**	**111.66**

Summarised balance sheet as at 31st March, 2018

₹ in Crores

Particulars	Name of the subsidiary				
	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Limited
Non-current assets	96.26	104.09	86.46	9.47	48.97
Non-current liabilities	6.08	8.32	-	1.73	1.39
Net non-current assets	**90.18**	**95.77**	**86.46**	**7.74**	**47.58**
Current assets	38.43	265.94	232.74	20.56	102.63
Current liabilities	6.27	58.34	2.27	16.60	59.63
Net current assets	**32.16**	**207.60**	**230.47**	**3.96**	**43.00**
Total equity	**122.34**	**303.37**	**316.93**	**11.70**	**90.58**

Summarised cash flow information as at 31st March, 2019

₹ in Crores

Particulars	Name of the subsidiary				
	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Limited
Operating activities	23.06	(92.25)	7.78	1.84	(63.80)
Investing activities	(3.73)	(2.35)	(8.42)	-	1.95
Financing activities	(20.79)	(20.74)	1.10	-	59.99
Net increase/ (decrease) in cash and cash equivalents	**(1.46)**	**(115.34)**	**0.46**	**1.84**	**(1.86)**

Notes to the Consolidated Financial Statements

Note 22: Non-controlling interest (Contd..)

Summarised cash flow information as at 31st March, 2018

₹ in Crores

Particulars	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Limited
	Name of the subsidiary				
Operating activities	26.44	81.50	142.65	(0.05)	(69.34)
Investing activities	(3.82)	(67.54)	(107.36)	(0.01)	70.78
Financing activities	(5.84)	(19.23)	(109.51)	(0.01)	-
Net increase/ (decrease) in cash and cash equivalents	**16.78**	**(5.27)**	**(74.22)**	**(0.07)**	**1.44**

C. Transactions with non-controlling interest:

On 17th September, 2018, the Group has sold 405,804,411 shares (11.12% of Group's shareholding) in Cipla Quality Chemical Industries Limited (QCIL), a subsidiary of the Group in the Initial Public Offer (IPO) on the Uganda Securities Exchange for a total consideration of ₹193.79 Crore. The Group continues to hold 51.18% interest in QCIL, thereby retaining the control.

As per Ind AS 110, in case of dilution, where there is no change in control of the subsidiary, gain or loss are accounted as equity transaction. Hence the Group accounted increase in non-controlling interest of ₹36.98 Crore (carrying amount of 11.12% stake) and differential consideration as capital reserve amounting to ₹156.81 Crore.

The effect on the equity attributable to the owners of the Group during the year is summarised as follows:

Particulars	₹ in Crores
Consideration received from non-controlling interest	193.79
Carrying amount of non-controlling interest	36.98
Net adjustment to capital reserve	**156.81**

Notes to the Consolidated Financial Statements

Note 23: Financial liabilities: borrowings

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(a) Non-current (refer note 42)		
(Carried at amortised cost, except otherwise stated)		
Secured loans:		
Term loan from banks *	47.70	-
Unsecured loans:		
Term loan from banks **	3,782.37	3,662.11
	3,830.07	**3,662.11**
(b) Current (refer note 42)		
(Carried at amortised cost, except otherwise stated)		
Secured loans:		
Loans repayable on demand		
Loan from bank#	119.25	-
Unsecured loans:		
Loans repayable on demand		
Packing credit from banks	-	142.54
Buyers credit	-	31.89
Bank overdraft	98.67	1.39
Working capital line of credit ##	234.44	260.05
Other loans ###	33.81	-
	486.16	**435.87**

* Term loan from banks (Secured)
This loan bears interest at rates linked to the JIBAR rate. The loan is repayable in full on 31st January, 2022, with interest payable monthly. The loan is secured through guarantees by Medpro Pharmaceutica Proprietary Limited. Medpro Pharmacuetica Proprietary Limited, Cipla Life Sciences Proprietary Limited and Cipla Medpro Proprietary Limited subordinated their claims against Cipla Medpro South Africa Proprietary Limited. There is a cession of trade receivables, receivables insurance and claims of Cipla Medpro South Africa Proprietary Limited and Medpro Pharmaceutica Proprietary Limited.

** Term loan from banks (Unsecured)

Includes loans of ₹3,782.37 Crore (previous year ₹3,597.29 Crore) taken by the Company's wholly owned subsidiaries in connection with acquisition of two US based companies, Invagen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc. These loans carry interest at LIBOR + 0.96% p.a. and the guarantee given by Cipla Limited to the bankers for repayment of principal and interest on this loan.

Loan repayable on demand (Secured)
This loan bears interest at rates linked to the JIBAR rate. The loan is repayable on demand, with interest payable monthly. The loan is secured through guarantees by Medpro Pharmaceutica Proprietary Limited. Medpro Pharmacuetica Proprietary Limited, Cipla Life Sciences Proprietary Limited and Cipla Medpro Proprietary Limited subordinated their claims against Cipla Medpro South Africa Proprietary Limited. There is a cession of trade receivables, receivables insurance and claims of Cipla Medpro South Africa Proprietary Limited and Medpro Pharmaceutica Proprietary Limited.

Working capital line of credit
Working capital line of credit is availed from HSBC Bank for ₹30.43 Crore (previous year ₹129.70 Crore) and has interest rates ranging between 2.91% to 3.72% p.a. (previous year 2.42% to 3.07% p.a.).
Working capital line of credit is availed from Bank of America for ₹204.01 Crore (previous year ₹130.35 Crore) and has interest rates of 3.23% and 3.59% p.a. (previous year 2.73% p.a.).

Other loans
Other borrowing consist of loan obtained in Cipla Maroc SA of ₹33.81 Crore (previous year - Nil) which is repayable on demand carries interest rate of 4%.

Notes to the Consolidated Financial Statements

Note 24: Other financial liabilities - non-current

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Security deposits	53.36	50.11
Put option liability (refer note below)	334.09	-
	387.45	**50.11**

Cipla Health Limited ('CHL') is a less than wholly owned subsidiary of the Company. The investment agreement between the Company, CHL and non-controlling interest ('NCI') shareholders of CHL sets out that the NCI shareholders of CHL shall be entitled to an exit option in the event of a qualified initial public offering or offer for sale of the interest by the investor to a bonafide investor. If the Company and CHL fail to provide such an exit to the NCI shareholders, NCI shareholders shall have the right to sell their interests to the Company or CHL at fair value of such interest. A liability is recognised for such put option issued by the Group over the equity of CHL at the gross amount payable aggregating ₹359.97 Crore (including ₹25.88 Crore for non-controlling interest). Such amount is recognised under 'other financial liabilities'. The fair value of such put option is determined using the fair value model methodology suggested in the investment agreement.

Note 25: Provisions

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Non-current		
Provision for employee benefits	121.41	137.92
	121.41	**137.92**
Current		
Provision for employee benefits	173.03	192.73
Provision for litigation - DPCO (refer note below and note 45)	98.49	93.94
Provision for right of return/discounts and others (refer note below)	465.24	340.44
	736.76	**627.11**

Note 25: Provisions (Contd..)

Movement of provisions for litigation- DPCO and provision for right of return/discounts and others:

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for litigation - DPCO		
Balance at the beginning of the year	**93.94**	**14.85**
Provided during the year	8.08	79.09
Utilised/reversed/ payout during the year	(3.53)	-
Balance at the end of the year	**98.49**	**93.94**
Provision for right of return/discounts and others		
Balance at the beginning of the year	**340.44**	**265.31**
Provided during the year	342.37	199.26
Utilised/reversed/ payout during the year	(224.54)	(130.85)
Foreign currency translation	6.97	6.72
Balance at the end of the year	**465.24**	**340.44**

Note 26: Other non-current liabilities

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred government grant	9.99	15.53
Deferred revenue	61.60	67.59
Deferred lease income	11.72	10.13
	83.31	**93.25**

Notes to the Consolidated Financial Statements

Note 27: Trade payables

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Total outstanding dues of micro enterprises and small enterprises	28.69	18.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,919.30	2,100.74
	1,947.99	**2,119.12**

- 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, 2019, 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 have been identified on the basis of information available with the Group.

Note 28: Other financial liabilities - current

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Carried at amortised cost, except otherwise stated)		
Current maturities of non-current borrowings		
Deferred sales tax loans	-	0.07
Unclaimed dividend *	9.64	10.08
Security deposits	1.50	1.42
Capital creditors	50.27	80.92
Employee dues	112.21	110.77
Derivative designated as hedge- carried at fair value	-	2.00
Derivative not designated as hedge -carried at fair value	-	9.21
Import advance licences	37.62	44.89
Deferred consideration (refer note 46)	21.84	-
Accrued expenses	165.35	160.83
	398.43	**420.19**

* 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, 2019	As at 31st March, 2018
Advance from customers	6.58	23.95
Amount refundable to customers	37.51	47.47
Income received in advance	10.03	13.18
Other payables:		
Statutory dues	79.46	119.12
Deferred government grant	0.79	2.20
Deferred revenue	7.07	7.07
Others	1.99	13.86
	143.43	**226.85**

Notes to the Consolidated Financial Statements

Note 30: Revenue from sale of products

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Sale of products (refer note below)	15,970.97	14,750.86
	15,970.97	**14,750.86**

(i) After applicability of Goods and Services Tax (GST) w.e.f. 1st July, 2017, sales are required to be disclosed net of GST. Accordingly, the figures of income from operations for the year ended 31st March, 2019 are not comparable with the corresponding previous period.

(ii) Disaggregation of revenue

The Group's revenue disaggregated by business unit is as follows:

₹ in Crores

Particulars	For the year ended 31st March, 2019
1) India - Branded Generics	4,853.06
2) India - Trade Generics	1,419.02
3) Export sales (by business unit wise)	
-North America (USA)	3,293.69
-South Africa, Sub Saharan Africa and Cipla Global Access (SAGA)	3,169.34
-Emerging Markets (EM)	1,658.42
-Europe	675.28
-Active Pharmaceutical Ingredient (API)	684.94
-Others	217.22
	15,970.97

Reconciliation of revenue from sale of products and services with the contracted price

₹ in Crores

Particulars	As at 31st March, 2019
Contracted price	23,518.68
Less: trade discounts, sales and expiry return	7,547.71
Sale of products and services	**15,970.97**

Note 30: Revenue from sale of products (Contd..)

Contract balances

₹ in Crores

Particulars	As at 31st March, 2019
Contract liabilities from contract with customers	112.76

Contract liabilities from contracts with customers

The Group records a contract liability when cash payments are received or due in advance of its performance.

Note 31: Other operating revenue

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Rendering of services	45.37	103.43
Export incentives	159.60	144.68
Technical know-how and licensing fees	41.01	54.50
Scrap sales	33.17	30.90
Sale of marketing and product license	86.23	91.42
Goods and service tax area based incentive	14.06	23.43
Miscellaneous income*	11.99	20.03
	391.44	**468.39**

* Income below 1% of revenue from operations are aggregated in accordance with Schedule III to the Companies Act, 2013.

Note 32: Other income

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Interest income		
Bank deposit	16.53	20.50
Others	43.33	9.14
Dividend income	34.44	3.54
Government grants $	8.06	3.88

Notes to the Consolidated Financial Statements

Note 32: Other income (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Net gain on foreign currency transaction and translation	42.42	18.69
Net gain on sale of investment -		
- Current investments carried at FVTPL	100.98	72.96
- Non-current investments *	84.05	76.53
Net gain on disposal of property, plant and equipment	3.30	24.66
Fair value gain on financial instruments at fair value through profit or loss	22.74	2.32
Sundry balances written back	26.92	4.77
Insurance claim	11.09	4.56
Rent income	6.12	5.97
Litigation settlement income	47.96	-
Miscellaneous income #	28.64	110.13
	476.57	**357.65**

$ 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.

* Previous year includes sale of veterinary business sale at South Africa of ₹112.90 Crore.

Income below 1% of revenue from operations are aggregated in accordance with Schedule III to the Companies Act, 2013.

Note 33: Cost of materials consumed

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Cost of materials consumed	4,285.04	4,497.16
	4,285.04	**4,497.16**

Note 34: Purchases of stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Purchases of stock-in-trade	1,452.41	1,174.20
	1,452.41	**1,174.20**

Note 35: Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Opening stock		
Work-in-progress	787.73	613.57
Finished goods	1,094.82	1,056.50
Stock-in-trade	413.99	393.53
	2,296.54	**2,063.60**
Less: Closing stock		
Work-in-progress	858.71	787.73
Finished goods	941.37	1,094.82
Stock-in-trade	449.42	413.99
	2,249.50	**2,296.54**
Decrease/(increase)	**47.04**	**(232.94)**

Note 36: Employee benefits expense

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Salaries and wages	2,560.51	2,399.96
Contribution to provident and other funds (refer note 47)	130.01	130.31
Share based payments expense (refer note 48)	24.11	41.28
Staff welfare expenses	141.90	118.55
	2,856.53	**2,690.10**

Notes to the Consolidated Financial Statements

Note 37: Finance costs

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Interest expense	163.77	109.24
Other borrowing cost	4.66	4.99
	168.43	114.23

Note 38: Depreciation, impairment and amortisation expense

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Depreciation on property, plant and equipment (refer note 2)	666.31	608.67
Impairment of property, plant and equipment (refer note 2)	1.48	10.12
Impairment of capital work-in-progress (refer note 2)	12.18	-
Depreciation on investment properties (refer note 3)	1.49	0.02
Amortisation of intangible assets (refer note 5)	429.35	341.14
Impairment of intangibles and intangible assets under development (refer note 5)*	215.50	362.87
	1,326.31	1,322.82

*During the year ended 31st March, 2019, due to the uncertain regulatory developments and litigations for certain intangible assets and intangible assets under development on the existing and IP R&D portfolio relating to US generics business, the Group recorded an impairment charge of ₹206.96 Crore (previous year - ₹357.77 Crore) and other impairments amounting to ₹8.55 Crore (previous year - ₹5.10 Crore).

Note 39: Other expenses

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Manufacturing expenses	447.68	472.86
Stores and spares	128.83	142.96
Repairs and maintenance:		
Buildings	39.68	38.03
Plant and equipment	104.35	104.17
Insurance	36.33	31.34
Rent	141.32	117.20
Rates and taxes	38.07	38.11
Power and fuel	335.11	298.82
Travelling and conveyance	328.82	311.89
Sales promotion expenses	743.37	607.43
Commission on sales	293.89	253.52
Freight and forwarding	244.03	221.95
Allowance for credit loss (net) (refer note 42)	76.56	33.21
Contractual services	207.54	194.00
Non-executive directors remuneration	9.56	9.22
Postage and telephone expenses	38.83	41.63
Legal and professional fees	501.15	450.45
Payment to auditors		
Audit fees	1.69	2.01
Taxation matters	0.22	0.09
For other services	0.37	0.49
Reimbursement of expenses	0.14	-
Corporate social responsibility (CSR) expenditure (refer note 51)	36.08	34.54
Donations *	12.03	11.10
Research - clinical trials, samples and grants	356.86	268.65
Excise duty (refer note 30 (i))	-	63.54
Miscellaneous expenses #	501.58	517.14
	4,624.08	4,264.35

* Includes ₹9.00 Crore towards donation to Electoral fund (previous year ₹9.00 Crore)

Expense below 1% of revenue from operations are aggregated in accordance with Schedule III to the Companies Act, 2013.

Notes to the Consolidated Financial Statements

Note 40 : Other comprehensive income

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
A. (1) Items that will not be reclassified to profit or loss		
(i) Re-measurements of post-employment benefit obligation (refer note 47(e))	13.71	5.24
(ii) Changes in fair value of FVTOCI equity instruments	28.80	23.17
	42.51	**28.41**
(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	(4.72)	(1.79)
(ii) Income tax relating to changes in fair value of FVTOCI equity instruments	(2.88)	(2.32)
	(7.60)	**(4.11)**
	34.91	**24.30**
B. (1) Items that will be reclassified to profit or loss		
(i) Exchange difference on translation of foreign operations	(329.90)	175.85
(ii) Net investment hedge loss (refer note 54)	-	178.23
(iii) Cash flow hedge (refer note 42)	17.27	28.65
	(312.63)	**382.73**
(2) Income tax relating to items that will be reclassified to profit or loss		
Income tax relating to cash flow hedge and interest rate swap	(12.22)	(13.50)
	(12.22)	**(13.50)**
	(324.85)	**369.23**
	(289.94)	**393.53**

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 period.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

Disclosure as required by Indian Accounting Standard (Ind AS) 33 - Earnings per share:

Particulars	31st March, 2019	31st March, 2018
Profit after tax as per profit or loss (₹ in Crore)	1,527.70	1,410.53
Basic weighted average number of equity shares outstanding	80,53,61,167	80,47,65,162
Basic earnings per share (₹)	18.97	17.53
Add: Dilutive impact of employee stock options	14,68,822	13,16,409
Diluted weighted average number of equity shares outstanding	80,68,29,989	80,60,81,571
Diluted earnings per share (₹)	18.93	17.50

Notes to the Consolidated Financial Statements

Note 42:

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 receivables, trade payables, capital creditors, loans and cash and cash equivalents as at 31st March, 2019 and 31st March, 2018 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 table below analyses financial instruments carried at fair value, by valuation method at 31st March, 2019 and 31st March, 2018. The different levels have been defined as follows:

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, 2019 were as follows:

₹ in Crores

Particulars	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost				
Investment properties (refer note 3)	61.85	-	-	75.26
Investment (refer note 7)	0.00	-	-	0.00
Financial assets at fair value through profit or loss				
Investments in mutual funds (refer note 13)	2,125.79	-	2,125.79	-
Investment (refer note 7)	0.00	-	-	0.00
Other forward contracts (refer note 18)	22.29	-	22.29	-
Financial assets at fair value through other comprehensive income				

Notes to the Consolidated Financial Statements

Note 42 (Contd..)

₹ in Crores

Particulars	Carrying value	Fair value Level 1	Level 2	Level 3
Investments in equity instrument (refer note 7)	193.86	-	-	193.86
Interest rate swap used for hedging (refer note 9)	50.22	-	50.22	-
Derivatives designated as hedges (refer note 18)	54.93	-	54.93	-
Financial liabilities:				
Financial liabilities at amortised cost				
Borrowings (refer note 23)	4,316.23	-	-	4,316.23

The carrying value and fair value of financial instruments by categories as of 31st March, 2018 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)	1.03	-	-	8.59
Investment (refer note 7)	0.00	-	-	0.00
Financial assets at fair value through profit or loss				
Investments in mutual funds (refer note 13)	1,102.21	-	1,102.21	-
Investment (refer note 7)	0.00	-	-	0.00
Other forward contracts (refer note 18)	32.65	-	32.65	-
Financial assets at fair value through other comprehensive income				
Investments in equity instrument (refer note 7)	147.01	-	147.01	-
Interest rate swap used for hedging (refer note 9)	79.23	-	79.23	-
Financial liabilities:				
Financial liabilities at amortised cost				
Borrowings (refer note 23 and 28)	4,098.05	-	-	4,098.05
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedge (refer note 28)	9.21	-	9.21	-
Financial liabilities at fair value through other comprehensive income				
Derivatives designated as hedge (refer note 28)	2.00	-	2.00	-

Financial risk management objectives and policies

The Group activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Group financial liabilities comprise of borrowings, trade payables and other liabilities to manage its operation and financial assets includes trade receivables and other receivables etc. arises from its operation.

The Group has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Group has a robust Business Risk Management framework to identify, evaluate

Notes to the Consolidated Financial Statements

Note 42 (Contd..)

business risks and opportunities. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance Group's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risk trend, exposure and potential impact analysis at a Group level.

The Group has instituted a self governed Risk Management framework based on identification of potential risk areas, evaluation of risk intensity, and clear- cut risk mitigation policies, plans and procedures both at the enterprise and operating levels. The framework seeks to facilitate a common organisational understanding of the exposure to various risks and uncertainties at an early stage, followed by timely and effective mitigation. The Audit Committee of the Board reviews the risk management framework at periodic intervals. Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

Market risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. Market risk is the risk that changes in market prices such as foreign exchange rates will effect Groups income or value of its holding financial assets/ instruments. The Group also holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group operations are adversely affected as the Rupee appreciates/ depreciates against US dollar (USD), South African Rand (ZAR),Euro (EUR), and Great Britain Pounds (GBP).

(a) Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for the second tracts is generally a bank or a financial institution.

₹ in Crores

Nature of instrument	Currency	Cross currency	As at 31st March, 2019	As at 31st March, 2018
Forward contracts - Sold	USD	INR	2,054.00	1,527.34
Forward contracts - Sold	ZAR	INR	292.88	451.78
Forward contracts - Sold	EUR	INR	-	23.03
Forward contracts - Bought	USD	INR	-	31.89
Forward contracts - Bought	USD	ZAR	93.55	133.04
Forward contracts - Bought	EUR	ZAR	3.55	17.44
Forward contracts - Bought	CNY	ZAR	-	5.90
Unhedged foreign exchange exposures:				
- Trade and other receivables			1,536.40	938.25
- Cash and cash equivalents			22.78	21.79
- Trade and other payables			(896.17)	(758.74)
- Borrowings			(97.37)	(244.61)

Note: The Group uses forward contracts/derivatives for hedging purposes.

Notes to the Consolidated Financial Statements

Note 42 (Contd..)

(b) **Foreign currency risk from financial instruments as of:**

₹ in Crores

Particulars	As at 31st March, 2019					
	USD	EUR	GBP	ZAR	Other currency	Total
Trade and other receivables	1,243.26	139.78	38.11	67.30	47.95	1,536.40
Cash and cash equivalents	4.68	1.34	13.39	-	3.37	22.78
Trade and other payables	(531.63)	(254.51)	(93.30)	(5.37)	(11.36)	(896.17)
Borrowings	(97.37)	-	-	-	-	(97.37)
Net assets / (liabilities)	**618.94**	**(113.39)**	**(41.80)**	**61.93**	**39.96**	**565.64**

₹ in Crores

Particulars	As at 31st March, 2018					
	USD	EUR	GBP	ZAR	Other currency	Total
Trade and other receivables	740.30	99.45	31.63	-	66.87	938.25
Cash and cash equivalents	17.49	-	-	-	4.30	21.79
Trade and other payables	(470.04)	(184.29)	(97.21)	-	(7.20)	(758.74)
Borrowings	(244.61)	-	-	-	-	(244.61)
Net assets / (liabilities)	**43.14**	**(84.84)**	**(65.58)**	**-**	**63.97**	**(43.31)**

(c) **Sensitivity analysis**

A reasonably possible change in foreign exchange rates by 2% would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Movement in exchange rate		
USD - INR	2%	2%
EUR - INR	2%	2%
GBP - INR	2%	2%
ZAR - INR	2%	2%
Impact on profit/ loss		
USD - INR	12.38	0.86
EUR - INR	(2.27)	(1.70)
GBP - INR	(0.84)	(1.31)
ZAR - INR	1.24	-

(d) **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.

The Group interest rate risk mainly arises from long term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During 31st March, 2019 and 31st March, 2018, the Group borrowings at variable rate were mainly denominated in USD and ZAR.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings. The Group adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate. The interest

Notes to the Consolidated Financial Statements

Note 42 (Contd..)

rate 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, 2019	As at 31st March, 2018
Variable rate instruments		
Financial liabilities	4,316.23	4,097.98

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.

₹ in Crores

Particulars	As at 31st March,2019			As at 31st March,2018		
	Weighted average interest cost	Balance	%of total loans	Weighted average interest cost	Balance	%of total loans
Bank overdraft and bank loans	3.21%	4,316.23	100%	2.77%	4,097.98	100%
Interest rate swap (notional principal amount)	2.30%	1,901.76	-	2.62%	1,792.31	-
Net exposure to cash flow interest rate risk	-	2,414.47	-	-	2,305.67	-

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Impact on profit/ loss		
Increase	(12.07)	(11.53)
Decrease	12.07	11.53

The risk estimates provided assume a parallel shift of 50 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of trade receivables.

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses Expected Credit Loss (ECL) model for assessing the impairment loss. For this purpose, the Group uses a provision matrix to compute

Notes to the Consolidated Financial Statements

Note 42 (Contd..)

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.

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. Investments primarily include investment in liquid mutual fund units and certificates of deposit which are funds deposited at a bank for a specified time period.

The ageing analysis of the receivables (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 at 31st March, 2019	2,727.13	1,196.69	183.77	170.73	4,278.32
As at 31st March, 2018	1,326.80	1,482.28	100.12	352.24	3,261.44

Movement of allowances of credit loss

₹ in Crores

Particulars	Loans (current)	Loans (non-current)	Other financial assets	Trade receivables	Total
As at 1st April, 2017	**2.25**	**-**	**0.46**	**149.42**	**152.13**
Provided during the year	-	0.88	3.47	106.64	**110.99**
Reversal of provisions	-	-	-	(90.35)	**(90.35)**
Effects of changes in foreign exchange rate	-	-	-	(6.72)	**(6.72)**
As at 31st March, 2018	**2.25**	**0.88**	**3.93**	**158.99**	**166.05**
Provided during the year	-	-	-	150.74	**150.74**
Reversal of provisions	-	(0.03)	(3.47)	(176.62)	**(180.12)**
Business combination	-	-	-	(1.56)	**(1.56)**
Effects of changes in foreign exchange rate	-	-	-	(3.95)	**(3.95)**
As at 31st March, 2019	**2.25**	**0.85**	**0.46**	**127.60**	**131.16**

Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Group closely monitors its liquidity position and maintains adequate source of funding.

Notes to the Consolidated Financial Statements

Note 42 (Contd..)

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2019:

₹ in Crores

Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Borrowings					
Current borrowings	486.16	-	-	-	**486.16**
Non-Current borrowings	-	756.47	3,073.60	-	**3,830.07**
Trade payables	1,947.99	-	-	-	**1,947.99**
Other financial liabilities	398.43	-	3.25	384.20	**785.88**
	2,832.58	**756.47**	**3,076.85**	**384.20**	**7,050.10**

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2018:

₹ in Crores

Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Borrowings					
Current borrowings	435.87	-	-	-	435.87
Non-Current borrowings	0.07	814.79	2,847.32	-	3,662.18
Trade payables	2,119.12	-	-	-	2,119.12
Other financial liabilities	420.19	-	-	50.11	470.30
	2,975.25	**814.79**	**2,847.32**	**50.11**	**6,687.47**

Impact of hedging

The Group uses foreign exchange forward 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

Particulars	Carrying amount			Maturity date	Hedge ratio	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
31st March, 2019						
Cash flow hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 18)	1,698.14	54.93	-	April 2019 - March 2020	1:1*	USD 1 = ₹72.79 ZAR 1 = ₹5.11
Interest rate risk						
Interest rate swap (Note 9)	1,901.76	50.22	-	April 2020 - March 2022	1:1	2.30%

Notes to the Consolidated Financial Statements

Note 42 (Contd..)

₹ in Crores

Particulars	Nominal amount	Carrying amount Assets	Carrying amount Liabilities	Maturity date	Hedge ratio	Weighted average strike price/rate
31st March 2018						
Cash flow hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 28)	1,348.80	-	2.00	April 2018 - March 2019	1:1*	USD 1 = ₹67.06 ZAR 1 = ₹4.94
Interest rate risk						
Interest rate swap (refer note 9)	1,792.31	79.23	-	April 2020 - March 2022	1:1	2.62%

* The foreign currency forward 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

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from hedging reserve to profit or loss
31st March, 2019			
Cash flow hedge			
i) Foreign exchange risk	48.81	-	(5.61)
ii) Interest rate risk	(31.54)	-	-
31st March, 2018			
Cash flow hedge			
i) Foreign exchange risk	0.72	-	(2.39)
ii) Interest rate risk	27.93	-	-

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.

Notes to the Consolidated Financial Statements

Note 42 (Contd..)

c) Movement in cash flow hedge reserve and cost of hedge reserve

₹ in Crores

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	Foreign exchange forward contracts	Interest rate swap	Total hedge reserve	Foreign exchange forward contracts	Interest rate swap	Total hedge reserve
Opening balance	**0.47**	**64.94**	**65.41**	**-**	**50.26**	**50.26**
Add: Changes in fair value of foreign exchange forward contracts	54.42	(31.54)	22.88	3.11	27.93	**31.04**
Less: Amount reclassified to profit or loss	(5.61)	-	(5.61)	(2.39)	-	**(2.39)**
Less: Deferred tax relating to above (net)	(17.06)	4.84	(12.22)	(0.25)	(13.25)	**(13.50)**
Closing balance	**32.22**	**38.24**	**70.46**	**0.47**	**64.94**	**65.41**

Note 43: Capital Management

(A) Risk Management

The Group objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt. Consistent with others in Industry, the Group monitors capital on the basis of the following gearing ratio : (net debt divided by total 'equity')

Net debt = Total borrowings less (Cash and cash equivalents + Bank balance other than cash and cash equivalents (excluding balance earmarked for unclaimed dividend) + Current investments).

Total 'equity' as shown in the the balance sheet, including non-controlling interest

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total debt	4,316.23	4,098.05
Less: Cash and cash equivalents including mutual fund	2,734.96	2,057.74
Net debt (A)	1,581.27	2,040.31
Total equity (B)	15,344.25	14,581.63
Net debt to equity ratio (A/B)	**0.10**	**0.14**

(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.

(C) Dividend

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Dividend on equity shares paid during the year		
Final dividend for FY 2017-18 (₹3.00 (FY 2016-17 ₹2.00) per equity share of ₹2.00 each)	241.57	160.94
Tax on dividend	42.52	28.33
	284.09	**189.27**

Notes to the Consolidated Financial Statements

Note 43: Capital Management (contd..)

Dividend not recognised at the end of the reporting period:

The Board of Directors of the Company at its meeting held on 22nd May, 2019 has recommended a final dividend of ₹3.00 per equity share (previous year ₹3.00 per equity share) for the financial year ended 31st March 2019. The same amounts to ₹291.40 Crore including dividend distribution tax.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

Note 44: Investment in Associates

A) Stempeutics Research Private Limited

The Group has a 48.99% interest in Stempeutics Research Private Limited. Following table shows the summarised financial information.

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Current assets	8.50	8.32
Non-current assets	36.03	32.49
Current liabilities	(5.14)	(4.03)
Non-current liabilities	(36.29)	(28.23)
Equity	3.10	8.55
Group ownership	48.99%	48.99%
Equity proportion of the Group ownership	1.52	4.19
Goodwill	5.43	5.43
Carrying amount of the investment	6.95	9.62

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Revenue from sale of products	3.24	3.03
Profit/(loss) for the year	(5.45)	(5.67)
Total comprehensive income for the year	(5.45)	(5.67)
Group's share of profit/(loss) for the year	**(2.67)**	**(2.78)**

Note 44: Investment in an Associates (contd..)

B) Avenue Therapeutics, Inc

On 8th February, 2019, Invagen Pharmaceuticals Inc. ("Invagen") a step down subsidiary of the Group have completed the first stage closing and acquired 33.30% stake for ₹242.04 Crore ($35 million) of Avenue Therapeutics, Inc., a Delaware corporation ("Avenue") on a fully diluted basis. Invagen also has an option to acquire the remaining issued and outstanding capital stock of Avenue for $180 million, subject to the satisfaction or waiver of the conditions set forth therein. As of 31st March, 2019, the investment in Avenue is accounted as Investment in Associate as per Ind AS 28 - Investments in Associates and Joint Ventures. The Group has reported the investments based on initial determination of the net fair values of investee's assets and liabilities.

Following table shows the summarised financial information:

₹ in Crores

Particulars	As at 31st March, 2019
Current assets	205.60
Intangible assets under development	542.81
Current liabilities	(65.09)
Equity	683.32
Group ownership	33.30%
Equity proportion of the Group ownership	227.54
Carrying amount of the investment	227.54

₹ in Crores

Particulars	As at 31st March, 2019
Revenue from sale of products	-
Profit/(loss) for the year	(43.53)
Total comprehensive income for the year	(43.53)
Group's share of profit/(loss) for the year	**(14.50)**

Notes to the Consolidated Financial Statements

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for)

A. Details of contingent liabilities and commitments

₹ in Crores

Particulars	As at 31st March, 2019	As at 31st March, 2018
Contingent liabilities		
Claims against the Group not acknowledged as debt	421.55	387.99
Financial guarantees	161.99	141.90
Letter of credit	13.90	5.73
Income tax on account of disallowances/ additions	72.26	107.08
Excise duty/service tax on account of valuation/ cenvat credit	137.59	126.30
Sales tax on account of credit/classification	9.55	5.01
	816.84	**774.01**
Commitments		
Estimated amount of contracts unexecuted on capital account	320.50	228.85

Note :

(i) Claims against the Company not acknowledged as debt includes 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 Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

(v) There has been a 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 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) Order, 1995 ("DPCO, 1995"). The total demand against the Company as stated in NPPA public disclosure amounts to ₹2,655.09 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 Hon'ble 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 Hon'ble Allahabad High Court on process followed for fixation of pricing

Notes to the Consolidated Financial Statements

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (contd..)

norms. These Petitions were decided in favour of the Company and the matters were carried in appeal by the Union of India to the Supreme Court of India. The Supreme Court in its judgement of 1st August, 2003 restored the said writ petitions to the Bombay High Court with directions that the Court will have to consider the petitions afresh, having due regard to the observations made by the Supreme Court in its judgement. On the Union of India filing transfer petitions, the Supreme Court ordered transfer of the said petitions to the Bombay High Court to it for being heard with the appeal filed against the Allahabad High Court order. Subsequently, in its order of 20th July, 2016 the Supreme Court recalled its transfer order and remanded the petitions to Bombay High Court for hearing. While remanding the matter to Bombay High Court, the Hon'ble 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 Hon'ble 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 post such transfer of cases to Bombay High Court. Meanwhile, the Hon'ble 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 Hon'ble 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 Hon'ble Bombay High Court.

The Bombay High Court had, in expectation of NPPA filing its counter-statement on status of each petitioner's compliance with the 2003 and 2016 Hon'ble Supreme Court orders (on deposit 50% of amount demanded), re-scheduled the hearing on 8th April, 2019; but as all the connected matters were not listed on this date, the case has now been listed on 5th June, 2019.

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Hon'ble Supreme Court of India. Although, the decision of Hon'ble 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 Hon'ble Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Hon'ble Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹1,736.00 Crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹2,272.32 Crore (after adjusting deposit of ₹175.08 Crore), however, the Company has not received any further notices beyond an aggregate amount of ₹1,736.00 Crore.

For the balance demand aggregating to ₹197.62 Crore (pertaining to set of products not part of the above mentioned writ proceedings in the Hon'ble Bombay High Court), basis the facts and legal advice, the Company carries a total provision of ₹98.49 Crore as of 31st March, 2019.

(iii) In March 2006, the Meditab Specialities Private Limited, (Meditab) acquired on lease, land admeasuring 1,232,000 sq. m in Kerim Industrial Estate at But Khamb, Taluka Ponda, Goa from Goa Industrial Development Corporation (GIDC) for setting up and development of Special Economic Zone (SEZ) for pharmaceutical products. Thereafter, Meditab 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 Meditab not pursuing its development activity and GIDC on instructions of the State Government of Goa issued show cause for revoking allotment of land. Meditab's writ petition on the challenge to the show cause was disposed by the Hon'ble Bombay High Court stating that the State Government of Goa was competent to alter the SEZ policy. It was also held that Meditab may apply for re-allotment of the same land to be utilised for purpose other than SEZ. Meditab filed a Special Leave Petition before the Hon'ble Supreme Court and in which parties

Notes to the Consolidated Financial Statements

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (contd..)

were directed to maintain status quo. Also by order dated 18th October, 2013 the Hon'ble Supreme Court has granted the Special Leave to Appeal to the Company and the interim orders continue till the Appeal is finally heard Vide a Government Order dated 30th July, 18, issued by the Goa Government, it was resolved that, the lands which were allotted to 7 SEZ land owners (including Meditab) would be taken back and their monies refunded. In pursuance of the said order, the Hon'ble Supreme Court vide its order dated 31st July, 2018 disposed the Appeals of 6 SEZ owners and Meditab is the sole continuing litigant. Further, vide order dated 22nd October, 2018, the Hon'ble Supreme Court has ordered that, the Appeal filed by Meditab shall be listed for hearing in due course. Meditab has been legally advised that it has good case both on facts and on law succeeding in its appeal. Meditab 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, 2019.

(iv) During the year ended 31 March 2019, the Group has launched gSensipar (Cinacalcet hydrochloride) at risk ("LAR") as second US generic of Sensipar.® in the US market. On considering the various factors such as district court opinion, terms of settlement with Amgen and the opinions from both internal and external legal counsels, the management is of the view that there are remote chances to pay damages following the LAR. Also, following Cipla's LAR of its gSenispar product, the District Court denied Amgen's motion for a Preliminary Injunction (PI) on 2nd May, 2019.

Note 46: Acquisition of Mirren Proprietary Limited

Acquisition of Mirren Proprietary Limited

Cipla Medpro South Africa Proprietary Limited acquired 100% stake (1500 shares of ZAR 1 each) of Mirren Proprietary Limited ("Mirren") effective 22nd October, 2018. Mirren is a pharmaceutical company incorporated in South Africa specialising in the manufacture, production and distribution of over the counter products. The primary reason for the acquisition was to grow product portfolio and strengthen market position in our over the counter therapeutic area.

Mirren Proprietary Limited

Particulars	₹ in Crores
Amount settled in cash	200.76
Deferred consideration (refer note below)	21.84
Purchase consideration	**222.60**

Deferred consideration for acquisition of Mirren Proprietary Limited amounting to ₹21.84 crore (R45 million) is still due to be paid to sellers and will only be paid upon finalisation of an unresolved matter. The Group management expects that this amount will be settled within a year. Deferred consideration is interest free and unsecured.

Recognised amounts of identifiable net assets

Particulars	₹ in Crores
Property, plant and equipment	19.59
Intangible assets	124.11
Inventories	15.64
Trade and other receivables	17.22
Cash and cash equivalents	21.63
Total Assets	**198.18**
Trade and other payables	13.92
Current tax payable	1.66
Deferred tax liability	37.17
Provisions	2.05
Total liabilities	**54.80**
Net identifiable assets acquired	**143.38**

Particulars	₹ in Crores
Purchase consideration	222.60
Less: Net identifiable assets acquired	143.38
Goodwill	**79.22**

Particulars	₹ in Crores
Cash paid	200.76
Less: cash and cash equivalents balance acquired	21.63
Consideration transferred (net)	**179.13**

Notes to the Consolidated Financial Statements

Note 47: Employee benefits

a. Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is 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. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

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.

c. Inherent risks:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

d. Charge to the profit or loss

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Defined contribution plans		
Employees pension scheme	26.50	26.32
Provident fund	15.73	19.86
Others - ESIS, labour welfare fund, etc.	16.17	11.49
	58.40	**57.67**
Defined benefit plan		
Gratuity	29.66	30.79
Provident fund	41.95	41.85
	71.61	**72.64**
Total contribution to provident fund and other fund	**130.01**	**130.31**

e. Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2019

₹ in Crores

Particulars	2019 Gratuity (Funded Plan)	2018 Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	147.84	152.99
Interest cost	11.58	11.70
Current service cost	29.57	30.10
Actuarial changes arising from changes in demographic assumptions	(4.47)	-

Notes to the Consolidated Financial Statements

Note 47: Employee benefits (Contd..)

₹ in Crores

	Particulars	2019 Gratuity (Funded Plan)	2018 Gratuity (Funded Plan)
	Actuarial changes arising from changes in financial assumptions	6.01	(3.79)
	Actuarial changes arising from changes in experience assumptions	(13.83)	(4.69)
	Benefit paid directly by the employer	-	(5.60)
	Benefits paid	(29.24)	(32.87)
	Liability at the end of the year	**147.46**	**147.84**
ii.	**Change in fair value of assets**		
	Opening fair value of plan assets	148.21	144.05
	Expected return on plan assets	11.49	11.01
	Return on plan assets excluding interest income	1.42	(3.24)
	Contributions by employer	15.50	29.26
	Benefits paid	(23.55)	(32.87)
	Closing fair value of plan assets	**153.07**	**148.21**
iii.	**Amount recognised in balance sheet**		
	Present value of obligations as at year end	(147.46)	(147.84)
	Fair value of plan assets as at year end	153.07	148.21
	Net asset/(liability) recognised	**5.61**	**0.37**
iv.	**Expenses recognised in profit or loss**		
	Current service cost	29.57	30.10
	Interest on defined benefit obligation	11.58	11.70
	Expected return on plan assets (interest income only)	(11.49)	(11.01)
	Total expense recognised in profit or loss	**29.66**	**30.79**
v.	**Expenses recognised in other comprehensive income**		
	Actuarial changes arising from changes in demographic assumptions	(4.47)	-
	Actuarial changes arising from changes in financial assumptions	6.01	(3.79)
	Actuarial changes arising from changes in experience assumptions	(13.83)	(4.69)
	Actuarial gain/(loss) return on plan assets, excluding interest income	(1.42)	3.24
	Net (income)/expense for the period recognised in OCI	**(13.71)**	**(5.24)**
vi.	**Actual return on plan assets**		
	Expected return on plan assets	11.49	11.01
	Actuarial gain/(loss) on plan assets	1.42	(3.24)
	Actual return on plan assets	**12.91**	**7.77**
vii.	**Asset information**		
	Insurer managed funds	100%	100%
viii.	**Expected employer's contribution for the next year**	15.06	26.52

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense :

Notes to the Consolidated Financial Statements

Note 47: Employee benefits (Contd..)

Principal actuarial assumptions used	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Discounted rate (per annum)	7.54% to 7.83%	7.78% to 7.87%
Expected rate of return on plan assets	7.54% to 7.79%	7.82% to 7.87%
Expected rate of future salary increase		5.00%
- For the next 2 years	7.00%	-
- Thereafter starting from the 3rd year	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.

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, 2019		For the year ended 31st March, 2018	
Discount rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	(17.80)	21.32	(18.15)	21.86
Salary growth rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	22.41	(18.43)	21.41	(17.72)
Attrition rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	6.08	(6.99)	6.56	(7.56)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Maturity analysis of the benefit payments: from the fund

₹ in Crores

Projected benefits payable in future years from the date of reporting	As at 31st March, 2019	As at 31st March, 2018
1st following year	4.84	5.63
2nd following year	3.13	4.19
3rd following year	5.01	3.81
4th following year	6.17	5.14
5th following year	9.98	6.60
Sum of years 6 to 10	46.56	49.95
Sum of years 11 and above	405.00	433.12

Notes to the Consolidated Financial Statements

Note 47: Employee benefits (Contd..)

f. The details of the Company's defined benefit plans in respect of the owned provident fund trust

₹ in Crores

Particulars	2019 Provident Fund (Funded Plan)	2018 Provident Fund (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	862.31	764.86
Interest cost	73.05	66.64
Current service cost	41.95	41.85
Employee contribution	76.80	76.69
Liability transferred in	19.86	13.52
Benefits paid	(128.11)	(101.86)
Other experience adjustment	(0.71)	0.61
Liability at the end of the year	**945.15**	**862.31**
ii. Change in fair value of assets		
Opening fair value of plan assets	875.33	778.14
Expected return on plan assets	73.05	66.64
Actuarial gain	3.54	0.32
Contributions by employer	118.75	118.53
Transfer of plan assets	19.86	13.52
Benefits paid	(128.11)	(101.86)
Other experience adjustment	0.03	0.04
Closing fair value of plan assets	**962.45**	**875.33**
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(945.15)	(862.31)
Fair value of plan assets as at year end	962.45	875.33
Funded status	(17.30)	(13.02)
Net asset/(liability) recognised	**-**	**-**
iv. Expenses recognised in profit or loss		
Current service cost	41.95	41.85
Interest cost	73.05	66.64
Expected return on plan assets	(73.05)	(66.64)
Total expense recognised in profit or loss	**41.95**	**41.85**
v. Actual return on plan assets		
Expected return on plan assets	73.05	66.64
Actuarial gain on plan assets	3.54	0.32
Actual return on plan assets	**76.59**	**66.96**
vi. Asset information		
Investment in PSU bonds	423.54	401.94
Investment in government securities	423.75	381.58
Bank special deposit	15.58	15.58

Notes to the Consolidated Financial Statements

Note 47: Employee benefits (Contd..)

₹ in Crores

Particulars		2019 Provident Fund (Funded Plan)	2018 Provident Fund (Funded Plan)
	Investment in other securities	36.03	36.30
	Private sector bonds	4.00	4.00
	Equity/insurer managed funds/mutual funds	55.71	34.85
	Cash and cash equivalents	3.83	1.08
	Total assets at the end of the year	**962.44**	**875.33**
vii.	**Principal actuarial assumptions used**		
	Discounted rate (per annum)	7.79%	7.83%
	Expected rate of return on plan assets (per annum)	8.65%	8.55%
	Expected rate of future salary increase (per annum)		5.00%
	- For the next 2 years	7.00 %	-
	- Thereafter starting from the 3rd year	5.00%	-
viii.	**Experience adjustments**		
	Defined benefit obligation	945.15	862.31
	Plan assets	(962.45)	(875.33)
	Deficit/(surplus)	**(17.30)**	**(13.02)**
	Experience adjustment on plan assets gain	3.54	0.32

Note 48: Employee stock option scheme

1. Parent Company

Cipla Limited

Employee stock option scheme

The Company has implemented "ESOS 2013", "ESOS 2013 - A" and "ESOS 2013 - B" as approved by the shareholders on 8th April, 2013, 22nd August, 2013 and 22nd August, 2013 respectively. Details of the options granted during the year under the Scheme(s) are as given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
ESOS 2013 - A	21-May-18	3,85,227	2.00	2 years	5 years from vesting date
ESOS 2013 - A	01-Nov-18	55,799	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.

Notes to the Consolidated Financial Statements

Note 48: Employee stock option scheme (Contd..)

Weighted average share price for options exercised during the year :

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	534.91

Stock option activity under the scheme(s) for the year ended 31st March, 2019 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	14,29,732	2.00	2.00	5.03
Granted during the year	4,41,026	2.00	2.00	-
Forfeited/cancelled during the year	2,32,865	2.00	2.00	-
Exercised during the year	5,82,102	2.00	2.00	-
Outstanding at the end of the year	10,55,791	2.00	2.00	4.57
Exercisable at the end of the year	3,92,421	2.00	2.00	2.78

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	ESOS 2013	ESOS 2013 - A	ESOS 2013 - B
Expected dividend yield (%)	No options granted during the year	0.39%	No options granted during the year
Expected volatility		25.23%	
Risk-free interest rate		7.82%	
Weighted average share price (₹)		545.22	
Exercise price (₹)		2.00	
Expected life of options granted in years		4.38	
Weighted average fair value of options (₹)		534.56	

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, 2019	31st March, 2018
Profit after tax as reported (₹ in Crore)	1,888.41	1,468.52
Share based payment expense (₹ in Crore)*	22.62	31.44
Earnings per share adjusted		
Basic (₹)	23.72	18.64
Diluted (₹)	23.68	18.61

* includes ₹0.61 Crore(previous year ₹0.04 Crore) pertaining to Jay Precision Pharmaceuticals Private limited

Notes to the Consolidated Financial Statements

Note 48: Employee stock option scheme (Contd..)

2. Subsidiary Company

Cipla Health Limited

Share based employee remuneration

The Subsidiary Company has implemented "ESOS 2016", as approved by the Shareholders on 22nd March, 2016. Details of the options granted during the year under the Scheme(s) are as given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
ESOS 2016	11-May-18	7,477	10.00	1 to 4 years	At the time of liquidity event
ESOS 2016	27-Mar-19	3,373	10.00	1 to 4 years	At the time of liquidity event

The carrying amount of the liability relating to the stock options at 31st March, 2019 was ₹14.35 Crore (previous years ₹12.50 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, 2019	For the year ended 31st March, 2018
Expense arising from equity-settled share based payment transactions	1.49	9.84

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 price (WAEP) of, and movements in, share options during the year:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	79,399	10.00	73,498	10.00
Granted during the year	10,850	10.00	12,454	10.00
Forfeited/Cancelled during the year	23,503	10.00	6,553	10.00
Outstanding at the end of the year	**66,746**	**10.00**	**79,399**	**10.00**
Exercisable at the end of the year	-	10.00	-	10.00

The following table lists the inputs to the models used for the years ended 31st March, 2019 and 31st March, 2018, respectively.

Particulars	As at 31st March, 2019	As at 31st March, 2018
Dividend yield(%)	0%	0%
Expected volatility(%)	25.13%	25.13%
Risk free investment rate(%)	8.13%	6.62%
Exercise price at date of grant	₹10	₹10
Share price at date of grant	₹4,063.84	₹2,407.64
Vesting period	1 to 4 years	1 to 4 years
Exercise period	At the time of liquidity event	At the time of liquidity event
Model used	Black Scholes	Black Scholes

Notes to the Consolidated Financial Statements

Note 49: Lease Accounting

Where Group is lessee

The Group has obtained certain premises for its business operations (including furniture and fixtures, therein as applicable) under cancellable and non cancellable operating lease or leave and license agreements ranging from 11 months to 5 years or longer which are subject to renewal at mutual consent. The cancellable lease arrangements can be terminated by either party after giving due notice. Lease payments are recognised in the profit or loss under 'Rent' in Note 39 - Other expenses.

The details of non-cancellable operating leases contracted by subsidiaries/step down subsidiaries, but not recognised in the consolidated financial statements are as below:

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Minimum lease payments		
Not later than one year	57.04	48.01
Later than one year but not later than five years	140.51	133.44
Later than five years	37.89	61.37
Total	**235.44**	**242.82**

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 50: Related party disclosures

Information on related party transactions as required by Ind AS-24 - 'Related Party Disclosures' for the year ended 31st March, 2019

A. Associates

Stempeutics Research Private Limited

Avenue Therapeutics Inc. (w.e.f. 8th February, 2019)

B. Key management personnel (KMP)

Ms. Samina Vaziralli - Executive Vice-Chairperson

Mr. Umang Vohra – Managing Director and Global Chief Executive Officer

Mr. S. Radhakrishnan – Whole-time Director (upto 11th November, 2017)

Mr. Kedar Upadhye - Global Chief Financial Officer

Dr. Raghunathan Ananthanarayanan - Global Chief Operating Officer (w.e.f. 08th August, 2018)

C. Non-executive Chairman & Non-executive Vice Chairman

Dr. Y.K. Hamied, Chairman

Mr. M.K. Hamied, Vice Chairman

D. Non-executive Directors

Mr. Ashok Sinha

Mr. Adil Zainulbhai

Ms. Punita Lal

Ms. Naina Lal Kidwai

Ms. Ireena Vittal (upto 31st March, 2019)

Mr. Peter Lankau

Dr. Peter Mugyenyi

Mr. S Radhakrishnan (w.e.f. 12th November, 2017)

E. Entities over which key management personnel are able to exercise significant influence

Cipla Foundation

Hamied Foundation

Cipla Cancer and AIDS Foundation

F. Trust over which entity has control/significant influence

Cipla Limited Employees Provident Fund

Cipla Limited Employees Gratuity Fund

Cipla Employees Stock Option Trust

Cipla Health Employees Stock Option Trust

Notes to the Consolidated Financial Statements

Note 50: 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	2019	2018
A. Investment - Equity		
Avenue Therapeutics Inc.	242.04	-
	242.04	**-**
B. Remuneration (including sitting fees)*		
Dr. Y.K. Hamied	2.02	2.03
Mr. M.K. Hamied	2.07	2.10
Ms. Samina Vaziralli	7.27	4.83
Mr. Umang Vohra	17.06	14.67
Mr. S.Radhakrishnan	2.09	4.03
Mr. Kedar Upadhye	3.85	3.31
Dr. Raghunathan Ananthanarayanan	8.85	-
Mr. Ashok Sinha	0.46	0.47
Mr. Adil Zainulbhai	0.38	0.36
Ms. Punita Lal	0.41	0.39
Ms. Naina Lal Kidwai	0.43	0.40
Ms. Ireena Vittal	0.41	0.41
Mr. Peter Lankau	0.73	0.44
Dr. Peter Mugyenyi	0.43	0.43
	46.46	**33.87**

* Expenses towards gratuity and leave encashment provisions are determined actuarially on overall company basis at the end year and accordingly have not considered in the above information.

Particulars	2019	2018
C. Contribution to provident fund and other fund		
Cipla Limited Employees Gratuity Fund	15.00	28.00
Cipla Limited Employees Provident Fund	41.95	41.85
	56.95	**69.85**
D. Purchase of goods		
Stempeutics Research Private Limited	0.16	1.10
	0.16	**1.10**
E. Donations given		
Cipla Foundation	28.80	31.30
	28.80	**31.30**
F. Rent received		
Dr. Y.K. Hamied (₹20,040/- in both the year)	0.00	0.00
	0.00	**0.00**

₹ in Crores

Particulars	2019	2018
G. Testing and analysis charges paid		
Stempeutics Research Private Limited	1.79	-
	1.79	**-**
H. Purchase of assets		
Stempeutics Research Private Limited	3.00	-
	3.00	**-**
I. Reimbursement of operating/other expenses		
Stempeutics Research Private Limited	0.18	-
	0.18	**-**
J. Service charges paid		
Hamied Foundation	2.22	4.87
	2.22	**4.87**
K. Payable to KMP (Commission and remuneration)		
Dr. Y.K. Hamied	2.00	2.00
Mr. M.K. Hamied	2.00	2.00
Ms. Samina Vaziralli	2.30	1.14
Mr. Umang Vohra	5.50	4.00
Mr. S.Radhakrishnan	2.00	2.00
Mr. Kedar Upadhye	0.91	0.70
Mr. Ashok Sinha	0.40	0.40
Mr. Adil Zainulbhai	0.32	0.32
Ms. Punita Lal	0.35	0.33
Ms. Naina Lal Kidwai	0.35	0.35
Ms. Ireena Vittal	0.36	0.36
Mr. Peter Lankau	0.40	0.40
Dr. Peter Mugyenyi	0.40	0.40
Dr. Raghunathan Ananthanarayanan	1.78	-
	19.07	**14.41**
L. Dividend paid		
Dr. Y.K. Hamied	50.02	33.35
Mr. M.K. Hamied	10.37	6.33
Ms. Samina Vaziralli	5.37	3.58
Mr. Umang Vohra	0.04	0.00
Mr. S.Radhakrishnan	0.01	-
	65.81	**43.26**
M. Contribution payable to provident fund		
Cipla Limited Employee Provident Fund	3.40	3.53
	3.40	**3.53**
N. Advances receivable from gratuity fund		
Cipla Limited Employees Gratuity Fund	9.51	3.92
	9.51	**3.92**

Notes to the Consolidated Financial Statements

Note 51: Corporate social responsibility (CSR) expenditure

The Group has incurred ₹36.08 Crore (previous year ₹34.54 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 ₹34.55 Crore (previous year ₹33.57 Crore).

Note 52: Exceptional item

During the previous year ended, with respect to various notices of demand from the NPPA, Government of India on account of alleged overcharging in respect of products which are not part of the writ proceedings in the Hon'ble Bombay High Court (refer note 45 B), based on recent correspondence with NPPA and notices received, the Company performed a thorough legal evaluation. Of the total demand received for such products, basis the facts and legal advice, the Company had recorded an additional provision of ₹77.52 Crore in profit or loss for the year ended 31st March, 2018, disclosed as exceptional item. The total provision against these demands is ₹98.49 Crore (previous year ₹93.94 Crore) as of 31st March, 2019.

Note 53: Reclassification note

Certain prior year amounts have been reclassified for consistency with the current year presentation. As a result, certain line items have been amended in the financial statements. These reclassifications had no effect on the reported results of operations. Comparative figures have been adjusted to conform to the current year's presentation. The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

Note 54: Functional currency

Until 31st March, 2018, the functional currency of Cipla (EU) Limited, one of the subsidiary in United Kingdom, was determined to be Great Britain Pound (GBP). The subsidiary's operating, investing and financing activities have a greater reliance on the United States dollars (USD) due to change in the underlying economic environment. Accordingly, effective 1st April, 2018, the functional currency of the subsidiary was changed to the USD. This change in the functional currency has been applied prospectively from date of change in accordance with Ind AS 21, The Effect of Changes in Foreign Exchange Rate. Further, owing to this change, the designation of underlying investment, being in USD, in the US subsidiary of Cipla (EU) Limited as net investment hedge is not required.

Net investment hedge

In 2017, the Group has entered into a bank loan amounting to ₹1,326.48 Crore. This loan, which was taken

Note 54: Functional currency (Contd..)

to invest in InvaGen Pharmaceuticals Inc, United States subsidiary, has been designated as a hedge of the net investment in this subsidiary. The fair value and carrying amount of the borrowing at 31st March 2018 is ₹1,446.35 Crore. The foreign exchange gain at 31st March 2018 is ₹178.23 Crore on translation of the borrowing to ₹ at the end of the reporting period was recognised in other comprehensive income and accumulated in the foreign currency translation reserve, in shareholders equity. There is no ineffectiveness during the year ended 31st March, 2018.

Note 55: Subsequent events

There are no subsequent events that occurred after the reporting date.

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").

2 New ventures - This includes the operations of the Company's two wholly-owned subsidiaries, Cipla Health Limited, a consumer healthcare company and Cipla BioTec Private Limited, which is into the business of Biosimilars.

The CODM reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenue, 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, 2019	For the year ended 31st March, 2018
Segment wise revenue and results		
Segment revenues:		
a) Pharmaceuticals	16,231.21	15,110.03
b) New ventures	160.45	134.78
Total	**16,391.66**	**15,244.81**
Less : Inter segment revenue	29.25	25.56

Notes to the Consolidated Financial Statements

Note 56: Segment Information (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Total Income from operations	**16,362.41**	**15,219.25**
Segment results:		
Profit / (loss) before tax and interest from each segment		
a) Pharmaceuticals	2,254.24	1,966.48
b) New ventures	(6.67)	(105.27)
Total	**2,247.57**	**1,861.21**

₹ in Crores

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Less:		
Finance cost	168.43	114.23
Total profit / (loss) before tax before exceptional items	**2,079.14**	**1,746.98**
Less : Exceptional item (refer note 52)	-	77.52
Total profit / (loss) before tax after exceptional items	**2,079.14**	**1,669.46**

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.

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.

Analysis of revenue (by customer's location)

₹ in Crores

Year	India	United States of America	South Africa	Rest of the world	Total
2019	6,419.76	3,420.94	2,161.19	4,360.52	16,362.41
2018	5,999.12	2,819.39	2,589.24	3,811.50	15,219.25

Analysis of non-current assets (by assets location)

₹ in Crores

Year	India	United States of America	South Africa	Rest of the world	Total
2019	5,136.97	2,754.68	1,942.15	584.91	10,418.71
2018	5,423.58	2,981.47	2,065.00	642.72	11,112.77

Notes to the Consolidated Financial Statements

Note 57: Additional information as required under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates

₹ in Crores

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Share in profit or loss		Share in other comprehensive income		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
	2018-19		2018-19		2018-19		2018-19	
Parent Company								
Cipla Limited	105.13%	15,781.90	123.61%	1,888.41	(12.86%)	39.55	158.00%	1,927.96
Subsidiaries								
Indian								
Goldencross Pharma Private Limited	2.02%	303.90	1.11%	16.98	0.06%	(0.19)	1.38%	16.80
Meditab Specialities Private Limited	1.38%	207.46	(1.02%)	(15.58)	(0.05%)	0.17	(1.26%)	(15.41)
Jay Precision Pharmaceuticals Private Limited	0.88%	131.89	1.99%	30.35	0.00%	(0.01)	2.49%	30.34
Medispray Laboratories Private Limited	1.65%	248.15	1.75%	26.75	(0.20%)	0.61	2.24%	27.36
Sitec Labs Private Limited	0.25%	37.22	0.29%	4.43	(0.10%)	0.32	0.39%	4.75
Cipla Biotec Private Limited	0.65%	97.01	(0.10%)	(1.57)	0.00%	0.00	(0.13%)	(1.57)
Cipla Health Limited	0.74%	111.65	(2.68%)	(40.98)	(0.10%)	0.30	(3.33%)	(40.68)
Foreign								
Cipla FZE	0.00%	0.00	0.00%	0.00	0.00%	-	0.00%	-
Cipla (Mauritius) Limited	0.01%	1.25	(0.01%)	(0.23)	0.00%	-	(0.02%)	(0.23)
Cipla Medpro South Africa Proprietary Limited	1.33%	199.29	18.44%	281.74	0.00%	-	23.09%	281.74
Cipla Holding B.V	1.11%	166.89	0.20%	3.02	0.00%	-	0.25%	3.02
Cipla (EU) Limited	3.05%	457.39	(13.29%)	(203.01)	3.24%	(9.95)	(17.45%)	(212.96)
Saba Investment Limited	1.74%	261.87	0.57%	8.66	0.00%	-	0.71%	8.66
Cipla (UK) Limited	0.01%	2.19	0.00%	0.05	0.00%	-	0.00%	0.05
Cipla Australia Pty Ltd	0.03%	4.79	0.05%	0.78	0.00%	-	0.06%	0.78
Meditab Holdings Limited	2.55%	383.28	2.66%	40.59	(8.43%)	25.92	5.45%	66.51
Cipla İlaç Ticaret Anonim Şirketi	0.00%	0.18	0.00%	(0.04)	0.00%	-	0.00%	(0.04)
Cipla USA Inc.	0.88%	131.82	5.99%	91.53	0.00%	-	7.50%	91.53
Cipla Kenya Limited	0.01%	1.32	0.01%	0.19	0.00%	-	0.02%	0.19
Cipla Malaysia Sdn. Bhd.	0.02%	2.78	0.04%	0.57	0.00%	-	0.05%	0.57
Cipla Europe NV	0.43%	65.07	0.14%	2.18	0.00%	-	0.18%	2.18
Cipla Quality Chemical Industries Limited	2.06%	309.79	0.86%	13.10	0.00%	-	1.07%	13.10
Quality Chemicals Limited	0.09%	12.83	0.07%	1.10	0.00%	-	0.09%	1.10
Inyanga Trading 386 Proprietary Limited	0.29%	43.53	12.89%	196.90	0.00%	-	16.14%	196.90
Cipla Medpro Holdings Proprietary Limited	0.00%	0.00	0.00%	0.00	0.00%	-	0.00%	-
Cape to Cairo Exports Proprietary Limited	0.00%	(0.00)	0.00%	0.00	0.00%	-	0.00%	-
Cipla Dibcare Proprietary Limited	0.00%	0.19	0.00%	0.00	0.00%	-	0.00%	-
Cipla Life Sciences Proprietary Limited	0.83%	125.05	0.06%	0.91	0.00%	-	0.07%	0.91
Cipla Medpro Proprietary Limited	2.24%	336.10	1.78%	27.17	0.00%	-	2.23%	27.17

Notes to the Consolidated Financial Statements

Note 57: Additional information as required under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates (Contd..)

₹ in Crores

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Share in profit or loss		Share in other comprehensive income		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
	2018-19		2018-19		2018-19		2018-19	
Cipla Medpro Distribution Centre Proprietary Limited	(0.01%)	(1.09)	(0.03%)	(0.43)	0.00%	-	(0.04%)	(0.43)
Cipla Medpro Botswana Proprietary Limited	0.00%	0.00	0.00%	0.00	0.00%	-	0.00%	-
Cipla Nutrition Proprietary Limited	(0.16%)	(24.06)	0.02%	0.30	0.00%	-	0.02%	0.30
Medpro Pharmaceutica Proprietary Limited	0.50%	74.87	6.91%	105.58	0.00%	-	8.65%	105.58
Mirren Proprietary Limited	0.30%	45.11	(0.02%)	(0.28)	0.00%	-	(0.02%)	(0.28)
Anmarate Proprietary Limited	0.00%	0.35	(0.02%)	(0.29)	0.00%	-	(0.02%)	(0.29)
Breathe Free Lanka (Private) Ltd	0.03%	5.20	0.01%	0.13	0.00%	0.00	0.01%	0.13
Medica Pharmaceutical Industries Company Limited	0.12%	17.52	(3.03%)	(46.35)	0.00%	0.00	(3.80%)	(46.35)
Cipla Gulf FZ-LLC	0.13%	20.12	(0.14%)	(2.12)	0.00%	0.00	(0.17%)	(2.12)
Cipla Pharma Lanka (Private) Ltd	(0.01%)	(1.12)	0.15%	2.28	0.00%	0.00	0.19%	2.28
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	0.06%	8.96	(0.16%)	(2.48)	0.00%	0.00	(0.20%)	(2.48)
Cipla Maroc SA	0.09%	13.67	(0.08%)	(1.25)	0.00%	0.00	(0.10%)	(1.25)
Invagen Pharmaceuticals Inc.	7.03%	1,055.56	(24.95%)	(381.14)	5.45%	(16.75)	(32.61%)	(397.89)
Cipla Middle East Pharmaceuticals FZ-LLC	0.09%	12.97	0.47%	7.14	0.00%	0.00	0.59%	7.14
Cipla Philippines Inc.	0.01%	0.94	(0.01%)	(0.09)	0.00%	0.00	(0.01%)	(0.09)
Cipla Algérie	0.00%	0.01	0.00%	(0.05)	0.00%	0.00	0.00%	(0.05)
Cipla BioTec South Africa (Proprietary) Ltd	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Exelan Pharmaceuticals Inc.	0.12%	18.06	1.13%	17.29	0.00%	0.00	1.42%	17.29
Cipla Technologies LLC, USA	0.26%	38.71	(1.65%)	(25.20)	0.00%	0.00	(2.07%)	(25.20)
Madison Pharmaceuticals Inc.	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	-
Subtotal		**20,710.58**		**2,047.06**		**39.97**		**2,087.02**
Inter-company Elimination and Consolidation Adjustments	(37.31%)	(5,600.83)	(35.18%)	(537.45)	107.30%	(329.91)	(71.08%)	(867.35)
Non-controlling Interest in Subsidiaries	(2.21%)	(331.97)	2.31%	35.26	5.70%	(17.53)	1.45%	17.73
Share of Profit in Associates	1.56%	234.49	(1.12%)	(17.17)	0.00%	-	(1.41%)	(17.17)
Grand Total		**15,012.28**		**1,527.70**		**(307.47)**		**1,220.23**

Notes to the Consolidated Financial Statements

Note 58: Authorisation of financial statements

The consolidated financial statements for the year ended 31st March, 2019 were approved by the Board of Directors on 22nd May, 2019.

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, 22nd May, 2019

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Vaziralli
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 22nd May, 2019

Salient Features of Financial Statements of Subsidiaries and Associates

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in form AOC-1 related to Subsidiaries and Associate Companies

Part (a) : Information on Subsidiaries

₹ in Crores

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate on 31.03.2019	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover*	Profit before Taxation*	Provision for Taxation*	Profit after Taxation*	Proposed Dividend	% of share holding	Country
1	Jay Precision Pharmaceuticals Private Limited	INR	1.0000	4.01	127.88	138.72	6.83	-	106.08	41.97	11.62	30.35	-	60%	India
2	Meditab Specialities Private Limited	INR	1.0000	0.62	206.85	459.80	252.34	-	41.65	(15.27)	0.31	(15.58)	-	100%	India
3	Medispray Laboratories Private Limited	INR	1.0000	0.05	248.10	293.01	44.86	15.64	269.86	41.21	14.46	26.75	-	100%	India
4	Goldencross Pharma Private Limited	INR	1.0000	0.05	303.86	319.23	15.33	36.54	154.73	19.14	2.16	16.98	-	100%	India
5	Sitec Labs Private Limited	INR	1.0000	0.01	37.21	91.32	54.10	-	86.52	7.92	3.49	4.43	-	100%	India
6	Cipla Health Limited	INR	1.0000	4.37	107.29	178.92	67.26	42.36	147.83	(57.91)	(16.93)	(40.98)	-	73.84%	India
7	Cipla BioTec Private Limited	INR	1.0000	258.71	(161.69)	107.15	10.13	19.67	12.62	(1.58)	(0.01)	(1.57)	-	100%	India
8	Cipla Medpro South Africa Proprietary Limited	ZAR	4.7700	0.21	199.08	585.97	386.67	-	972.45	243.17	(38.57)	281.74	-	100%	South Africa
9	Cipla BioTec South Africa (Pty) Limited	ZAR	4.7700	0.00	(0.00)	-	-	-	-	-	-	-	-	100%	South Africa
10	Cipla Quality Chemical Industries Limited	USH	0.0187	85.17	228.86	536.54	222.50	-	365.42	13.74	0.64	13.10	-	51.18%	Uganda
11	Cipla (Mauritius) Limited	USD	69.1550	1.38	(0.13)	1.26	0.01	-	-	(0.23)	-	(0.23)	-	100%	Mauritius
12	Meditab Holdings Limited	USD	69.1550	308.57	126.68	435.28	0.03	-	-	36.02	(4.57)	40.59	-	100%	Mauritius
13	CIPLA Algérie	DZD	0.5768	0.06	(0.05)	0.08	0.07	-	-	(0.05)	(0.00)	(0.05)	-	40%	Algeria
14	Cipla Europe NV	EUR	77.6725	55.15	9.32	271.55	206.48	-	123.94	3.81	1.63	2.18	-	100%	Belgium
15	Cipla Holding B.V	EUR	77.6725	167.28	(0.39)	170.10	3.21	-	13.59	2.41	(0.61)	3.02	-	100%	Netherlands
16	Saba Investment Limited	USD	69.1550	236.31	25.55	347.57	85.71	-	-	8.66	-	8.66	-	51%	UAE
17	Medica Pharmaceutical Industries Company Limited	USD	69.1550	1.61	15.91	173.12	155.60	-	-	(46.35)	-	(46.35)	-	50.49%	Yemen
18	Cipla Middle East Pharmaceuticals FZ-LLC	USD	69.1550	0.28	12.68	170.02	157.06	-	136.64	7.14	-	7.14	-	51%	UAE
19	Cipla Gulf FZ - LLC	USD	69.1550	22.13	(2.07)	24.90	4.84	-	-	(2.12)	-	(2.12)	-	100%	UAE
20	Quality Chemicals Limited	USH	0.0187	0.11	12.72	32.59	19.76	-	34.53	0.32	(0.78)	1.10	-	51%	Uganda
21	Cipla Kenya Limited	KES	0.6864	0.01	1.31	39.05	37.73	-	38.64	(0.43)	(0.62)	0.19	-	100%	Kenya
22	Cipla İlaç Ticaret Anonim Şirketi	TRY	12.4190	0.06	0.11	0.18	-	-	0.66	(0.01)	0.03	(0.04)	-	100%	Turkey
23	Cipla Malaysia Sdn. Bhd.	MYR	16.9400	0.98	1.80	3.21	0.43	-	18.81	0.39	(0.18)	0.57	-	100%	Malaysia
24	Breathe Free Lanka (Private) Limited	LKR	0.3940	5.13	0.07	73.50	68.30	-	120.91	(0.24)	(0.37)	0.13	-	100%	Sri Lanka
25	Cipla Pharma Lanka (Private) Limited	LKR	0.3940	0.04	(1.16)	64.13	65.25	-	134.62	1.62	(0.66)	2.28	-	60%	Sri Lanka
26	Cipla Maroc SA	MAD	7.1552	18.25	(4.57)	134.12	120.44	-	66.46	1.64	2.89	(1.25)	-	60%	Morocco
27	Cipla Australia Pty Ltd	AUD	49.0200	1.23	3.57	35.14	30.34	-	55.64	0.21	(0.57)	0.78	-	100%	Australia

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 realted to Subsidiaries and Associate Companies

Part (a) : Information on Subsidiaries

₹ in Crores

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate on 31.03.2019	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
28	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda., Brazil	BRL	17.6228	14.27	(5.29)	10.40	1.41	-	0.03	(2.48)	-	(2.48)	-	100%	Brazil
29	Cipla (EU) Limited	USD	69.1550	488.90	76.63	2,316.91	1,751.39	-	128.55	(203.01)	-	(203.01)	-	100%	UK
30	Cipla (UK) Limited	GBP	90.5250	1.36	0.83	2.46	0.27	-	1.35	0.06	0.01	0.05	-	100%	UK
31	Cipla Philippines Inc.	PHP	1.3130	1.25	(0.34)	1.09	0.18	-	-	(0.09)	-	(0.09)	-	100%	Philippines
32	Cipla USA Inc.	USD	69.1550	0.00	131.82	1,678.84	1,547.01	-	2,338.52	128.40	36.87	91.53	-	100%	USA
33	InvaGen Pharmaceuticals Inc.	USD	69.1550	0.00	1,055.56	3,782.80	2,727.24	-	1,249.97	(542.74)	(161.60)	(381.14)	-	100%	USA
34	Exelan Pharmaceuticals Inc.	USD	69.1550	3.46	14.60	182.53	164.48	-	420.40	20.88	3.59	17.29	-	100%	USA
35	Cipla Technologies LLC	USD	69.1550	86.44	(47.73)	46.16	7.45	-	-	(31.91)	(6.71)	(25.20)	-	100%	USA
36	Madison Pharmaceuticals Inc.	USD	69.1550	0.00	-	0.00	-	-	-	-	-	-	-	100%	USA
37	Inyanga Trading 386 Proprietary Limited	ZAR	4.7700	0.00	43.55	43.55	(0.00)	-	-	196.90	-	196.90	-	100%	South Africa
38	Cipla Medpro Holdings Proprietary Limited	ZAR	4.7700	0.00	0.00	0.00	-	-	-	-	-	-	-	100%	South Africa
39	Cape to Cairo Exports Proprietary Limited	ZAR	4.7700	0.00	(0.01)	0.00	0.01	-	-	-	-	-	-	100%	South Africa
40	Cipla Dibcare Proprietary Limited	ZAR	4.7700	0.00	0.19	0.19	(0.00)	-	-	-	-	-	-	100%	South Africa
41	Cipla Life Sciences Proprietary Limited	ZAR	4.7700	0.00	125.07	125.07	(0.00)	-	1.37	1.27	0.36	0.91	-	100%	South Africa
42	Cipla Medpro Proprietary Limited	ZAR	4.7700	0.00	336.09	339.00	2.91	-	52.42	39.69	12.52	27.17	-	100%	South Africa
43	Cipla Medpro Distribution Centre Proprietary Limited	ZAR	4.7700	0.00	(1.10)	14.55	15.65	-	52.78	(0.02)	0.41	(0.43)	-	100%	South Africa
44	Cipla Medpro Botswana Proprietary Limited	ZAR	4.7700	0.00	-	0.00	-	-	-	-	-	-	-	100%	South Africa
45	Cipla Nutrition Proprietary Limited	ZAR	4.7700	0.00	(24.09)	0.00	24.09	-	0.31	0.30	-	0.30	-	100%	South Africa
46	Medpro Pharmaceutica Proprietary Limited	ZAR	4.7700	0.00	74.89	969.03	894.13	-	1,438.12	147.83	42.25	105.58	-	100%	South Africa
47	Mirren Proprietary Limited	ZAR	4.7700	0.00	45.12	55.19	10.06	-	94.47	9.42	3.33	6.09	-	100%	South Africa
48	Anmarate Proprietary Limited	ZAR	4.7700	0.01	0.35	0.38	0.02	-	-	(0.29)	-	(0.29)	-	100%	South Africa

* Converted using average rate

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 realted to Subsidiaries and Associate Companies

Part (b) : Associate

		Shares of Associate held by the Company on the year end					Profit/Loss for the year			
Sr. No.	Name of Associate	Latest audited Balance Sheet Date	No. of shares	Amount of Investment in Associate (₹ in Crores)	Extent of Holding %	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)	Considered in Consolidation (₹ in Crores)	Not Considered in Consolidation	Description of how there is significant influence	Reason why the associate is not consolidated
Associate										
1	Stempeutics Research Private Limited	31-03-2019	2,05,02,525.00	69.97	48.99%	14.67	(2.67)	-	-	-
2	Avenue Therapeutics Inc.	31-12-2018	58,33,333.00	242.05	33.30%	N.A.	(14.50)	-	-	-

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Vaziralli
Executive
Vice-Chairperson
DIN: 00027923

Kedar Upadhye
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 22nd May, 2019

GRI Standard Index

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
General Disclosures		
Organizational Profile		
GRI 102: General Disclosures 2016	102-1 Name of the organization	About Cipla (Page no. 3)
	102-2 Activities, brands, products, and services	About Cipla (Page no. 3) BRR Section A (Page no. 126)
	102-3 Location of headquarters	Corporate Information (Page no. 25)
	102-4 Location of operations	BRR Section A (Page no. 129)
	102-5 Ownership and legal form	Extract of Annual return - Form No. MGT -9 Registration and other details (Page no. 108) Shareholding Pattern (Page no. 114-119)
	102-6 Markets served	Global Reach (Page no. 8-9)
	102-7 Scale of the organization	Operational Highlights (Page no. 6-7) Financial Highlights (Page no. 5)
	102-8 Information on employees and other workers	Human Capital (Page no. 51)
	102-9 Supply Chain	Business Model (Page no. 27-29) Relationship Capital (Page no. 60-62)
	102-10 Significant changes to the organization and its supply chain	Relationship Capital (Page no. 60-62) Manufacturing Capital (Page no. 42) Shareholding pattern (Page no. 114-119)
	102-11 Precautionary principle or approach	Our Strategy for Value Creation (Page no. 26) Enterprise wide Risk Management Framework (Page no. 36-38)
	102-12 External initiatives	About the Report (Page no. 2) Relationship Capital (Page no. 57-63)
	102-13 Membership of associations	Relationship Capital (Page no. 62-63)
Strategy		
GRI 102: General Disclosures 2016	102-14 Statement from senior decision maker	Chairman's message (Page no. 10-11) Executive Vice-Chairperson's Message (Page no. 12) MD & GCEO's Message (Page no. 13)
Ethics and Integrity		
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	Our First Principles (Page no. 4)
Governance		
GRI 102: General Disclosures 2016	102-18 Governance structure	Board of Directors (Page no. 22-23)
Stakeholder Engagement		
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Stakeholder Engagement (Page no. 33)
	102-41 Collective bargaining agreements	Human Capital (Page no. 56)
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement (Page no. 33)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
	102-43 Approach to stakeholder engagement	Stakeholder Engagement (Page no. 33)
	102-44 Key topics and concerns raised	Stakeholder Engagement (Page no. 33)
Reporting Practice		
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	Extract of Annual return - Form No. MGT -9 Registration and other details (Page no. 108) Notes to Consolidated Financial Statements (Page no. 283-284)
	102-46 Defining report content and topic boundaries	About the Report (Page no. 2)
	102-47 List of material topics	Materiality Assessment (Page no. 34-36)
	102-48 Restatements of information	No restatements
	102-49 Changes in reporting	About the Report (Page no. 2) Materiality Assessment (Page no. 34-36)
	102-50 Reporting period	About the Report (Page no. 2)
	102-51 Date of most recent report	22nd May 2018.
	102-52 Reporting cycle	About the Report (Page no. 2)
	102-53 Contact point for questions regarding the report	About the Report (Page no. 2)
	102-54 Claims of reporting in accordance with the GRI Standards	About the Report (Page no. 2)
	102-55 GRI content index	GRI Index (Page no. 337)
	102-56 External assurance	Assurance Statement (Page no. 167)
Topic Specific Disclosures		
Financial Capital and MDA		
Pricing Pressures		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Management discussion and Analysis (Page no. 77-93)
	103-2 The management approach and its components	Management discussion and Analysis (Page no. 77-93)
	103-3 Evaluation of the management approach	Management discussion and Analysis (Page no. 77-93)
Non-GRI	Pricing Pressures	Management discussion and Analysis (Page no. 77-93)
Growth opportunities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Our Strategy for Value Creation (Page no. 26) Progress on identified strategic priorities (Page no. 30-32)
	103-2 The management approach and its components	Our Strategy for Value Creation (Page no. 26) Progress on identified strategic priorities (Page no. 30-32)
	103-3 Evaluation of the management approach	Our Strategy for Value Creation (Page no. 26) Progress on identified strategic priorities (Page no. 30-32)
Non-GRI	Growth opportunities	Our Strategy for Value Creation (Page no. 26) Progress on identified strategic priorities (Page no. 30-32)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Capital Productivity – balancing growth, profitability and returns		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Financial Capital (Page no. 39-41)
	103-2 The management approach and its components	Financial Capital (Page no. 39-41)
	103-3 Evaluation of the management approach	Financial Capital (Page no. 39-41)
Non-GRI	Capital Productivity – balancing growth, profitability and returns	Financial Capital (Page no. 39-41)
Manufacturing Capital		
Ensuring product quality and safe product destruction		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page no. 42-44)
	103-2 The management approach and its components	Manufacturing Capital (Page no. 42-44)
	103-3 Evaluation of the management approach	Manufacturing Capital (Page no. 42-44)
Non-GRI	Ensuring product quality and safe product destruction	Manufacturing Capital (Page no. 42-44)
Pharmacovigilance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page no. 44)
	103-2 The management approach and its components	Manufacturing Capital (Page no. 44)
	103-3 Evaluation of the management approach	Manufacturing Capital (Page no. 44)
Non-GRI	Pharmacovigilance	Manufacturing Capital (Page no. 44)
Systems and Processes		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page no. 42-44)
	103-2 The management approach and its components	Manufacturing Capital (Page no. 42-44)
	103-3 Evaluation of the management approach	Manufacturing Capital (Page no. 42-44)
Non-GRI	Systems and Processes (enhancing productivity and efficiency and quality)	Manufacturing Capital (Page no. 42-44)
Data Integrity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Manufacturing Capital (Page no. 44)
	103-2 The management approach and its components	Manufacturing Capital (Page no. 44)
	103-3 Evaluation of the management approach	Manufacturing Capital (Page no. 44)
Non-GRI	Data Integrity	Manufacturing Capital (Page no. 44)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Intellectual Capital		
Investment in R&D		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Intellectual Capital (Page no. 45) Management Discussion and Analysis (Page no. 80-82)
	103-2 The management approach and its components	Intellectual Capital (Page no. 45) Management Discussion and Analysis (Page no. 80-82)
	103-3 Evaluation of the management approach	Intellectual Capital (Page no. 45) Management Discussion and Analysis (Page no. 80-82)
Non-GRI	Investment in R&D	Intellectual Capital (Page no. 45) Management Discussion and Analysis (Page no. 80-82)
Focus on intellectual property		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and is boundary	Intellectual Capital (Page no. 46)
	103-2 The management approach and its components	Intellectual Capital (Page no. 46)
	103-3 Evaluation of the management approach	Intellectual Capital (Page no. 46)
Non-GRI	Focus on intellectual property	Intellectual Capital (Page no. 46)
Focus on Innovation		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Intellectual Capital (Page no. 47-48)
	103-2 The management approach and its components	Intellectual Capital (Page no. 47-48)
	103-3 Evaluation of the management approach	Intellectual Capital (Page no. 47-48)
Non-GRI	Focus on Innvoation	Intellectual Capital (Page no. 47-48)
Human Capital		
Human Resource development		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page no. 51-56)
	103-2 The management approach and its components	Human Capital (Page no. 51-56)
	103-3 Evaluation of the management approach	Human Capital (Page no. 51-56)
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital (Page no. 54)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital (Page no. 52-53)
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital (Page no. 52-53)
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital (Page no. 53)
Ensuring Employee health and safety		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital (Page no. 55)
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital (Page no. 54)
	403-3 Occupational health services	Human Capital (Page no. 54-55)
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital (Page no. 54)
	403-5 Worker training on occupational health and safety	Human Capital (Page no. 55)
	403-6 Promotion of worker health	Human Capital (Page no. 54-55)
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital (Page no. 54-55)
	403-9 Work-related injuries	Human Capital (Page no. 54-55)
Promoting diversity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page no. 51-52)
	103-2 The management approach and its components	Human Capital (Page no. 51-52)
	103-3 Evaluation of the management approach	Human Capital (Page no. 51-52)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital (Page no. 51) Corporate Governance Report (Page no. 133-136)
Protection of human rights		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page no. 56)
	103-2 The management approach and its components	Human Capital (Page no. 56)
	103-3 Evaluation of the management approach	Human Capital (Page no. 56)
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Capital (Page no. 56)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Capital (Page no. 56)
Succession Planning		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Capital (Page no. 53)
	103-2 The management approach and its components	Human Capital (Page no. 53)
	103-3 Evaluation of the management approach	Human Capital (Page no. 53)
Non-GRI	Succession Planning	Human Capital (Page no. 53)
Social Capital		
Community engagement		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Social Capital (Page no. 64-70)
	103-2 The management approach and its components	Social Capital (Page no. 64-70)
	103-3 Evaluation of the management approach	Social Capital (Page no. 64-70)
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Capital (Page no. 64-70)
Relationship Capital		
Sustainable supply chain		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Relationship Capital (Page no. 60-62)
	103-2 The management approach and its components	Relationship Capital (Page no. 60-62)
	103-3 Evaluation of the management approach	Relationship Capital (Page no. 60-62)
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Relationship Capital (Page no. 61)
Enhancing availability and affordability of medicines		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Relationship Capital (Page no. 57-58)
	103-2 The management approach and its components	Relationship Capital (Page no. 57-58)
	103-3 Evaluation of the management approach	Relationship Capital (Page no. 57-58)
Non-GRI	Enhancing availability and affordability of medicines	Relationship Capital (Page no. 57-58)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Improving Patient experience		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Relationship Capital (Page no. 58-59)
	103-2 The management approach and its components	Relationship Capital (Page no. 58-59)
	103-3 Evaluation of the management approach	Relationship Capital (Page no. 58-59)
Non-GRI	Improving Patient experience	Relationship Capital (Page no. 58-59)
Natural Capital		
Energy efficiency and managing our carbon emissions		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Natural Capital (Page no. 71-74)
	103-2 The management approach and its components	Natural Capital (Page no. 71-74)
	103-3 Evaluation of the management approach	Natural Capital (Page no. 71-74)
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital (Page no. 72-73) We have used conversion factor as follows - HSD – Calorific value 10800Kcal/KG Natural Gas 9700Kcal/SCM, Furnace Oil 10500Kcal/Kg and Biomass Briquettes 3500Kcal/Kg.
	302-4 Reduction of energy consumption	Natural Capital (Page no. 72-73) The savings have been calculated based on Projects implemented in the reporting year and no. of months the project was running. If the project was implemented in December then savings for 3 months have been taken in calculation
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital (Page no. 73-74)
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital (Page no. 73-74)
	305-5 Reduction of GHG emissions	Natural Capital (Page no. 73-74) Numbers are based on projects implemented on energy reduction initiatives
Water Management		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Natural Capital (Page no. 74-75)
	103-2 The management approach and its components	Natural Capital (Page no. 74-75)
	103-3 Evaluation of the management approach	Natural Capital (Page no. 74-75)
GRI 303: Water and Effluents 2016	303-1 Water withdrawal by source	Natural Capital (Page no. 74) No assumption have been made as we have meters installed
	303-3 Water recycled and reused	Natural Capital (Page no. 75) No assumption have been made as we have meters installed

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Waste Management		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Natural Capital (Page no. 75-76)
	103-2 The management approach and its components	Natural Capital (Page no. 75-76)
	103-3 Evaluation of the management approach	Natural Capital (Page no. 75-76)
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	Natural Capital (Page no. 75) Assumption taken - For locations without a meter on outlet, we have used the inlet meter readings.
	306-2 Waste by type and disposal method	Natural Capital (Page no. 75)
	306-3 Significant spills	Natural Capital (Page no. 76)
	306-4 Transport of hazardous waste	Natural Capital (Page no. 75-76)
Others		
Regulatory Environment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Management discussion and Analysis (Page no. 78-79)
	103-2 The management approach and its components	Management discussion and Analysis (Page no. 78-79)
	103-3 Evaluation of the management approach	Management discussion and Analysis (Page no. 78-79)
Non-GRI	Regulatory Environment	Management discussion and Analysis (Page no. 78-79)
Focus on Corporate Governance – Business ethics, Enterprise wide risk management and compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Corporate Governance Report (Page no. 133-134, 154-157) Enterprise wide risk management framework (Page no. 36-38) Statutory Reports (Page no. 77-174)
	103-2 The management approach and its components	Corporate Governance Report (Page no. 133-134, 154-157) Enterprise wide risk management framework (Page no. 36-38) Statutory Reports (Page no. 77-174)
	103-3 Evaluation of the management approach	Corporate Governance Report (Page no. 133-134, 154-157) Enterprise wide risk management framework (Page no. 38-40) Statutory Reports (Page no. 77-174)
Non-GRI	Compliance	Statutory Reports (Page no. 77-174)

GRI Standard	Disclosure Title	Reference/ Page Number/ Direct Answer
Anti- Fraud		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Corporate Governance Report (Page no. 154-155) Human Capital (Page no. 56)
	103-2 The management approach and its components	Corporate Governance Report (Page no. 154-155) Human Capital (Page no. 56)
	103-3 Evaluation of the management approach	Corporate Governance Report (Page no. 154-155) Human Capital (Page no. 56)
Non-GRI	Anti-Fraud	Corporate Governance Report (Page no. 154-155) Human Capital (Page no. 56)
Digitisation		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Strategic Objectives (Page no. 32) Intellectual Capital (Page no.48)
	103-2 The management approach and its components	Strategic Objectives (Page no. 32) Intellectual Capital (Page no.48)
	103-3 Evaluation of the management approach	Strategic Objectives (Page no. 32) Intellectual Capital (Page no.48)
Non-GRI	Digitisation	Intellectual Capital (Page no. 48) Human Capital (Page no. 53) Manufacturing Capital (Page no. 44) Relationship Capital (Page no. 59)

Glossary of Abbreviations

<IR>	Integrated Reporting
ABPA	Allergic Bronchopulmonary Aspergillosis
ACTs	Anti-malarial
AGM	Annual General Meeting
AIDS	Acquired Immunodeficiency Syndrome
AIIMS	All India Institute of Medical Sciences
ALIVE	Aspire, Learn, Innovate, Voice and Engage
AMR	Anti- Microbial Resistance
ANDA	Abbreviated New Drug Application
ANVISA	Agência Nacional de Vigilância Sanitária, Brazil
API	Active Pharmaceutical Ingrediant
ARV	Antiretroviral
ATFD	Agitated Thin Film Dryer
AVD	Alternate vendor development
B2B	Business-to-business
AR5	IPCC Fifth Assessment Report
BAI	Breathe Actuated Inhaler
BBBEE	Broad Based Black Economic Empowerment
BCP	Business Continuity Planning
BP	British Pharmacopeia
bps	Basis points
BRR	Business Responsibility Report
CAGR	Compound Annual Growth Rate
CAPA	Corrective and Preventive Action
CCC	Cash Conversion Cycle
CDM	Clinical Data Management
CDSCO	Central Drugs Standard Control Organisation
CEA	Central Electricity Authority
CEO	Chief Executive Officer
CETP	Common Effluent Treatment Plant
CFDA	China Food and Drug Administration
CFO	Chief Financial Officer
CGA	Cipla Global Access
cGMP	Current Good Manufacturing Practices
CGT	Competitive Generic Therapy
CII	Confederation of Indian Industry
CIS	Commonwealth of Independent States
CLAP	Cipla Leadership Ascent Programme

CLI	Critical Limb Ischemia
CLM	Closed Loop Marketing
CME	Continuing Medical Education
CNS	Central Nervous System
CO2	Carbon Dioxide
CoC	Code of Conduct
COPD	Chronic Obstructive Pulmonary Disease
CORD	Certificate Course in Obstructive Airway Diseases
COSO	Committee of Sponsoring Organizations
CPC	Cipla Palliative Care
CQA	Corporate Quality Assurance
CRF	Chest Research Foundation
CSR	Corporate Social Responsibility
CSV	Computer System Validation
CTA	Clinical Trial Application
CTG	Corporate Technical Guidance
CVS	Cardio Vascular System
DAC	Development Assistance Committee
DC	Direct Current
DCGI	Drug Controller General of India
DMFs	Drug Master Files
DNDi	Drugs for Neglected Diseases Initiative
DoE	Design of Experiments
DPI	Dry Powder Inhaler
DTM	Direct to Market
EBIT	Earnings before Interest and Tax
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ECD	Early Childhood Development Centres
ECHO	Extension for Community Healthcare Outcomes
EDQM	European Directorate for the Quality of Medicines
EHS	Environment Health and Safety
EHSMS	EHS Management System
ELN	Electronic Lab Notebooks
EM	Emerging Markets
EMS	Environment Management Systems
EPC	Earnings per Click
ERM	Enterprise Risk Management
EPS	Earnings Per Share
ESOP	Employee Stock Option Scheme
ETR	Effective Tax Rate

EU	European Union
FBRM	Focused Beam Reflectance Measurement
FDA	Food and Drug Administration
FDC	Fixed Dose Combination
FICCI	Federation of Indian Chambers of Commerce & Industry
FO	Furnace Oil
FOPE	Federation of Pharma Entrepreneurs
FPS	Finished Product Sourcing
FPSM	Fluticasone Propionate Salmeterol
FTSE	Financial Times Stock Exchange
FY	Financial Year
GC	Global General Counsel
GCFO	Global Chief Financial Officer
GC-MS	Gas Chromatography – Mass Spectrometry
GCP	Good Clinical Practices
GCPD	Global Chief People Officer
GDUFA	Generic Drug User Fee Act
GHG	Green House Gas
GJ	Giga Joules
GMP	Good Manufacturing Practices
GPG	Good EHS Practices Guides
GRI	Global Reporting Initiative
GST	Goods and Services Tax
GWP	Global Warming Potential
HCP	Healthcare Professionals
HFA	Extra-fine particle beclomethasone-formoterol combination
HIRA	Hazard Identification and Risk Assessment
HIV	Human Immunodeficiency Virus
HSD	High Speed Diesel
ICH	International Conference on Harmonisation
ICS	Inhaled Cortico Steroid
ICSI	Institute Company Secretaries of India
IDMA	Indian Drug Manufacturers Association
IFPAC	International Forum on Process Analytical Technology
IFPMA	International Federation of Pharmaceutical Manufacturers and Associations
IGAAP	Indian Generally Accepted Accounting Principles
IIRC	International Integrated Reporting Council
IISER	Institute of Science, Education & Research
ILBS	Institute of Liver and Billary Science
IND	Investigational New Drug
IND AS	Indian Accounting Standards
IP	Indian Pharmacopeia
IPA	Indian Pharmaceutical Association
IPCC	Intergovernmental Panel On Climate Change
IPD	Integrated Product Development
IRMC	Investment and Risk Management Committee
ISO	International Organization for Standardization
IT	Information Technology
IV	Intravenous
KFDA	Korea Food and Drug Administration
KL	Kilo Liter
kW	Kilowatt
kWh	Kilo Watt Hour
LABA	Long Acting Beta-Agonist
LAMA	Long-Acting Muscarinic Antagonists
LCMP	Life Cycle Management Process
LC-MS	Liquid Chromatography- Mass Spectrometry
LEP	Local EHS Procedures
LIMS	Laboratory Information Management System
LMIC	Low and Middle Income Countries
LNG	Liquefied Natural Gas
LRGG	Lactobacillus Rhamnosus
LTI	Lost Time Injury
MALS	Multi-Angle Light Scattering
MAs	Marketing Authorisations
MCGM	Municipal Corporation of Greater Maharashtra
MD	Managing Director
MEE	Multi Effect Evaporators
MES	Manufacturing Execution System
MHRA	Medicines and Healthcare Products Regulatory Agency
MHU	Mobile Health Units
MMV	Medicines for Malaria Venture
mn	Million
MOU	Methods of Use
MSL	Mobile Science Labs
MT	Metric Tonnes
MW	Megaw`att

NCD	Non-Communicable Diseases
NCE	New Chemical Entity
NDA	New Drug Applications
NGO	Non-Governmental Organisation
NLEM	National List of Essential Medicines
NMR	Non- Magnetic Resonance
NRC	Nomination and Remuneration Committee
NRT	Nicotine Replacement Therapy
NPI	New Products Introduction
NVG	National Voluntary Guidelines
OECD	Organisation for Economic Co-Operation and Development
OHS	Occupational Health and Safety
OHSMS	Occupational Health and Safety Management System
OPD	Out Patient Department
OPEX	Operational Expenditure
OTC	Over The Counter
OTIF	On Time In Full
PADER	Periodic Adverse Drug Experience
PAH	Pulmonary Arterial Hypertension
PAT	Profit After Tax
PAT	Process Analytical Technology
PDCA	Plan, Do, Check, Act
PEPFAR	President's Emergency Plan for AIDS Relief
Ph.Eur	European Pharmacopeia
Ph.Int	International Pharmacopeia
PHARMEXCIL	Pharmaceuticals Export Promotion Council
PMDA	Pharmaceuticals and Medical Devices Agency, Japan
POSH	Prevention of Sexual Harassment
POTW	Publically Owned Treatment Works
PPA	Power Purchase Agreement
PPE	Personal Protective Equipment
PRAKASH	Programmed Approach to Knowledge and Sesitisation on Hepatitis
PVM	Particle Vision Measurement
PwD	Persons with Disabilities
Q1	Quarter 1
Q2	Quarter 2
Q3	Quarter 3
Q4	Quarter 4
QbD	Quality by Design
R&D	Research and Development
RAS	Rectal Artesunate Suppositories

RBM	Result Based Management
RCA	Root Cause Analysis
RESCO	Renewable Energy Service Company
RO	Reverse Osmosis
RoCE	Return on Capital Employed
RoE	Return on Equity
SAGA	South Africa, Sub-Saharan Africa and Cipla Global Access
SAHPRA	South African Health Products Regulatory Authority
SBEB	Share Based Employee Benefits
SCI	Spinal Cord Injury
SEBI	Securities and Exchange Board of India
SEC	Size Exclusion Chromatography
SEDDS	Self-Emulsifying Drug Delivery Systems
SEDI	Skill and Entrepreneurship Development Institute
Single Crystal XRD	Single Crystal X-ray Diffraction
SLF	Secured Land-Filling
SOP	Standard Operating Procedure
tCO2e	Tonnes of CO2 Equivalent
TEE	Tenofovir, Entricitabine and Efavirenz
TLD	Tenoforir (TDF), lamivudine (3TC) and Dolutegravir (DTG)
TID	Twice in a Day
TGA	Theoretical Goods Administration
TJ	Tera Joules
TSDF	Treatment, Storage and Disposal Facilities
UCPMP	Uniform Code of pharmaceutical Marketing Practices
UNDP	United Nations Development Programme
USD	US Dollar
USFDA	US Food and Drug Administration
USP	United States Pharmacopeia
USPTO	United States Patent and Trademark Office
VTFD	Vertical Thin Film Dryer
WC	Working Capital
WHO	World Health Organisation
WTD	Whole-time Directors
WLAP	Work-Life Assistance Programme
XRPD	X-Ray Powder Diffraction
Y-o-Y	Year on Year
YoY	Year on Year

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