

15<sup>th</sup> May 2020

(1) BSE Limited  
Listing Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

(2) National Stock Exchange of India Limited  
Listing Department  
Exchange Plaza, 5<sup>th</sup> floor,  
Plot no. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051

**Scrip Code: 500087**

**Scrip Code: CIPLA**

(3) SOCIETE DE LA BOURSE DE LUXEMBOURG  
Societe Anonyme  
35A Boulevard Joseph II,  
L-1840 Luxembourg

Dear Sir/Madam,

**Sub: Outcome of the meeting of the Board of Directors held on 15<sup>th</sup> May 2020**

The Board of the Directors of the Company at its meeting held today i.e. 15<sup>th</sup> May 2020, has inter-alia approved:

**1. Financial Results**

The Audited Financial Results (standalone and consolidated) for the quarter and year ended 31<sup>st</sup> March 2020;

Accordingly, pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the following:

- i. Audited Financial Results (standalone and consolidated) for the quarter and year ended 31<sup>st</sup> March 2020;
- ii. Auditors' Report on the Audited Financial Results (standalone and consolidated); and
- iii. Declaration from Global Chief Financial Officer.

**2. Fund Raising**

Raising funds upto Rs.3000 crores by issue of equity shares or American depository receipts or global depository receipts or foreign currency convertible bonds or other securities / financial instruments convertible into equity shares, whether denominated in Indian Rupee and/or foreign currency(ies), through a public issue or a private placement in accordance with the provisions of the applicable law.

The fund raising is subject to necessary permissions, sanctions and approvals (including shareholders' approval and such other statutory approvals as may be required) and the provisions of the laws. The Company is seeking approval of shareholders for the aforesaid resolution at the ensuing Annual General meeting.

**Cipla Ltd.**

**Regd. Office** - Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013, India. **Phone:** +91 2224826000  
**Fax:** +9122 24826120 **Website:** [www.cipla.com](http://www.cipla.com) **Email:** [contactus@cipla.com](mailto:contactus@cipla.com) **Corporate Identity Number:** L24239MH1935PLC002380

The meeting of the Board of Directors of the Company commenced at 3.00 p.m. IST and concluded at 6.30 p.m. IST.

Thanking you,

Yours faithfully,  
For Cipla Limited

Rajendra Chopra  
Company Secretary

Encl.: as above

Prepared by: Mandar Kurghode

**STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

*(₹ in Crores)*

Particulars	Quarter ended			Year ended	
	31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019
	Audited (Refer Note 12)	Unaudited	Audited (Refer Note 12)	Audited	Audited
<b>1. Revenue from operations</b>					
a) Net sales/income from operations	4,301.60	4,234.55	4,271.00	16,694.85	15,970.97
b) Other operating revenue	74.59	136.45	132.98	437.14	391.44
<b>Total revenue from operations</b>	<b>4,376.19</b>	<b>4,371.00</b>	<b>4,403.98</b>	<b>17,131.99</b>	<b>16,362.41</b>
<b>2. Other income</b>	<b>93.18</b>	<b>72.13</b>	<b>95.36</b>	<b>344.20</b>	<b>476.57</b>
<b>3. Total income (1+2)</b>	<b>4,469.37</b>	<b>4,443.13</b>	<b>4,499.34</b>	<b>17,476.19</b>	<b>16,838.98</b>
<b>4. Expenses</b>					
a) Cost of materials consumed	1,112.25	1,034.39	1,170.00	4,376.81	4,285.04
b) Purchases of stock-in-trade	550.14	571.87	317.13	1,859.37	1,452.41
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	26.51	38.71	(1.36)	(244.76)	47.04
d) Employee benefits expense	763.74	745.51	712.47	3,027.01	2,856.53
e) Finance costs	53.00	46.17	44.78	197.36	168.43
f) Depreciation, impairment and amortisation expense	345.80	277.89	510.28	1,174.65	1,326.31
g) Other expenses	1,290.03	1,222.19	1,244.69	4,907.57	4,624.08
<b>Total expenses</b>	<b>4,141.47</b>	<b>3,936.73</b>	<b>3,997.99</b>	<b>15,298.01</b>	<b>14,759.84</b>
<b>5. Profit (+)/loss (-) before tax (3-4)</b>	<b>327.90</b>	<b>506.40</b>	<b>501.35</b>	<b>2,178.18</b>	<b>2,079.14</b>
<b>6. Tax expense (net)</b>					
a) Current tax	93.55	114.21	287.69	682.87	747.70
b) Deferred tax (Refer note 7)	(7.96)	38.61	(159.94)	(51.67)	(178.17)
<b>Total tax expense</b>	<b>85.59</b>	<b>152.82</b>	<b>127.75</b>	<b>631.20</b>	<b>569.53</b>
<b>7. Net profit (+)/loss (-) after tax before share of associates (5-6)</b>	<b>242.31</b>	<b>353.58</b>	<b>373.60</b>	<b>1,546.98</b>	<b>1,509.61</b>
<b>8. Share of profit (+)/ loss (-) of associates</b>	<b>(3.82)</b>	<b>(14.20)</b>	<b>(15.92)</b>	<b>(47.46)</b>	<b>(17.17)</b>
<b>9. Net profit (+)/ loss (-) for the period/year (7+8)</b>	<b>238.49</b>	<b>339.38</b>	<b>357.68</b>	<b>1,499.52</b>	<b>1,492.44</b>
<b>10. Profit for the period attributable to</b>					
a) Shareholders of the company	245.95	351.03	367.20	1,546.52	1,527.70
b) Non- controlling interest	(7.46)	(11.65)	(9.52)	(47.00)	(35.26)
<b>11. Other comprehensive income/(loss) for the period/year</b>					
a) (i) Items that will not be reclassified to profit or loss	5.88	(7.30)	34.73	(14.90)	42.51
(ii) Income tax on items that will not be reclassified to profit or loss	(1.25)	1.84	(4.85)	5.48	(7.60)
b) (i) Items that will be reclassified to profit or loss	(250.32)	202.59	(31.15)	(149.88)	(312.63)
(ii) Income tax on items that will be reclassified to profit or loss	3.74	7.72	(2.18)	29.90	(12.22)
<b>Other comprehensive income/(loss) for the period/year</b>	<b>(241.95)</b>	<b>204.85</b>	<b>(3.45)</b>	<b>(129.40)</b>	<b>(289.94)</b>
<b>12. Total comprehensive income/(loss) for the period/year (9+11)</b>	<b>(3.46)</b>	<b>544.23</b>	<b>354.23</b>	<b>1,370.12</b>	<b>1,202.50</b>
<b>13. Total comprehensive income attributable to</b>					
a) Shareholders of the company	(21.49)	555.67	366.75	1,385.23	1,220.23
b) Non - controlling interest	18.03	(11.44)	(12.52)	(15.11)	(17.73)
<b>14. Paid-up equity share capital (face value ₹ 2/- each) (Refer note 6)</b>	<b>161.25</b>	<b>161.25</b>	<b>161.14</b>	<b>161.25</b>	<b>161.14</b>
<b>15. Other equity</b>				<b>15,601.75</b>	<b>14,851.14</b>
<b>16. Earnings per share (face value ₹ 2/- each)</b>					
a) Basic (₹)	*3.05	*4.35	*4.56	19.19	18.97
b) Diluted (₹)	*3.05	*4.35	*4.55	19.16	18.93
*Not Annualised					

**Segment information**

(₹ in Crores)

Particulars	Quarter ended			Year ended	
	31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019
	Audited (Refer Note 12)	Unaudited	Audited (Refer Note 12)	Audited	Audited
<b>Segment wise revenue and results</b>					
<b>Segment revenue:</b>					
a) Pharmaceuticals	4,320.11	4,321.47	4,368.26	16,958.67	16,231.21
b) New ventures	74.10	61.84	45.56	219.17	160.45
<b>Total segment revenue</b>	<b>4,394.21</b>	<b>4,383.31</b>	<b>4,413.82</b>	<b>17,177.84</b>	<b>16,391.66</b>
Less : Inter segment revenue	18.02	12.31	9.84	45.85	29.25
<b>Total revenue from operations</b>	<b>4,376.19</b>	<b>4,371.00</b>	<b>4,403.98</b>	<b>17,131.99</b>	<b>16,362.41</b>
<b>Segment result:</b>					
Profit/(loss) before tax and interest from each segment					
a) Pharmaceuticals	460.26	595.33	577.92	2,574.17	2,254.24
b) New ventures	(79.36)	(42.76)	(31.79)	(198.63)	(6.67)
<b>Total segment result</b>	<b>380.90</b>	<b>552.57</b>	<b>546.13</b>	<b>2,375.54</b>	<b>2,247.57</b>
Less: Finance costs	53.00	46.17	44.78	197.36	168.43
<b>Total Profit (+)/loss (-) before tax</b>	<b>327.90</b>	<b>506.40</b>	<b>501.35</b>	<b>2,178.18</b>	<b>2,079.14</b>

**Segment assets and liabilities**

As certain 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.

**Notes:**

1. The financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI circular dated 5<sup>th</sup> July, 2016.

2. Effective 1<sup>st</sup> April, 2019, the Group has adopted Ind AS 116 "Leases" using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1<sup>st</sup> April, 2019). Accordingly, previous period information has not been restated.

On 1<sup>st</sup> April, 2019, the Group has recognised a lease liability measured at the present value of the remaining lease payments, and right-of-use (ROU) asset at an amount equal to lease liability (adjusted for any related prepayments). Accordingly, on transition to Ind AS 116, the Group recognised lease liabilities and corresponding equivalent ROU assets. The Group has elected not to apply the requirements of Ind AS 116 to short-term leases and certain leases for which the underlying asset is of low value.

In the statement of profit and loss for the current period, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for imputed interest on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

3. The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Orders. The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 2,655.13 Crore.

Out of the above, demand notices pertaining to a set of products being Norfloxacin, Ciprofloxacin, Salbutamol and Theophylline were challenged by the Company (i) in the Honourable Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, as they cannot be included in the ambit of price control based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and (ii) in the Honourable Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company and the matters were carried in appeal by the Union of India to the Honourable Supreme Court of India. The Honourable Supreme Court in its judgment of 1<sup>st</sup> August, 2003 remanded the said writ petitions to the Honourable Bombay High Court with directions that the Court will have to consider the petitions afresh, having due regard to the observations made by the Honourable Supreme Court in its judgment. On the Union of India filing transfer petitions, the Honourable Supreme Court ordered transfer of the said petitions to the Honourable Bombay High Court to it for being heard with the appeal filed against the Honourable Allahabad High Court order. Subsequently, in its order of 20<sup>th</sup> July, 2016 the Honourable Supreme Court recalled its transfer order and remanded the petitions to Honourable Bombay High Court for hearing. While remanding the matter to Honourable Bombay High Court, the Honourable Supreme Court directed Cipla to deposit 50% of the overcharged amount with the NPPA as stated in its order of 1<sup>st</sup> August, 2003 which at that point of time was ₹ 350.15 Crore. Complying with the directions passed by the Honourable Supreme Court, Cipla has deposited an amount of ₹ 175.08 Crore which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices in these cases post such transfer of cases to Honourable Bombay High Court. Meanwhile, the Honourable Supreme Court of India vide its Order and Judgment dated 21<sup>st</sup> October, 2016, allowed the Appeals filed by the Government against the Judgment and Order of the Honourable Allahabad High Court regarding basis of fixation of retail prices. The said order was specific to fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995. However, the grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Honourable Bombay High Court.

The Honourable Bombay High Court had, in expectation of NPPA filing its counter-statement on status of each petitioner's compliance with the 2003 and 2016 Honourable Supreme Court orders (on deposit 50% of amount demanded), re-scheduled the hearing for 5<sup>th</sup> June, 2019, but the same was not listed on that date.

Further during the current quarter, the Company filed amendment applications before the Honourable Bombay High Court to incorporate the effect of a ruling by the Honourable Supreme Court of India to adjust trade margins of 16% from outstanding demands as not accrued to the manufacturers and to re-calculate interest from date of non-payment of demand within the time period stated in each demand. The said amendment also places certain additional grounds on record. The Honourable Bombay High Court issued notice to Union of India and NPPA on the amendment applications and set 30<sup>th</sup> March, 2020 for further hearing but the case was adjourned due to the COVID - 19 lockdown and the next date is awaited.

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Honourable Supreme Court of India. Although, the decision of Honourable Supreme Court dated 21<sup>st</sup> October, 2016 referred above was in favour of Union of India with respect to the appeals preferred by the Government challenging the Honourable Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Honourable Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹ 1,736.00 Crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹ 2,272.32 Crore (after adjusting deposit of ₹ 175.08 Crore), however, the Company has not received any further notices beyond an aggregate amount of ₹ 1,736.00 Crore.

In addition, Company had made provision of ₹ 104.26 Crore as of 31<sup>st</sup> March, 2020 for products not part of the referenced writ proceedings. Few demands for these products aggregating ₹ 90.26 Crore received recently, were challenged before the Honourable Bombay High Court and the Honourable Delhi High Court and no coercion orders obtained. These writs are pending final hearing by the Courts for which the next date is awaited.

**4. Consolidated statement of assets and liabilities :**

(₹ in Crores)

Particulars	As at	As at
	31-03-2020	31-03-2019
	Audited	Audited
<b>A. ASSETS</b>		
<b>1. Non-Current assets</b>		
(a) Property, plant and equipment	4,805.32	5,114.35
(b) Right-of-use assets (Refer note 2)	322.73	-
(c) Capital work-in-progress	421.00	331.05
(d) Investment properties	124.30	61.85
(e) Goodwill	2,934.00	2,869.14
(f) Intangible assets	1,496.54	1,563.02
(g) Intangible assets under development	403.53	345.13
(h) Investment in associates	234.97	234.49
(i) Financial assets		
(i) Investments	219.53	193.86
(ii) Loans	52.39	49.42
(iii) Others financial assets	42.04	93.21
(j) Income tax assets (net)	468.62	345.59
(k) Deferred tax assets (net)	239.77	201.41
(l) Other non-current assets	191.64	134.17
<b>Total non-current assets</b>	<b>11,956.38</b>	<b>11,536.69</b>
<b>2. Current asset</b>		
(a) Inventories	4,377.60	3,964.83
(b) Financial assets		
(i) Investments	1,016.52	2,125.79
(ii) Trade receivables	3,891.31	4,150.72
(iii) Cash and cash equivalents	742.38	508.36
(iv) Bank balances other than cash and cash equivalents	261.53	110.45
(v) Loans	5.60	6.28
(vi) Other financial assets	522.28	497.87
(c) Other current assets	886.62	1,060.33
<b>Total current assets</b>	<b>11,703.84</b>	<b>12,424.63</b>
<b>3. Assets classified as held-for-sale</b>	<b>2.34</b>	<b>2.00</b>
<b>Total assets</b>	<b>23,662.56</b>	<b>23,963.32</b>
<b>B. EQUITY and LIABILITIES</b>		
<b>1. Equity</b>		
(a) Share capital	161.25	161.14
(b) Other equity	15,601.75	14,851.14
<b>Equity attributable to owner</b>	<b>15,763.00</b>	<b>15,012.28</b>
Non-controlling interest	294.28	331.97
<b>Total equity</b>	<b>16,057.28</b>	<b>15,344.25</b>
<b>2. Share application money pending allotment *</b>	<b>0.00</b>	<b>-</b>
<b>3. Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	2,369.28	3,830.07
(ii) Other financial liabilities	276.90	387.45
(b) Provisions	133.27	121.41
(c) Deferred tax liabilities (net)	365.21	425.32
(d) Other non-current liabilities	67.48	83.31
<b>Total non-current liabilities</b>	<b>3,212.14</b>	<b>4,847.56</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	447.15	486.16
(ii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	81.19	28.69
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,200.62	1,919.30
(iii) Other financial liabilities	530.36	398.43
(b) Other current liabilities	176.29	143.43
(c) Provisions	948.19	736.76
(d) Income tax liabilities (net)	9.34	58.74
<b>Total current liabilities</b>	<b>4,393.14</b>	<b>3,771.51</b>
<b>Total liabilities</b>	<b>7,605.28</b>	<b>8,619.07</b>
<b>Total equity and liabilities</b>	<b>23,662.56</b>	<b>23,963.32</b>

\*Represents ₹ 7,820

5. Disclosure of statement of Cash Flows as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended 31<sup>st</sup> March, 2020

(₹ in Crores)

Particulars	Year ended	
	31-03-2020	31-03-2019
	Audited	Audited
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	2,178.18	2,079.14
<b>Adjustments for :</b>		
Depreciation, impairment and amortisation expense	1,174.65	1,326.31
Interest expense	197.36	168.43
Unrealised foreign exchange (gain)/loss (net)	(31.90)	11.77
Share based payment expense	23.45	24.11
Allowances for credit loss (net)	180.27	76.56
Interest income on income tax refund	(9.28)	(22.09)
Interest income	(58.39)	(37.77)
Dividend income	(0.06)	(34.44)
Sundry balance written back	(2.41)	(26.92)
Net gain on sale of current investment carried at fair value through profit or loss	(125.92)	(100.98)
Net gain on sale of non-current investments	-	(84.05)
Loss on liquidation of subsidiaries (net)	4.66	-
Net fair value (gain)/loss on financial instruments at fair value through profit or loss	25.18	(22.74)
Net (gain)/loss on sale/disposal of property, plant and equipment	(2.62)	(3.30)
Rent income	(9.46)	(6.12)
<b>Adjustments for working capital :</b>		
(Increase)/ Decrease in inventories	(331.55)	103.84
Decrease/ (Increase) in trade and other receivables	217.26	(1,014.87)
Increase/ (Decrease) in trade payables and other liabilities	487.28	(152.51)
<b>Cash generated from operations</b>	<b>3,916.70</b>	<b>2,284.37</b>
Income taxes paid (including tax deducted at source)	(848.25)	(593.23)
<b>Net cash flows from operating activities</b>	<b>3,068.45</b>	<b>1,691.14</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment (including capital work-in-progress and capital advance/payables)	(572.77)	(360.08)
Purchase of intangible assets (including intangible asset under development)	(427.24)	(167.07)
Proceeds from sale of property, plant and equipment	14.32	23.37
Proceeds from liquidation of investments in subsidiaries	1.27	-
Consideration paid on acquisition of subsidiaries (net of cash acquired on acquisition)	-	(179.13)
Investment in associates	(33.32)	(242.04)
Proceeds from sale of non-current investments	-	84.05
Purchase of non-current investments	-	(10.50)
Sale/(purchase) of current investments (net)	1,210.01	(899.88)
Change in other bank balance and cash not available for immediate use	(147.84)	4.27
Interest received	50.09	37.77
Dividend received	0.06	34.44
Rent received	9.46	6.12
<b>Net cash flow generated from/(used in) investing activities</b>	<b>104.04</b>	<b>(1,668.68)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (ESOSs)	0.11	0.12
Transaction with non-controlling interest (net)	(383.02)	154.07
Put option liability	21.83	-
Proceeds/(Repayment) of current borrowings (net)	51.92	(2.25)
Payment of lease liabilities	(75.83)	-
Proceeds from non-current borrowings	211.63	48.00
Repayment of non-current borrowings	(1,947.74)	(106.00)
Interest paid	(163.52)	(158.57)
Dividend paid	(564.26)	(241.57)
Tax paid on dividend	(99.94)	(42.52)
<b>Net cash used in financing activities</b>	<b>(2,948.82)</b>	<b>(348.72)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>223.67</b>	<b>(326.25)</b>
Cash and cash equivalents at the beginning of the year	508.36	853.46
Exchange difference on translation of foreign currency cash and cash equivalents	10.35	(18.85)
<b>Cash and cash equivalents at the end of the year</b>	<b>742.38</b>	<b>508.36</b>

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.

6. The paid-up equity share capital stands increased to ₹ 161.25 Crore (80,62,35,329 equity shares of ₹ 2 each) upon allotment of 7,733 equity shares of ₹ 2 each pursuant to "ESOS 2013-A" during the quarter ended 31<sup>st</sup> March, 2020.

7. The Government of India, on 20<sup>th</sup> September, 2019 vide the Taxation Laws (Amendment) Ordinance, 2019, inserted a new Section 115 BAA in the Income Tax Act, 1961, which provides an option to the Indian companies for paying tax at reduced rates (lower tax rate) as per the provisions/ conditions defined in the said section. Based on its evaluation, certain Indian components of the Group expects to avail lower tax rate only from a later financial year (31<sup>st</sup> March, 2021) and therefore has applied the lower tax rate of 25.17% in measurement of deferred taxes only to the extent that such deferred tax assets/ liabilities are expected to be realised/ settled in the periods during which the Group expects to be subject to lower tax rate. To the extent deferred tax assets/liabilities were utilised/settled during the year ended 31<sup>st</sup> March, 2020, the applicable normal tax rate as applicable to Indian entities has been applied. Consequently, deferred tax liabilities (net) reversed by the Group at 31<sup>st</sup> March, 2020 is not significant.

8. Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures, which had some impact on the Group's supply chain during March, 2020. The Group is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The management has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of goodwill, investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Group's financial results as of and for the year ended 31<sup>st</sup> March, 2020.

9. The Board of directors of the Company at its meeting held on 12<sup>th</sup> March, 2020 declared an interim dividend of ₹ 3 per equity share (face value of ₹ 2 each) and one time special dividend of ₹ 1 per equity share.

10. The audited standalone financial results for the quarter and year ended 31<sup>st</sup> March, 2020 are available on the Company's website i.e. www.cipla.com under Investor Information section and on the stock exchange websites i.e. www.bseindia.com and www.nseindia.com. The key standalone financial information is as under:

Particulars	Quarter ended			Year ended	
	31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019
	Audited (Refer Note 12)	Unaudited	Audited (Refer Note 12)	Audited	Audited
Total revenue from operations	3,133.44	2,926.20	3,456.53	12,659.15	12,374.01
Profit before tax	708.55	357.53	832.96	2,964.31	2,492.83
Profit after tax	604.57	282.22	634.07	2,318.17	1,888.41

(₹ in Crores)

11. The figures of the previous year/period have been regrouped/recast to render them comparable with the figures of the current period.

12. The figures for the quarter ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 are the balancing figures between the audited figures in respect of the full financial year and the unaudited published figures upto nine months of the relevant financial year.

13. The above results have been reviewed and recommended to the Board of Directors by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 15<sup>th</sup> May, 2020.

By order of the Board  
For **CIPLA LIMITED**

Mumbai  
15<sup>th</sup> May, 2020

**Umang Vohra**  
Managing Director and Global Chief Executive Officer

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**Walker Chandniok & Co LLP**  
L 41, Connaught Circus,  
Outer Circle,  
New Delhi – 110 001  
India  
T +91 11 45002219  
F +91 11 42787071

**Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**To the Board of Directors of Cipla Limited**

**Opinion**

1. We have audited the accompanying consolidated annual financial results ('the Statement') of Cipla Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates (refer Annexure 1 for the list of subsidiaries and associates included in the Statement) for the year ended 31 March 2020, attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
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 other auditors on separate audited financial statements/ financial information of the subsidiaries and associates as referred to in paragraph 12 below, the Statement:
  - (i) includes the annual financial results of the entities listed in Annexure 1;
  - (ii) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, read with SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'); and
  - (iii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the consolidated net profit after tax and other comprehensive income and other financial information of the Group and its associates, for the year ended 31 March 2020.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') 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 Statement section of our report. We are independent of the Group and its associates, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the 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 obtained by us and that obtained by the other auditors in terms of their reports referred to in paragraph 12 of the Other Matter section below is sufficient and appropriate to provide a basis for our opinion.

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Chartered Accountants

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

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

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## Management's and Those Charged with Governance Responsibilities for the Statement

4. The Statement, which is the responsibility of the Holding Company's management and has been approved by the Holding Company's Board of Directors, has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the consolidated net profit or loss after tax and other comprehensive income, and other financial information of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations, including SEBI Circular. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of the Statement. 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, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group, and its associates, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively, for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial results have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.
5. In preparing the Statement, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of their respective companies and of the associates, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of Directors/ management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
6. The respective Board of Directors/ management of the companies included in the Group and of its associates, are responsible for overseeing the financial reporting process of the companies included in the Group and of its associates.

## Auditor's Responsibilities for the Audit of the Statement

7. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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, specified under section 143(10) of the Act, 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 this Statement.
8. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Statement, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Group and its associates (covered under the Act) have adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities within the Group and its associates, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement, of which we are the independent auditors. For the other entities included in the Statement, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
9. We communicate with those charged with governance of the Holding Company and such other entities included in the Statement, of which we are the independent auditors, 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.
10. 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.
11. We also performed procedures in accordance with SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019, issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

### Other Matter

12. We did not audit the annual financial statements/ financial information of 47 subsidiaries included in the Statement, whose financial information reflects total assets of ₹ 2,542.22 crore as at 31 March 2020, total revenues of ₹ 3,359.65 crore, total net loss after tax of ₹ (49.16) crore, total comprehensive loss of ₹ (577.38) crore, and cash flows (net) of ₹ (60.41) crore for the year ended on that date, as considered in the Statement. The Statement also includes the Group's share of net loss after tax/ total comprehensive loss of ₹ (2.40) crore for the year ended 31 March 2020, in respect of an associate, whose annual financial statements have not been audited by us. These annual financial statements have been audited by other auditors and whose audit reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates is based solely on the audit reports of such other auditors, and the procedures performed by us as stated in paragraph 8 above.

Further, of these subsidiaries and associates, 44 subsidiaries and an associate are located outside India, whose annual 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 and an associate 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, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, is based on the audit report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion is not modified in respect of this matter.



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13. The Statement also includes the Group's share of net loss after tax/ total comprehensive loss of ₹ (45.06) crore for the year ended 31 March 2020, in respect of 2 associates, based on their annual financial information, which have not been audited by their auditors. Those financial information have been furnished to us by the Holding Company's management. Our opinion on the Statement, and our report in terms of Regulation 33 of the Listing Regulations, read with SEBI Circulars, in so far as it relates to the aforesaid associate is based solely on such unaudited financial information. In our opinion, and according to the information and explanations given to us by the management, those financial information are not material to the Group.

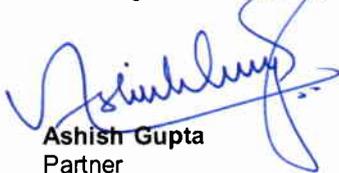
Our opinion is not modified in respect of this matter.

14. The Statement includes the consolidated financial results for the quarter ended 31 March 2020, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subject to limited review by us.

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013



**Ashish Gupta**

Partner

Membership No. 504662

**UDIN:** 20504662AAAABO2044

**Place:** New Delhi

**Date:** 15 May 2020

**Chartered Accountants**

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## Annexure 1

### List of entities included in the statement

#### 1) Subsidiaries:

1. Goldencross Pharma Limited, India (formerly known as Goldencross Pharma Private Limited)
2. Meditab Specialities Limited, India (formerly known as Meditab Specialities Private Limited)
3. Cipla BioTec Limited, India (formerly known as Cipla BioTec Private Limited)
4. Jay Precision Pharmaceuticals Private Limited, India
5. Cipla Health Limited, India
6. Medispray Laboratories Private Limited, India
7. Sitec Labs Limited, India (formerly known as Sitec Labs Private Limited)
8. Cipla Medpro South Africa (Proprietary) Limited, South Africa
9. Cipla Holding B.V., Netherlands
10. Cipla (EU) Limited, United Kingdom
11. Saba Investment Limited, United Arab Emirates
12. Cipla (UK) Limited, United Kingdom, (under liquidation)
13. Cipla Australia Pty. Limited, Australia
14. Meditab Holdings Limited, Mauritius
15. Tasflye Halinde Cipla İlaç Ticaret Anonim Şirketi Turkey (formerly known as Cipla İlaç Ticaret Anonim Şirketi) (liquidated w.e.f 7 October 2019)
16. Cipla USA, Inc., United States of America
17. Cipla Kenya Limited, Kenya
18. Cipla Malaysia Sdn. Bhd., Malaysia
19. Cipla Europe NV, Belgium
20. Cipla Quality Chemical Industries Limited, Uganda
21. Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda., Brazil
22. Galilee Marketing Proprietary Limited, South Africa (liquidated on 11 October 2018)
23. Inyanga Trading 386 Proprietary Limited, South Africa (under liquidation)
24. Xeragen Laboratories Proprietary Limited, South Africa (liquidated on 7 September 2018)
25. Cipla Medpro Holdings Proprietary Limited, South Africa (under liquidation)
26. Cape to Cairo Exports Proprietary Limited, South Africa (under deregistration)
27. Cipla Dibcare Proprietary Limited, South Africa (under liquidation)
28. Cipla Life Sciences Proprietary Limited, South Africa
29. Cipla-Medpro Proprietary Limited, South Africa
30. Cipla-Medpro Distribution Centre Proprietary Limited, South Africa
31. Cipla Medpro Botswana Proprietary Limited, South Africa
32. Cipla Algérie, Algeria
33. Cipla Biotec South Africa (Pty) Limited, South Africa
34. Cipla OLTP (Pty) Limited, South Africa (formerly known as Cipla Nutrition Proprietary Limited)
35. Medpro Pharmaceutica Proprietary Limited, South Africa
36. Med Man Care Proprietary Limited, South Africa (liquidated on 15 October 2018)
37. Breathe Free Lanka (Private) Limited, Sri Lanka
38. Medica Pharmaceutical Industries Company Limited, Yemen
39. Cipla (Mauritius) Limited, Mauritius (under liquidation)
40. Cipla FZE, United Arab Emirates (liquidated on 11 February 2019)
41. Cipla Pharma Lanka (Private) Limited, Sri Lanka
42. Cipla Maroc SA, Morocco
43. Cipla Middle East Pharmaceuticals FZ-LLC, United Arab Emirates
44. Quality Chemicals Limited, Uganda
45. Cipla Philippines, Inc., Philippines
46. InvaGen Pharmaceuticals, Inc., United States of America



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## Annexure 1 (Contd.)

47. Exelan Pharmaceuticals, Inc., United States of America
48. Anmaraté (Pty) Limited, South Africa
49. Cipla Technologies LLC, United States of America
50. Cipla Gulf FZ-LLC, United Arab Emirates (incorporated on 10 October 2018)
51. Mirren (Pty) Ltd, South Africa (acquired on 22 October 2018)
52. Madison Pharmaceuticals Inc. United States of America (incorporated on 26 October 2018)
53. Cipla (Colombia) SAS, Colombia (incorporated on 25 April 2019)
54. Cipla (China) Pharmaceutical Co., Ltd., China (incorporated on 20 May 2019)
55. Cipla Health Employees Stock Option Trust, India
56. Cipla Employee Stock Option Trust, India
57. Cipla (Jiangsu) Pharmaceutical Co., Ltd. (incorporated on 8 August 2019)
58. Cipla Pharmaceuticals Limited, India (incorporated on 19 November 2019)

## II) Associates:

1. Stempeutics Research Private Limited, India (w.e.f. 8 November 2019 stake is changed from 43.64% to 40.78%)
2. Avenue Therapeutics Inc. United States of America (acquired 33.3% stake on 8 February 2019)
3. Brandmed (Pty) Limited, South Africa (acquired 30% stake on 24 April 2019)
4. AMPSolar Power Systems Private Limited (acquired 26% stake on 12 June 2019)- (Share of loss/profit not required to be considered)



**STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

*(₹ in Crores)*

Particulars	Quarter ended			Year ended	
	31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019
	Audited (Refer Note 13)	Unaudited	Audited (Refer Note 13)	Audited	Audited
<b>1. Revenue from operations</b>					
a) Net sales/income from operations	3,042.01	2,821.92	3,276.07	12,220.22	11,968.44
b) Other operating revenue	91.43	104.28	180.46	438.93	405.57
<b>Total revenue from operations</b>	<b>3,133.44</b>	<b>2,926.20</b>	<b>3,456.53</b>	<b>12,659.15</b>	<b>12,374.01</b>
<b>2. Other income (Refer note 7)</b>	<b>413.41</b>	<b>73.28</b>	<b>94.39</b>	<b>892.85</b>	<b>577.52</b>
<b>3. Total income (1+2)</b>	<b>3,546.85</b>	<b>2,999.48</b>	<b>3,550.92</b>	<b>13,552.00</b>	<b>12,951.53</b>
<b>4. Expenses</b>					
a) Cost of materials consumed	766.36	695.30	810.51	2,999.17	3,112.25
b) Purchases of stock-in-trade	344.70	370.34	285.75	1,363.12	1,259.21
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	106.56	21.48	72.66	(43.08)	136.70
d) Employee benefits expense	477.28	474.11	458.86	1911.08	1,839.84
e) Finance costs	9.24	9.55	3.99	36.05	16.97
f) Depreciation, impairment and amortisation expense	160.42	143.14	144.62	599.78	569.72
g) Other expenses (Refer note 10)	973.74	928.03	941.57	3,721.57	3,524.01
<b>Total expenses</b>	<b>2,838.30</b>	<b>2,641.95</b>	<b>2,717.96</b>	<b>10,587.69</b>	<b>10,458.70</b>
<b>5. Profit (+)/loss (-) before tax (3-4)</b>	<b>708.55</b>	<b>357.53</b>	<b>832.96</b>	<b>2,964.31</b>	<b>2,492.83</b>
<b>6. Tax expense (net)</b>					
a) Current tax	83.56	61.10	224.43	545.96	576.43
b) Deferred tax (Refer note 8)	20.42	14.21	(25.54)	100.18	27.99
<b>Total tax expense</b>	<b>103.98</b>	<b>75.31</b>	<b>198.89</b>	<b>646.14</b>	<b>604.42</b>
<b>7. Net profit (+)/loss (-) after tax for the period/year (5-6)</b>	<b>604.57</b>	<b>282.22</b>	<b>634.07</b>	<b>2,318.17</b>	<b>1,888.41</b>
<b>8. Other comprehensive income/(loss) for the period/year</b>					
a) (i) Items that will not be reclassified to profit or loss	(1.64)	(7.99)	5.28	(22.35)	12.00
(ii) Income tax on items that will not be reclassified to profit or loss	0.41	2.01	(1.84)	7.05	(4.19)
b) (i) Items that will be reclassified to profit or loss	(19.61)	(3.48)	27.48	(72.13)	48.81
(ii) Income tax on items that will be reclassified to profit or loss	4.94	0.88	(9.61)	23.00	(17.06)
<b>Other comprehensive income/(loss) for the period/year</b>	<b>(15.90)</b>	<b>(8.58)</b>	<b>21.31</b>	<b>(64.43)</b>	<b>39.56</b>
<b>9. Total comprehensive income/(loss) for the period/year (7+8)</b>	<b>588.67</b>	<b>273.64</b>	<b>655.38</b>	<b>2,253.74</b>	<b>1,927.97</b>
<b>10. Paid-up equity share capital (face value ₹ 2/- each) (Refer note 6)</b>	<b>161.25</b>	<b>161.25</b>	<b>161.14</b>	<b>161.25</b>	<b>161.14</b>
<b>11. Other equity</b>				<b>17,241.71</b>	<b>15,620.77</b>
<b>12. Earnings per share (face value ₹ 2/- each)</b>					
a) Basic (₹)	*7.50	*3.50	*7.87	28.76	23.45
b) Diluted (₹)	*7.49	*3.50	*7.86	28.72	23.41
*Not Annualised					

Notes:

**1. Standalone statement of assets and liabilities :-**

Particulars	(₹ in Crores)	
	As at 31-03-2020	As at 31-03-2019
	Audited	Audited
<b>A. ASSETS</b>		
<b>1. Non-current assets</b>		
(a) Property, plant and equipment	3,686.18	3,992.13
(b) Right-of-use assets (Refer note 4)	132.49	-
(c) Capital work-in-progress	255.73	241.32
(d) Investment properties	126.44	61.85
(e) Intangible assets	205.87	135.33
(f) Intangible assets under development	64.00	56.01
(g) Financial assets		
(i) Investments (Refer note 10)	6,355.32	3,803.61
(ii) Loans	41.89	207.91
(iii) Others financial assets	7.01	4.77
(h) Income tax assets (net)	353.74	272.45
(i) Other non-current assets	149.93	164.78
<b>Total non-current assets</b>	<b>11,378.60</b>	<b>8,940.16</b>
<b>2. Current asset</b>		
(a) Inventories	3,021.36	2,868.41
(b) Financial assets		
(i) Investments	834.43	2,011.58
(ii) Trade receivables	3,560.27	3,168.73
(iii) Cash and cash equivalents	261.54	64.47
(iv) Bank balances other than cash and cash equivalents	261.53	110.09
(v) Loans	4.49	5.04
(vi) Other financial assets	382.49	379.63
(c) Other current assets	698.61	868.70
<b>Total current assets</b>	<b>9,024.72</b>	<b>9,476.65</b>
<b>3. Assets classified as held-for-sale</b>	<b>2.34</b>	<b>2.00</b>
<b>Total assets</b>	<b>20,405.66</b>	<b>18,418.81</b>
<b>B. EQUITY and LIABILITIES</b>		
<b>1. Equity</b>		
(a) Share capital	161.25	161.14
(b) Other equity	17,241.71	15,620.77
<b>Total equity</b>	<b>17,402.96</b>	<b>15,781.91</b>
<b>2. Share application money pending allotment *</b>	<b>0.00</b>	<b>-</b>
<b>3. Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Other financial liabilities	104.59	53.36
(b) Provisions	105.14	108.12
(c) Deferred tax liabilities (net)	112.97	42.84
(d) Other non-current liabilities	60.71	64.50
<b>Total non-current liabilities</b>	<b>383.41</b>	<b>268.82</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	6.06	-
(ii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	77.46	28.01
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,534.66	1,453.34
(iii) Other financial liabilities	313.90	222.68
(b) Other current liabilities	141.14	183.91
(c) Provisions	541.50	428.55
(d) Income tax liabilities (net)	4.57	51.59
<b>Total current liabilities</b>	<b>2,619.29</b>	<b>2,368.08</b>
<b>Total liabilities</b>	<b>3,002.70</b>	<b>2,636.90</b>
<b>Total equity and liabilities</b>	<b>20,405.66</b>	<b>18,418.81</b>

\*Represents ₹ 7,820

**2. Disclosure of statement of Cash Flows as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended 31<sup>st</sup> March, 2020**

(₹ in Crores)

Particulars	Year ended	
	31-03-2020	31-03-2019
	Audited	Audited
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>2,964.31</b>	<b>2,492.83</b>
<b>Adjustments for :</b>		
Depreciation, impairment and amortisation expense	599.78	569.72
Interest expense	36.05	16.97
Unrealised foreign exchange (gain)/loss (net)	(73.60)	12.61
Share based payment expense	18.56	22.01
Allowances for credit loss (net)	103.50	42.88
Provision for diminution in value of investments	32.36	-
Interest income	(51.63)	(37.54)
Interest income on income tax refund	(9.28)	(22.09)
Dividend income	(565.51)	(241.50)
Fair value loss/(gain) on financial instruments at fair value through profit or loss	20.91	(19.11)
Sundry balance written back	(2.41)	(26.60)
Corporate guarantee commission	(18.35)	(19.92)
Net gain on sale of current investments carried at fair value through profit or loss	(114.02)	(96.39)
Net gain on sale/liquidation of investment in subsidiaries	(0.07)	(11.02)
Net (gain)/loss on sale/disposal of property, plant and equipment	(2.86)	2.93
Rent income	(9.16)	(5.35)
<b>Operating profit before working capital changes</b>	<b>2,928.58</b>	<b>2,680.43</b>
<b>Adjustments for working capital:</b>		
(Increase)/decrease in inventories	(152.95)	169.57
Increase in trade and other receivables	(260.07)	(802.82)
Increase/(decrease) in trade payables and other liabilities	167.56	(127.75)
<b>Cash generated from operations</b>	<b>2,683.12</b>	<b>1,919.43</b>
Income taxes paid (including tax deducted at source)	(664.98)	(451.38)
<b>Net cash flows generated from operating activities</b>	<b>2,018.14</b>	<b>1,468.05</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment (including capital work-in-progress and capital advance/payables)	(304.05)	(251.37)
Purchase of intangible assets (including intangible asset under development)	(145.66)	(60.68)
Proceeds from sale of property, plant and equipment	10.15	1.74
Investment in associates	(9.00)	-
Investment in subsidiaries	(2,503.47)	(250.57)
Proceeds from sale/liquidation/capital reduction of investment in subsidiaries	93.48	105.91
Sale/ (purchase) of current investments (net)	1,270.27	(856.34)
Change in other bank balance and cash not available for immediate use	(151.67)	(100.45)
Interest received	38.95	17.85
Dividend received from subsidiaries	565.51	241.50
Dividend received from current investment*	-	0.00
Rent received	9.16	5.35
<b>Net cash flow used in investing activities</b>	<b>(1,126.33)</b>	<b>(1,147.05)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (ESOSs)	0.11	0.12
Proceeds/ (repayment) from current borrowings (net)	6.06	(174.43)
Repayment of non-current borrowings	-	(0.07)
Interest paid	(9.69)	(16.97)
Payment of lease liabilities	(38.66)	-
Dividend paid	(564.26)	(241.57)
Tax paid on dividend	(87.45)	(40.40)
<b>Net cash flow used in financing activities</b>	<b>(693.89)</b>	<b>(473.32)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>197.92</b>	<b>(152.32)</b>
Cash and cash equivalents at the beginning of the year	64.47	217.45
Exchange difference on translation of foreign currency cash and cash equivalents	(0.85)	(0.66)
<b>Cash and cash equivalents at the end of the year</b>	<b>261.54</b>	<b>64.47</b>

\*Represents ₹ 47,733

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.

3. The financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI circular dated 5<sup>th</sup> July, 2016.

4. Effective 1<sup>st</sup> April, 2019, the Company has adopted Ind AS 116 "Leases" using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1<sup>st</sup> April, 2019). Accordingly, previous period information has not been restated.

On 1<sup>st</sup> April, 2019, the Company has recognised a lease liability measured at the present value of the remaining lease payments, and right-of-use (ROU) asset at an amount equal to lease liability (adjusted for any related prepayments). Accordingly, on transition to Ind AS 116, the Company recognised lease liabilities and corresponding equivalent ROU assets. The Company has elected not to apply the requirements of Ind AS 116 to short-term leases and certain leases for which the underlying asset is of low value.

In the statement of profit and loss for the current period, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for imputed interest on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

5. The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Orders. The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 2,655.13 Crore.

Out of the above, demand notices pertaining to a set of products being Norfloxacin, Ciprofloxacin, Salbutamol and Theophylline were challenged by the Company (i) in the Honourable Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, as they cannot be included in the ambit of price control based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and (ii) in the Honourable Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company and the matters were carried in appeal by the Union of India to the Honourable Supreme Court of India. The Honourable Supreme Court in its judgment of 1<sup>st</sup> August, 2003 remanded the said writ petitions to the Honourable Bombay High Court with directions that the Court will have to consider the petitions afresh, having due regard to the observations made by the Honourable Supreme Court in its judgment. On the Union of India filing transfer petitions, the Honourable Supreme Court ordered transfer of the said petitions to the Honourable Bombay High Court to it for being heard with the appeal filed against the Honourable Allahabad High Court order. Subsequently, in its order of 20<sup>th</sup> July, 2016 the Honourable Supreme Court recalled its transfer order and remanded the petitions to Honourable Bombay High Court for hearing. While remanding the matter to Honourable Bombay High Court, the Honourable Supreme Court directed Cipla to deposit 50% of the overcharged amount with the NPPA as stated in its order of 1<sup>st</sup> August, 2003 which at that point of time was ₹ 350.15 Crore. Complying with the directions passed by the Honourable Supreme Court, Cipla has deposited an amount of ₹ 175.08 Crore which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices in these cases post such transfer of cases to Honourable Bombay High Court. Meanwhile, the Honourable Supreme Court of India vide its Order and Judgment dated 21<sup>st</sup> October, 2016, allowed the Appeals filed by the Government against the Judgment and Order of the Honourable Allahabad High Court regarding basis of fixation of retail prices. The said order was specific to fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995. However, the grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Honourable Bombay High Court.

The Honourable Bombay High Court had, in expectation of NPPA filing its counter-statement on status of each petitioner's compliance with the 2003 and 2016 Honourable Supreme Court orders (on deposit 50% of amount demanded), re-scheduled the hearing for 5<sup>th</sup> June, 2019, but the same was not listed on that date.

Further during the current quarter, the Company filed amendment applications before the Honourable Bombay High Court to incorporate the effect of a ruling by the Honourable Supreme Court of India to adjust trade margins of 16% from outstanding demands as not accrued to the manufacturers and to re-calculate interest from date of non-payment of demand within the time period stated in each demand. The said amendment also places certain additional grounds on record. The Honourable Bombay High Court issued notice to Union of India and NPPA on the amendment applications and set 30<sup>th</sup> March, 2020 for further hearing but the case was adjourned due to the COVID-19 lockdown and the next date is awaited.

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Honourable Supreme Court of India. Although, the decision of Honourable Supreme Court dated 21<sup>st</sup> October, 2016 referred above was in favour of Union of India with respect to the appeals preferred by the Government challenging the Honourable Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Honourable Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹ 1,736.00 Crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹ 2,272.32 Crore (after adjusting deposit of ₹ 175.08 Crore), however, the Company has not received any further notices beyond an aggregate amount of ₹ 1,736.00 Crore.

In addition, Company had made provision of ₹ 104.26 Crore as of 31<sup>st</sup> March, 2020 for products not part of the referenced writ proceedings. Few demands for these products aggregating ₹ 90.26 Crore received recently, were challenged before the Honourable Bombay High Court and the Honourable Delhi High Court and no coercion orders obtained. These writs are pending final hearing by the Courts for which the next date is awaited.

6. The paid-up equity share capital stands increased to ₹ 161.25 Crore (80,62,35,329 equity shares of ₹ 2 each) upon allotment of 7,733 equity shares of ₹ 2 each pursuant to "ESOS 2013-A" during the quarter ended 31<sup>st</sup> March, 2020.

7. Other income for the quarter ended 31<sup>st</sup> March, 2020 includes ₹ 311.72 Crore, dividend received from subsidiary companies.
8. The Government of India, on 20<sup>th</sup> September, 2019 vide the Taxation Laws (Amendment) Ordinance, 2019, inserted a new Section 115 BAA in the Income Tax Act, 1961, which provides an option to the Company for paying tax at reduced rates (lower tax rate) as per the provisions/ conditions defined in the said section. Based on its evaluation, the Company expects to avail lower tax rate only from a later financial year (31<sup>st</sup> March, 2021) and therefore has applied the lower tax rate of 25.17% in measurement of deferred taxes only to the extent that such deferred tax assets/ liabilities are expected to be realised/ settled in the periods during which the Company expects to be subject to lower tax rate. To the extent deferred tax assets/ liabilities was realised/ settled during the year ending 31<sup>st</sup> March, 2020, the normal tax rate of 34.994% has been applied. Consequently, deferred tax liabilities (net) reversed by the Company as at 31<sup>st</sup> March, 2020 is not significant.
9. The Board of directors of the Company at its meeting held on 12<sup>th</sup> March, 2020 declared an interim dividend of ₹ 3 per equity share (face value of ₹ 2/- each) and one time special dividend ₹ 1 per equity share.
10. During the quarter ended 31<sup>st</sup> March, 2020, the Company has re-assessed the carrying value of investment in Cipla Biotech Limited (Formerly, 'Cipla Biotech Private Limited') and recorded impairment charge of ₹ 32.36 Crore.
11. Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures, which had some impact on the Company's supply chain during March, 2020. The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The management has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Company's financial results as of and for the year ended 31<sup>st</sup> March, 2020.
12. The figures of the previous year/period have been regrouped/recast to render them comparable with the figures of the current period.
13. The figures for the quarter ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 are the balancing figures between the audited figures in respect of the full financial year and the unaudited published figures upto nine months of the relevant financial year.
14. The above results have been reviewed and recommended to the Board of Directors by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 15<sup>th</sup> May, 2020.

By order of the Board  
For **CIPLA LIMITED**

Mumbai  
15<sup>th</sup> May, 2020

**Umang Vohra**  
*Managing Director and Global Chief Executive Officer*

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Walker Chandiook & Co LLP  
L 41, Connaught Circus,  
Outer Circle,  
New Delhi – 110 001  
India  
T +91 11 45002219  
F +91 11 42787071

**Independent Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**To the Board of Directors of Cipla Limited**

**Opinion**

1. We have audited the accompanying standalone annual financial results ('the Statement') of Cipla Limited ('the Company') for the year ended 31 March 2020, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
  - (i) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, read with SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'); and
  - (ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the standalone net profit after tax and other comprehensive income and other financial information of the Company for the year ended 31 March 2020.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') 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 Statement 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 ('the 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 obtained by us, is sufficient and appropriate to provide a basis for our opinion.

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Chartered Accountants

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

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

## Management's and Those Charged with Governance responsibilities for the Statement

4. This Statement has been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations including SEBI Circular. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
5. In preparing the Statement, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
6. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Statement

7. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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, specified under section 143(10) of the Act, 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 this Statement.
8. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Statement, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
  - Conclude on the appropriateness of the 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 Statement 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.

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## Walker Chandniok & Co LLP

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
9. 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.
10. 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.

### Other Matter

11. The Statement includes the financial results for the quarter ended 31 March 2020, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.

### For Walker Chandniok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013



**Ashish Gupta**

Partner

Membership No. 504662

**UDIN:** 20504662AAAABM6795

**Place:** New Delhi

**Date:** 15 May 2020

15<sup>th</sup> May, 2020

- |   |   |
|---|---|
| <p>(1) BSE Limited<br/>Listing Department<br/>Phiroze Jeejeebhoy Towers,<br/>Dalal Street,<br/>Mumbai - 400 001</p> | <p>(2) National Stock Exchange of India Limited<br/>Listing Department<br/>Exchange Plaza, 5<sup>th</sup> floor,<br/>Plot no. C/1, G Block,<br/>Bandra Kurla Complex,<br/>Bandra (East), Mumbai - 400 051</p> |
|---|---|

**Scrip Code: 500087**

**Scrip Code: CIPLA EQ**

- (3) SOCIETE DE LA BOURSE DE LUXEMBOURG  
Societe Anonyme  
35A Boulevard Joseph II,  
L-1840 Luxembourg

Dear Sir/ Madam,

**Sub: Declaration pursuant to regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.**

We, hereby confirm and declare that the Statutory Auditors of the Company i.e. Walker Chandio & Co LLP, Chartered Accountants, have issued the audit report on Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31<sup>st</sup> March, 2020 with unmodified opinion.

Thanking you,

Yours faithfully,  
For **Cipla Limited**

**Kedar Upadhye**  
**Global Chief Financial Officer**